

Oxford Cambridge and RSA Examinations
General Certificate of Secondary Education

BUSINESS STUDIES A
HIGHER TIER
BUSINESS COMMUNICATION AND MARKETING

1951/6

Specimen Paper 2003

Additional materials:
Candidates answer on the question paper.

TIME 1 hour

Candidate Name

Centre Number						
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Candidate Number						
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INSTRUCTIONS TO CANDIDATES

- Write your name in the space above.
- Write your Centre number and candidate number in the boxes above.
- Answer all the questions.
- Write your answers, in blue or black ink, in the spaces provided on the question paper.
- Read each question carefully and make sure you know what you have to do before starting your answer.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 60.
- The quality of your written communication will be taken into account when marking your answers to questions marked with an asterisk (*).

Question number	For examiner's use only
1	
2	
TOTAL	

Question 1

(a) Heathmatt Music Ltd sells CDs and tapes by mail order, operating from a small business unit in Barndon. The business feels it needs to know more about its customers, most of whom pay by credit card.

(i) Explain why Heathmatt Music Ltd might wish to use primary rather than secondary research to investigate the needs of its customers.

[6]

(ii) Explain **one** possible problem for the consumer in paying for mail order goods using a credit card.

[2]

(b) Heather and Matthew, the owners of Heathmatt Music Ltd, feel that their products should be sold on the Internet, and not just by mail order.

(i) Explain the advantages of communicating the availability of tapes and CDs to existing customers by mailshot.

[4]

(ii) Outline the potential problems faced by businesses such as Heathmatt Music Ltd in setting up an Internet based business.

[4]

- (c) Both Heather and Matthew are concerned about the competition from other businesses selling CDs on the Internet. They both have ideas on how to make their business different to others.

Heather and Matthew's ideas

Heather's Ideas	Matthew's Ideas
Sell 4 CDs for the price of 3	Promise 48 hour delivery or money back guarantee
Sell other products such as T shirts, calendars and magazines	Give a free audio tape with each CD
Gift wrap the CD at no extra charge	Every customer is entered in a free monthly prize draw

Fig. 1

Using the information above, advise Heather and Matthew on whom you think has the better ideas for the business. Give reasons for your choice.

Choice

Reasons

[6 + 2]

- (d) The graph below shows the growth in sales of Heathmatt Music Ltd over the last five years.

