

GCSE (9-1) Business: exemplars and marks from the Getting Ready To Teach training events

‘Calculate’ questions: Exemplar 1

Table 1 contains information about a business.

Sales revenue	£300 000
Cost of sales	£210 000
Gross profit	£90 000

Table 1

(c) Using the information in Table 1 calculate the gross profit margin. You are advised to show your workings.

(2)

$$\begin{aligned} \text{gross profit margin} &= \frac{\text{gross profit}}{\text{sales revenue}} \times 100 \\ &= \frac{90\,000}{300\,000} \times 100 \\ &= 30\% \end{aligned}$$

This candidate from Paper 2 has given the correct answer and **scores 2 marks**. In the SAM for paper 2 there is no answer line. However, the answer line will be in live exam papers and in the Extra Assessment Materials (the EAMs).

'Calculate' questions: Exemplar 2

The cost of the contactless payment system is £4 500. Neil and Sue plan to borrow the money from their bank. They will repay the loan over three years. Their monthly repayment is £136.50.

- (b) Calculate the total interest Neil and Sue will pay for this loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

$$\begin{array}{l} 12 \times 3 = 36 \\ 136.50 \times 36 = 4,914 \\ \frac{414}{4500} \times 100 = 9.2 \\ \dots\dots\dots 9.2\% \end{array}$$

'Calculate' questions: Exemplar 2 - This is an exemplar from Paper 1 (question 5(b)) and the candidate has provided the correct answer, on the answer line, so scores **2 marks**.

'Calculate' questions: Exemplar 3

The cost of the contactless payment system is £4 500. Neil and Sue plan to borrow the money from their bank. They will repay the loan over three years. Their monthly repayment is £136.50.

- (b) Calculate the total interest Neil and Sue will pay for this loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

$$\begin{array}{l} 136.50 \times 12 = \text{£}1638 \\ \text{£}1638 \times 3 = \text{£}4914 \\ 4914 - 4500 = \text{£}414 \end{array}$$
$$10\% : \quad \frac{414}{4500} = 9.2$$

_____ 0.92 %

'Calculate' questions: Exemplar 3 - This candidate, has given the correct answer in the top right hand corner of the answer box, but has then clouded the issue by providing an incorrect answer on the answer line of '0.92'. Thus, this candidate **scores 1 mark** for having shown some understanding, demonstrated by the calculations made, but ultimately has an incorrect answer on the answer line.

Explain questions: Exemplar 1

(d) Explain **one** disadvantage to a business of operating in a competitive environment.

(3)

A disadvantage to the business operating in a competitive argument would mean it would be harder to keep repetitive customers as they may go to other businesses.

‘Explain’ questions: Exemplar 1 - This exemplar is just about a **2 mark answer**. The candidate wastes time by effectively repeating the question at the start of their answer. The candidate starts scoring when they state ‘harder to keep repetitive customers’, which is then linked to ‘as they may go to other businesses’.

Explain questions: Exemplar 2

(d) Explain **one** method a business could use to add value to its product.

(3)

~~over~~ ~~the~~ One method of adding value ~~of~~ would be to have a unique selling point, as a result this will help the product stand out from competitors. This will lead to customers being willing to pay more for the product.

‘Explain’ questions: Exemplar 2 - This is now a different ‘Explain’ question from Paper 1 and it is also a trickier question since it requires the development of a ‘method’. The candidate again wastes time by repeating part of the question. Nevertheless, they score a mark for ‘unique selling point’ which is further developed through ‘product would stand out from competitors’ which is further developed through ‘this will lead to customers being willing to pay more for the products’. **3 marks were awarded.**

Explain questions: Exemplar 3

(d) Explain **one** method a business could use to add value to its product.

(3)

one method a business could use to add value is through improving the quality of their products. This leads to the product being better than previous. As a result the business will be able to charge more for it.

