Past exam paper questions – Topic 2.2 – Mark Scheme

Q1.

Question number	Answer	Mark
	С	(1) A01a

Q2.

Question number	Answer	Mark
	Award 1 mark for stating one factor that Nando's will consider in setting the prices for its takeaway menu.	(1) AO2
	Costs of extending kitchens/employing new chefs/ingredients (1). The amount of competition in the local takeaway food market (1).	
	Accept any other appropriate response. Do not accept factors that would not be appropriate to <i>Nando's</i> . For example, <i>Nando's</i> need to consider the cost of running its factory before it sets its prices.	

Q3.

Question number	Answer	Additional guidance	Mark
	Substitution into correct formula:	Award full marks for correct numerical	(2) AO2
	(£699.99 - £649.99) ÷ £699.99 (1)	answer without working.	
	Answer: 7.14% (1)	3000000000000 - 0140	

Q4.

Question number	Answer	Mark
	A	(1) A01a

Q5.

Question number	Answer	Mark
	С	(1) AO1a

Q6.

Question number	Answer	Mark
	Award 1 mark for stating one benefit to <i>Netflix</i> from producing its 'own original streaming content'.	(1) AO2
	May gain more subscribers (1). May gain a competitive advantage over Amazon Prime (1). It may make it harder for new video streaming service providers to enter the market (1).	
	Accept any other appropriate response. Do not accept benefits that would not be appropriate for <i>Netflix</i> . For example, <i>Netflix</i> will be able to sell more products.	

Q7.

Question number	Answer	Mark
	55+	(1) AO2

Q8.

Question number	Answer	Mark
	Award 1 mark for a type of social media. Facebook (1) Instagram (1) Snapchat (1) Twitter (1)	(1) A01a
	Pinterest (1) Award any other appropriate type of social media that a business could use.	

Q9.

Question number	Answer	Mark
	Award up to 2 marks for linked points outlining a benefit to Nando's from using viral advertising. Award a maximum of 1 mark if points are not linked.	(2) AO2
	Nando's will be able to benefit from very low cost advertising (1), because the advertising message will be passed on through social media (1).	
	Nando's will benefit from advertising that spreads very quickly to its targeted market (1). This is because young people are more likely to use social media to share the viral campaign with multiple friends (1).	
	Do not accept advantages from using viral advertising that do not relate to <i>Nando's</i> . For example, more people will aware of <i>Nando's</i> and will therefore buy one of their products.	

Q10.

Question number	Answer	Mark
	Award up to 2 marks for linked points outlining a suitable reason as to why Nando's trialled its takeaway service in only 10 restaurants. Award a maximum of 1 mark if points are not linked. Nando's wanted to test the service to see if customers liked it (1). Therefore, they could change the items on the menu before the service was launched throughout the UK (1). Nando's would have wanted to see if the service was profitable (1). Therefore, the trial would tell them if it was worth the cost of extending kitchens to offer the new service (1). Do not accept a reason for the trial that would not relate to Nando's. For example, they wanted to see if people would come into the shop to buy the product.	(2) AO2

Q11.

Question number	Answer	Mark
	Award up to 2 marks for linked points outlining a benefit to Fender from using social media. Award a maximum of 1 mark if points are not linked.	(2) AO2
	It enables Fender to tweet that artists such as Bruno Mars use its instruments (1), therefore improving the brand image of its guitars (1).	
	Fender can target different types of musician more effectively (1) because each Fender brand has its own social media account as shown in Figure 4 (1).	
	Do not accept benefits from using social media that would not relate to a musical instrument manufacturer such as Fender, for example to promote a local in-store event.	

Q12.

Question number	Answer	Mark
0.0	Award up to 2 marks for linked points outlining a suitable impact on Netflix from an increase in competition. Award a maximum of 1 mark if points are not linked.	(2) AO2
	Netflix may have to reduce its monthly subscription prices (1) in order to prevent subscribers switching to Amazon Prime (1).	
	Netflix may have to invest even more money in new programmes such as 'Stranger Things' (1). This will reduce Netflix's profitability (1).	
	Do not accept an impact of increased competition that would not relate to <i>Netflix</i> . For example, they will now have to manufacture new products to become more competitive.	

Q13.

Question number	Answer			
	Award up to 2 marks for linked points outlining an advantage to Amazon of being an e-tailer. Award a maximum of 1 mark if points are not linked.	(2) AO2		
	e-tailing means that Amazon can reach a global market (1), therefore increasing its chances of being able to sell a large range of household goods (1).			
	Without any high-street stores Amazon will have lower fixed costs (1), therefore Amazon can undercut Argos' prices (1).			
	Do not accept reasons that would relate to Amazon but not because it is an e-tailer, for example its brand name.			

