

GCSE Business Studies

8 Mark Split Question Tips (Advantage/Disadvantage)

8 Mark Split Question – Advantage/Disadvantage

QUESTION:

In 2011 severe flooding in Thailand damaged the factories of a large number of hard drive suppliers. This caused shortages and Dell was forced to cancel orders. As a result, Dell now holds some buffer stocks of important components

*State one **advantage** and one **disadvantage** to Dell of holding higher levels of buffer stock. For each explain the likely impact on the business (8 marks)*

TIP:

- Every exam paper to date has a question structured this way (topics vary)
- Aim is for students to **split** the question into **two fours** (2 x 4 marks)
- **4 marks** awarded for **advantage with development** and **4 marks** awarded for **disadvantage with development**
- Within the answer there will be at least **three** clearly identifiable strands of explanation **and reference to the context** for each advantage/disadvantage considered. These may contain connective words such as, 'this leads to...' 'because...' etc
- The answer **must be** rooted in the context of Dell/computers/components to secure all **three** marks.

POSSIBLE ANSWERS:

Advantages

- Protects against uncertainty e.g. Thai floods.
- Prevents damage to brand from cancelling customer orders.
- Can fulfil customer's orders faster.
- More bulk orders allow for greater economies of scale.
- Can supply unexpected orders.

Disadvantages

- Buffer stocks will quickly become out of date.
- Cost of stock holding will be higher.
- May damage the competitiveness of *Dell*.
- Stock may become damaged.

EXAMPLE:

Advantage

"customers will not be disappointed (**1 mark**)

As the computer industry is evolving rapidly there can be sudden changes in demand for Dell components and machines (**1 mark – in context**). By holding high levels of buffer stock Dell can deal with a large volume of customer orders (**1 mark**). This can prevent customer disappointment and increase the chances of repeat purchase" (**1 mark**)

Disadvantage

"Stock can become outdated (**1 mark**)

As products can become outdated quickly this means that Dell will have difficulty selling excess stock (**1 mark**). This means that Dell will be forced to sell their computer components at a reduced price (**1 mark – in context**). This will decrease their revenue and profit" (**1 mark**)