‘Explain’ questions: Exemplar 3 - This is again a 3 mark answer. The candidate again wastes time by repeating most of the question at the start of their response. Scoring starts with ‘improving the quality of the product’ which is linked to ‘the product being better than previous’ which is linked to ‘the business will be able to charge more for it’.

'Outline' questions: Exemplar 1

(c) Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos.

(2)

Lower costs due to no rent. This means they can charge lower prices.

'Outline' questions: Exemplar 1 - This is a generic answer. It has development but no context, so it can only ever score one mark. This is a classic example of an opportunity missed. **1 mark was awarded.**

'Outline' questions: Exemplar 2

(c) Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos.

(2)

Being an e-tailer gives Amazon an advantage over Argos, because they will be able to reach more consumers, as they do not need to move to order a product (like in Argos where you have to pick up in store). This means that with more customers, fixed costs will spread.

'Outline' questions: Exemplar 2 - This response, on the other hand, is overly long, but **scores 2 marks**. There is a reason provided 'reach more customers' and the development is contextualised through 'they do not have to move to pick up a product (like in Argos where you have to pick it up in store).'

'Outline' questions: Exemplar 3

(c) Outline **one** reason why being an e-tailer gives Amazon an advantage over Argos.

Because there are lower fixed costs for Amazon such as a lack of need for a high street store (no rent to pay) ⁽²⁾

'Outline' questions: Exemplar 3 - This final exemplar again **scores 2 marks.** There is a reason 'lower fixed costs' which is developed through 'a lack of a need for a high-street store'. The use of the term 'high street store' adds contextualisation.

'Discuss' questions: Exemplar 1

(e) Discuss the likely benefit to a business of having a decentralised organisational structure.

(6)

A decentralised organisation means that local areas have more power. As a result they are more flexible. This means they can react to local changes faster. This would benefit the business because it would be more easily be able to meet consumer demands. This means consumers will find the products more desirable. Therefore more sales will be made which leads to greater profit.

'Discuss' questions: Exemplar 1 - In this answer the candidate provides an accurate benefit 'local areas have more power' which is further developed through 'are more flexible' which is linked to 'react to changes faster' which is again linked to 'more able to meet customer demands' which is developed again through 'consumers will find the products more desirable' with a further final strand through 'therefore more sales will be made which leads to greater profit'. The candidate has made good use of terminology (considering the imprecise nature of the question) and has provided at least 5 accurate linked strands following the identification of a benefit. **Therefore, this answer reached level 3 for both of the assessed skills and 6 marks were awarded.**

'Discuss' questions: Exemplar 2

(e) Discuss the likely benefit to a business of having a decentralised organisational structure.

(6)

~~Organisational~~ Decentralised organisation structures are when decisions are made by lower level managers within the organisation. This means more responsibility is placed on local department managers, rather than the owners of a business. As a result, the business stores many vary ~~as~~ on different factors as local managers will make different decisions.

One benefit of ~~of~~ having decentralised structure is that decisions are made by local managers. This means the decisions are tailored to local customers preferences. As a result, ^{consumers} they are more likely to return and create repeat purchase.

(Total for Question 3 = 15 marks)

'Discuss' questions: Exemplar 2 - By way of a contrast, this next exemplar is not as good. The first paragraph is describing features of 'decentralisation' rather than developing the benefit of it to a business. Only in the second paragraph does the candidate start to answer the question. 'Decisions made by local managers' is linked to 'decisions tailored to local customer preferences' which is linked to 'customers are more likely to return and repeat purchase'. This response scored at the top of Level 1 for understanding since most of the answer was not relevant to the question. For analysis there were two linked strands following the identification of a benefit which allows the candidate to reach level 2 for the analysis skill. **Thus, the answer was placed on the threshold between level 1 and 2 and 3 marks were awarded in total.**

'Discuss' questions: Exemplar 3

(e) Discuss the likely benefit to a business of having a decentralised organisational structure.

one benefit is that independent⁽⁶⁾ branches have control. This means the decisions they make such as stock control can be better decided. This means the independent branches are more customer orientated, making the profits of the decentralised business increase. One ~~tra~~ drawback is that business' focus may become skewed as different branches make choices. This means the brand image is inconsistent and as a result fewer customers will have a willingness to pay.