Sales of Heathmatt Music Ltd over the last five years

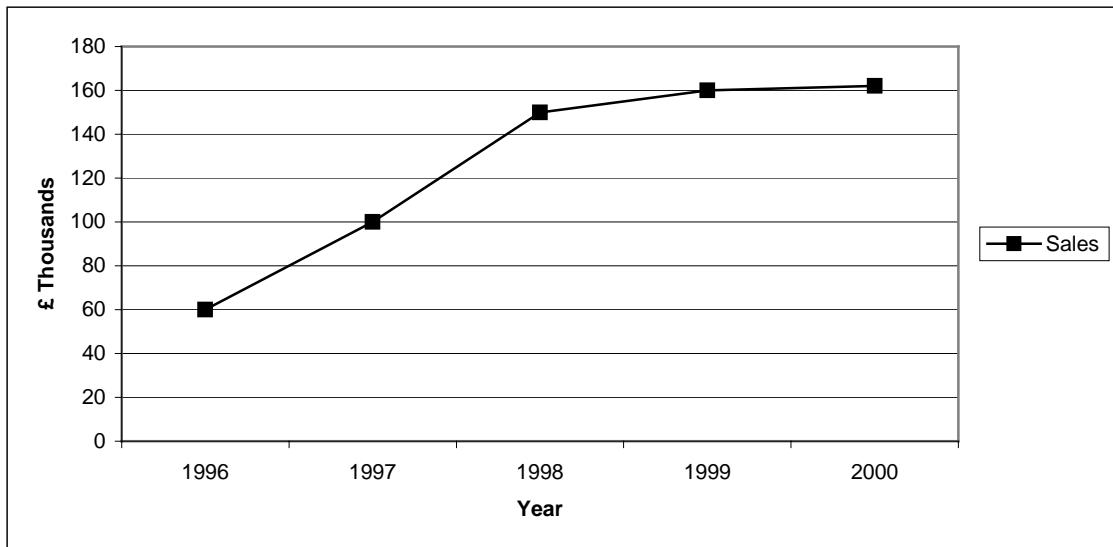


Fig. 2

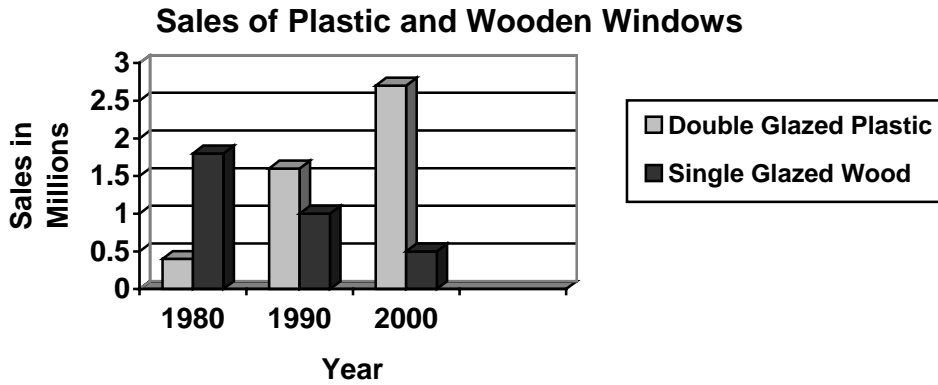
Using the trends shown by the graph above and calculations based on the figures contained in the graph, advise Heather and Matthew on possible future strategies for the business. Give reasons for any recommendations you make.

[6]

TOTAL MARKS 30

Question 2

- (a) Fastener Supplies Ltd makes and supplies nails, screws and other fasteners. They have recently developed a new fastener for double glazed plastic windows. The following data shows the sales of double glazed plastic windows compared single glazed wooden windows.



Analyse the data shown in the graph above to explain why Fastener Supplies Ltd should develop their new product.

[3]

- (b) Fastener Supplies Ltd felt they had to introduce e-commerce to sell the new fastener.

- (i) Explain what is meant by e-commerce.

[2]

(ii) Explain why Fastener Supplies Ltd felt they had to introduce e-commerce.

[4]

(c) Fastener Supplies Ltd are considering locating their new e-commerce department in an Enterprise Zone, 150 miles away from their present business location.

Explain how the proposal to locate the e-commerce department in the Enterprise Zone could bring both benefits and problems for Fastener Supplies Ltd.

[8]

(d) The management at Fastener Supplies Ltd believe that the business should change its approach to marketing using e-commerce from a local base to a national and global strategy.

(i) Suggest reasons why Fastener Supplies Ltd should change their marketing strategy in this way.

[6]

(ii) Explain **two** problems that Fastener Supplies Ltd might face when selling their products through e-commerce in a global market rather than a national market.

[4]

- (e) With all the changes taking place in the company, the management of Fastener Supplies Ltd are discussing whether to use formal or informal methods of communication to inform their workers of the new developments. Advise the management on whether to use formal or informal communication in these circumstances. Give reasons for your choice.

[3]

TOTAL MARKS 30

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MARK SCHEME

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General advice to Assistant Examiners on the procedures to be used

1. An element of professional judgement is required in the marking of any written paper, and candidates may not use the exact words which appear in the detailed sheets which follow. If the business studies is correct and also answers the question then the mark(s) should normally be credited.
2. Mark in red. A tick (✓) should be used, at the appropriate point, for each answer judged worthy of credit.
3. Strike through all blank spaces and/or pages in order to give a clear indication that the whole of the script has been considered.
4. The mark total for each question should normally be ringed at the bottom right hand side.
5. In cases where candidates give multiple answers, mark the first answer(s) up to the total number required. In specific cases where this simple rule cannot be applied, the exact procedure to be used will be given in detail at the Examiners' Standardisation meeting.
6. Some questions may have a 'Level of Response' mark scheme. Details of these are given in this Mark Scheme.
7. Abbreviations, annotations and conventions used in the detailed Mark Scheme

/ = alternative and acceptable answers for the same marking point

NOT = answers which are not worthy of credit

 = (underlining) key words which **must** be used to gain credit

ecf = error carried forward

Question 1

30 marks

1 (a)	Target: Evaluate the benefits of differing types of market research for a business and understand the problems for consumers of credit cards.	
(i)	<p>Level 2 (4-6 marks) Candidate compares the two methods of research, evaluating the benefits of primary research compared to secondary.</p> <p>Primary data can be designed to meet the specific needs of Heathmatt Music Ltd, secondary may not be to their exact requirements. The data collected will be current, secondary may be dated in comparison. Heathmatt Music Ltd may feel their own primary data is more reliable than secondary data collected from other sources.</p> <p>Level 1 (1-3 marks) Candidate shows some appreciation of the benefits of primary research, but offers little or no evaluation of the options available to Heathmatt Music Ltd.</p>	6
(ii)	<p>2 x 1 mark</p> <p>Credit card details (1) may be abused (1). Security (1) may be breached (1).</p>	2
(b)	Target: Demonstrate knowledge and understanding of Internet provision and evaluate the benefits of communication methods.	
(i)	Mailshot can be targeted more effectively at particular groups (1) which will save the business money (1). It can be personalised more easily than any other type of communication (1) making any offer of business more attractive (1). Different styles/colour/gloss could be used in the mailshot (1) which would help the selling of the products such as CDs and tapes (1).	4
(ii)	<p>4x1 or 2x2 marks</p> <p>Costs (1) of setting up a web site (1) may be high (1) due to expertise required (1). Updating of site (1) may be expensive (1). Lack of skill (1) in the business (1) operating a site may lead to poorer service (1) and possible customer loss (1). Customers may be sceptical regarding Internet purchases (1), and so need further persuasion (1).</p>	4