'Discuss' questions: Exemplar 3 - The final exemplar of this question type is one where the candidate has approached the question, as if it were on the old legacy specification. In the new specification, 'Discuss' **does not require any evaluation** so the second paragraph is not generating any marks. Within the first paragraph there is merit. 'Branches have control' is linked to 'decisions such as stock control can be better decided'. This is further developed through 'branches are more customer orientated, which is linked to 'making profits at the decentralised business increase'. Therefore, the candidate has provided 3 accurate linked strands and there is some useful terminology used such as 'stock control' and 'customer orientation' **Therefore, for both skills a good level 2 was awarded, so the answer scored 4 marks in total.**

'Analyse' questions: Exemplar 1

(b) Analyse the impact on Fender of charging high prices for its musical instruments. *company*
(6)

If Fender charges higher prices then their lowest income customers won't be able to afford their high quality instruments. ~~This means~~ which can cost £10,000. This means ~~to~~ they own less market share. As a result, ~~the~~ lower income customers will go to competitors such as Jackson Guitars. Therefore, ~~sales~~ ~~total sales~~ although, profit margin will increase, total sales will decrease. Finally, this could lead to a decrease in total profit, and the company might not be able to afford to continue purchasing new equipment like 3D printers.

(Total for Question 4 = 8 marks)

'Analyse' questions: Exemplar 1 - In this response, the candidate has contextualised their response through '£10,000', 'Jackson guitars', and 'not afford to continue purchasing new equipment like 3D printers'. This skill was adjudged to reach Level 3. Regarding analysis, the candidate has made more than 5 linked strands within their answer which are all logical and accurate. This answer reached Level 3 for both of the assessed skills and **6 marks were awarded in total.**

'Analyse' questions: Exemplar 2

(b) Analyse the impact on Meringue of allowing customers to order their food online in advance. ✓

(6)

One positive impact is that it restricts the length of the queue. As a result the service will be more efficient as they can use the contactless payment that the business offers. This would lead to an increase in sales as more people can buy products more often.

Another positive is that they will be able to prepare in advance. As a result Neil and Sue will have more time for people who come into the Café. This could lead to them building a positive relationship and could lead to repeat customers.

'Analyse' questions: Exemplar 2 - In this exemplar, which is from a different 'Analyse' question, the candidate approaches the question by developing two impacts. This is fine since the word impact could mean a singular impact or a multitude of impacts. Regarding application there is plenty contained within the response, such as, 'length of queue', 'contactless payment', 'Neil and Sue' and 'café'. In this skill area the answer achieved Level 3. Regarding analysis, over the course of the two impacts there are more than 5 accurate linked strands allowing the candidate to reach Level 3 here as well. Thus, this exemplar demonstrates a different route to the full 6 marks.

'Analyse' questions: Exemplar 3

(b) Analyse the impact on *Meringue* of allowing customers to order their food online in advance.

(6)
One impact that Meringue does to allow customers to order their food online, is Saves customers time and encourages repetitive customers to order in advance meaning new customers ~~are~~ not having to wait as long. As a result Meringue will carry on increasing more happier customers.

'Analyse' questions: Exemplar 3 - The final example is not as strong as the two previous ones we considered. The response is devoid of any context so it is placed in level 0 for this skill. However, the 'Analysis' is quite good with three accurate links following the identification of an impact. Therefore, the answer has Level 0 'Application' and Level 2 'Analysis'. **Therefore, using the best fit approach the response was placed at the top of Level 1 and 2 marks were awarded in total.**

'Justify' questions: Exemplar 1

Neil and Sue are considering two options to reduce the amount they need to sell to break even.

Option 1: Increasing average prices by 10%

Option 2: Reducing the cost of ingredients by using a cheaper supplier

(d) Justify which **one** of these two options Neil and Sue should choose.