1 (c)	Target: Knowledge and evaluation of marketing techniques.	
	<p>Level 3 (6-8 marks) Candidate evaluates all the data available, relating the benefits to Heathmatt Music Ltd. A reasoned proposal is made in the light of the evidence evaluated.</p> <p>Level 2 (3-5 marks) Candidate uses some of the data, making a proposal that is not fully supported by the evidence.</p> <p>Level 1 (1-2 marks) A very limited recommendation is made using the evidence.</p> <p>N.B. No mark for choice if left unsupported.</p> <p>Candidates will also be assessed for their quality of their written communication on this part of the question, according to the following criteria.</p>	6
	Ideas are expressed clearly, fluently, legibly and in an appropriate way. There are few errors in spelling, punctuation and grammar.	(2)
	Straightforward ideas are expressed relatively clearly, legibly and appropriately. There may be some errors of spelling, punctuation and grammar, but these do not obscure the meaning of the answer.	(1)
	Candidate fails to reach the threshold standard in all respects.	(0)
		2
(d)	Target: Analysis and application of data in a given context.	
	<p>Level 2 (4-6 marks) The candidate makes full and accurate use of the data, recognising the importance of changes shown in sales growth. Calculations are made to support any comments made. Appropriate future strategies are explained in the context of the business.</p> <p>Level 1 (1-3 marks) Candidate makes suitable comments regarding sales growth, without recognising the possible importance of the changes shown. Any future strategies suggested lack clear justification.</p>	6

Question 2

30 marks

2 (a)	Target: Analysis and interpretation of data in a given context.	
	3x1 mark Wooden window sales are slowing rapidly (1) with high levels of growth in plastic double glazing (1). To maintain high levels of sales, businesses such as Fastener Supplies Ltd must adapt their products accordingly (1).	3
(b)	Target: Demonstrate knowledge, understanding and application of e-commerce in a given context.	
(i)	2x1 mark E-commerce is a market that brings buyers and sellers together (1) electronically (1).	2
(ii)	2x2 = 4 marks (allow 1x4 if point sufficiently developed). To keep up with competitors (1) in order to maintain present customers (1), to make the business more efficient (1) which would generate more profits (1), to help attract new business (1) in order to aid growth (1) or satisfy growing customer needs (1).	4
(c)	Target: Knowledge, understanding and application of Enterprise Zone advantages. Understanding of relocation difficulties in a given situation.	
	<p>Level 3 (6-8 marks) The candidate presents a balanced response, recognising and explaining the benefits of Enterprise Zone location to a business such as Fastener Supplies Ltd. The potential problems of locating 150 miles from the existing base are understood. NB: maximum of 4 marks if only advantages of Enterprise Zone are recognised OR only location problems are covered.</p> <p>Level 2 (3-5 marks) Some advantages of Enterprise Zone location are recognised, though not explained. Superficial suggestions made regarding the difficulties of location.</p> <p>Level 1 (1-2 marks) Simple statements made regarding Enterprise Zone location/the problem of relocation, which are left unsupported.</p>	8

2 (d)	Target: Ability to evaluate the benefits of differing marketing strategies based on local, national and global approaches.	
(i)	<p>Level 2 (4-6 marks) Candidate recognises a variety of benefits (e.g. sales growth, profits potential, business expansion) explaining why these will be limited if the business remains locally based.</p> <p>Level 1 (1-3 marks) Limited benefits are recognised, which may not be compared with the existing locally based strategy.</p>	6
(ii)	<p>2 x 2 marks</p> <p>Increased competition (1) may force price reductions (1), logistical problems (1) of transportation (1) especially when selling abroad (1), different working practices (1) due to new systems (1), language problems (1) when selling abroad (1). Changing/exchanging goods more difficult (1) due to distances involved (1).</p>	4
(e)	Target: Evaluation of different methods of communication in a given context.	
	<p>3x1 mark</p> <p>NB: No mark for choice. Informal communication may be suitable if that is current practice at the business (1). It will not take any additional time which formal meetings might (1). Workers may feel more comfortable in giving immediate feedback to managers if informally presented (1). Workers may feel uncomfortable/threatened at a formal meeting and not be prepared to air views in front of others (1). Formal system allows for documentation to be prepared (1) which may help to clarify future difficulties (1) and would make a more uniform approach to information presentation (1), unlike an informal system which may be treated in different ways by different managers (1).</p>	3