(9)

I believe that Neil and Sue should increase average prices by 10%. A reason why I believe this is that Meringue produce high-quality bread and pastries. As a result of the products being high-quality it means that they will be able to get away with increasing the average price by 10%. This will lead to increase in receipts as ^{total} costs stay the same.

Another reason is that by increasing average prices by 10% the business will be able to break even sooner. This is because fixed costs will be payed off quicker. As a result Meringue will make profit easier. Therefore the business will be able to invest in other aspects of the business like the website they are currently redesigning.

In conclusion, Meringue needs to avoid anything that will impact on the quality of its products. As Meringue operates in a competitive market with other cakes, cheaper ingredients will damage its reputation. Therefore this is a reason why option 1 is the only realistic way for Meringue to reduce the amount they need to sell to break even.

'Justify' questions: Exemplar 1 – This answer looks like it has been written by three different students! However, this response is quite good. There is a lot of contextualisation in each of the three paragraphs with 'bread and pastries' in paragraph 1 and reference to the 'new website' in paragraph 2. In the conclusion, there is also a recognition that quality is of paramount importance to Meringue and again 'cakes and ingredients' are mentioned. For the skill of 'Application' Level 3 was awarded. For analysis, there are more than 5 accurate logical chains spread out across the first two paragraphs, so once again a good Level 3 was awarded. 'Evaluation' or AO3b was not as thorough as it could have been and is probably 'sound' and meets the level 2 descriptor on balance. **Thus, the response has two skill areas comfortably in level 3 and one in Level 2. Using a best fit approach the response was placed in level 3 but at the bottom with 7 marks.** To improve this response, the candidate needed to generate more convincing evaluative comments.

'Justify' questions: Exemplar 2

Neil and Sue are considering two options to reduce the amount they need to sell to break even.

Option 1: Increasing average prices by 10%

Option 2: Reducing the cost of ingredients by using a cheaper supplier

(d) Justify which **one** of these two options Neil and Sue should choose.

(9)

Neil and Sue should choose option 1, one advantage of increasing the average price by 10% is that they will earn more profit. As a result they will then break even more quickly as more revenue is coming into the business from the sales of bread and cakes. This would lead to Neil and Sue gaining profit from the business more quickly.

One disadvantage of option 2 is the quality won't be as high as before. As a result the customers may not be happy with the quality of the product being reduced. This could lead to Sue and Neil losing customers and them going to a business that sells better quality products.

In conclusion I think they should increase their prices because they will earn more money and the customers will understand as the quality has not changed. This is important in the competitive cake market they operate in.

'Justify' questions: Exemplar 2 - This next response is not as good as the previous one. The candidate has written three paragraphs and there is limited application within them referring to 'cakes' twice and 'bread' once. Thus, 'Application' was judged to be in Level 1. 'Analysis' was better and the candidate provided at least 5 accurate linked strands allowing Level 3 to be achieved. For 'Evaluation' or AO3b, the candidate considered the drawbacks of option 2 rather than evaluating option 1. This could be viewed as simply further support for the positives of option 1. Therefore, for the skill of 'Evaluation' Level 1 was again awarded since there was some limited evaluative comment in the conclusion. Using the best fit approach, good Level 1 was achieved twice and Level 3 was achieved once leading to a mark of 5 towards the middle of Level 2 overall.

'Justify' questions: Exemplar 3

Fender is considering two options to increase its profitability:

Option 1: Increase advertising

Option 2: Increase prices

(c) Justify which **one** of these options Fender should choose.

(9)

Fender should increase its advertising ~~because~~ to increase its profitability because with advertising comes more awareness from consumers which is important for a guitar company because many people are buying guitars for the first time throughout their life, so if Fender is the most known brand more people are likely to buy one as the first guitar. This will encourage consumer loyalty and therefore repeat purchase.

Also, Fenders prices are already high against Gibson, so their competitors have a competitive advantage over price, so Fender need to make consumers aware of their competitive advantage through quality. This would happen through advertising. This will increase desirability for Fenders guitars, so more people will purchase their products, with increase sales comes increased profitability which will make up for advertising costs.

(Total for Question 6 = 12 marks)

'Justify' questions: Exemplar 3 - This response is from a different exam paper compared to the other two exemplars. However, the same marking principles hold true. For 'Application' Level 3 was awarded since the candidate mentions 'guitars' several times and a competitor of Fender called 'Gibson'. The candidate also has recognition that guitars are only usually purchased once which demonstrates that the candidate has a deep understanding of the context. For this skill, the answer was placed in Level 3. The same can be said for analysis since there are more than 5 linked strands spread across the answer. The only disappointment was evaluation of which there was little relative to the other skill areas. Therefore, two good Level 3s for 'Application' and 'Analysis' were offset by a Level 1 for 'Evaluation'. Using the best fit approach, this equates to Level 2 and 6 marks. The candidate could have improved their response by perhaps using the 'it depends rule' or through development as to why the chosen option is preferable to the discarded one.

'Evaluate' questions: Exemplar 1

(e) Evaluate whether Sally's business idea is likely to be a success. You should use the information provided as well as your knowledge of business.

(12)

One reason in which her business ^{idea} won't work is that competitors such as 'Vitality' and 'Bootcamp' are established than Sally and they are already set up meaning that they are likely to have the customers in the local area. As a result I believe that Sally will have to spend money on advertising as the customers aren't likely to know about her business. This leads increased total costs which means that Sally will have to have a lot of income to turn over for profit.

However, on the other hand a reason in which her business may work is that Sally is able to work flexibly in a 10 mile radius. As a result this could be convenient to the customers as they may not be able to get to Sally. This leads to customer satisfaction as Sally can work flexibly resulting in repeat customers coming back to Sally also due to the fact that she works flexibly it is added value so her customers may be prepared to pay £25 a session which is ~~higher~~ more expensive than the personal trainers in the local area.

In conclusion, I feel that Sally's business idea won't work as I believe there is too much competition in the local area and due to the fact

That Sally is wanting to charge £25 per session
which is more expensive than competitors
Vitality and bootcamp I don't think that
customers will pay that kind of price.

'Evaluate' questions: Exemplar 1 - For application the candidate has managed to successfully contextualise their response allowing Level 3 to be scored in this skill area. Regarding 'Understanding', this is good, but the expression is a touch basic at times, although some terms such as 'added value' have been used. This skill was placed at the top of Level 2. The same could be said of 'Analysis' so this was adjudged to be at the top of Level 2. 'Evaluation' is poor and it is worth pointing out that starting a paragraph with the word 'However' does not fool an examiner into thinking that the response is evaluative. For this skill area, Level 1 was awarded.

So, with one Level 3, two top Level 2s and a Level 1, the answer was placed in Level 2 overall and awarded 8 marks.

'Evaluate' questions: Exemplar 2

One ~~very~~ positive of Sally's business is that she offers a unique twist by allowing customers to evaluate themselves. This leads to customers feeling more involved with their fitness, as a result, customer satisfaction increases.

One disadvantage of Sally's business is that she is setting up in a time where people's incomes could fall. This could lead to lower sales due to low disposable income. As a result, Sally's profits could fall.

Another positive of Sally's business is that there is little competition in the area. This leads to less customers going to rival businesses. As a result, Sally's profits could be stable.

Another disadvantage of the business is that ~~the~~ Sally's prices are higher than her competitors. This could lead to her losing customers. As a result, her profits could fall.

'Evaluate' questions: Exemplar 2 - This exemplar was poor and achieved Level 1 for 'Understanding', and 'Application', For 'Analysis', there were more than 2 linked strands, allowing level 2 to be accessed. 'Evaluation' was basic with pros and cons being listed and level 1 was awarded. It was a basic answer which just listed some simplistic pros and cons with a limited attempt to actually answer the set question. **As a result, the overall response had to be placed in Level 1 and it scored 3 marks.**