Q14.

number			
	 prod This mark This mand remains This 	uction and the finest raw materials (AO2). may reduce Fender's competitive advantage in the ket for cheaper types of guitar (AO2). is because high prices will cover the high unit cost of ufacturing a hand-made guitar, allowing Fender to ain profitable (AO3a). could result in Fender losing market share in the ar market, which reduces revenues and profitability	5) 02=3 03a=3
Level	Mark	Descriptor	
9 3	0	No rewardable material.	
Level 1	1-2	 Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3-4	 Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	 Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 		

Mark

Q15.

Question

Indicative content

number			
	consu (AO2) • By rai may (• This r share • This r	ncrease in price of £1.50 per month could cause imers to switch to rival providers, such as Amazon Prime). ising the price, each subscriber to the streaming service generate more gross profit (AO2). means Netflix may start to lose sales revenue and market to its rivals (AO3a). may provide Netflix with more retained profit to reinvest in ding its library of programmes (AO3a).	(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1-2	 Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3-4	 Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5-6	 Detailed application of knowledge and understanding business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, find detailed interconnected points with logical chains of (AO3a). 	t ding

Mark

Q16.

Question

Indicative content

Question number	Indicati	ve content	Mark	
	Nand that contains the con	o's will now have a competitive advantage over other, restaurants such as Gourmet Burger Kitchen (AO2). o's will be able to increase its prices on its menu so customers spend more on a main course (AO2). efore, more customers will now visit Nando's leading increase in sales revenue which will increase market (AO3a). efore, Nando's will make higher profits on each meal providing retained profits that it can use to fund er expansion (AO3a).	AO3a=3 s on its menu so ourse (AO2). Nando's leading li increase market fits on each meal	
Level	Mark	Descriptor		
	0	No rewardable material.		
Level 1	1-2	 Limited application of knowledge and understanding of busine concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 		
Level 2	3-4	 Sound application of knowledge and understanding of busine concepts and issues to the business context although there is be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although their may be some logical inconsistencies (AO3a). 		
Level 3	5-6	 Detailed application of knowledge and understandir business concepts and issues to the business conte throughout (AO2). Deconstructs business information and/or issues, fi detailed interconnected points with logical chains of (AO3a). 	xt nding	

Question number	Indicativ	e content	Mark
	purcha phone This wisince the and cure Therefore which is result, profital As a result of the visit the may had profital However and deliver add to	ping an app will make it easier for customers to se PERi-PERi chicken since they will not have to the restaurant (AO2). Ill make Nando's much more accessible to customers he food is now delivered to the customers' home stomers do not have to visit the restaurant (AO2). Ore, customers are more likely to use the service will increase demand for Nando's takeaways. As a sales revenues will increase leading to a rise in bility (AO3a). It is to charge much higher prices for its hich should increase profitability (AO3a). Ear, the ordering app only improves the convenience customer by a small amount since they still have to be restaurant to collect their food. Therefore, the appeare a limited impact on Nando's sales revenue and bility (AO3b). Ear, the home delivery service will be expensive to did there will be a limit as to how far the food can be seed before it gets cold. Therefore, this service could costs by more than it adds to revenue, causing to fall (AO3b).	(9) AO2=3 AO3a=3 AO3b=3
Level	Mark	Descriptor	
Level 1	0 1-3	Limited application of knowledge and understanding concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or finding limited connections between points (AO3a). Makes a judgement, providing a simple justification limited evaluation of business information and issues the choice made (AO3b).	issues, pased on relevant to
Level 2	4-6	 Sound application of knowledge and understanding of concepts and issues to the business context although be some inconsistencies (AO2). Deconstructs business information and/or issues, find interconnected points with chains of reasoning, although be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based of evaluation of business information and issues relevant choice made (AO3b). 	there may ding ugh there n sound
Level 3	7-9	 Detailed application of knowledge and understanding business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, find detailed interconnected points with logical chains of (AO3a). Makes a judgement, providing a clear justification bathorough evaluation of business information and issue to the choice made (AO3b). 	ding reasoning sed on a

Question number	Indicativ	e content	Mark
	than ri (AO2). This wi consum prograt English Therefore subscri money As a re custom to dom Howev needs have a the Chi Howev Netflix even if	sing special offers will make <i>Netflix</i> appear better value val video streaming providers, such as Amazon Prime III make the service more attractive to Chinese ners since they will now be able to stream films and mmes that are focused on China and do not have as their main language (AO2). Ore, Chinese consumers are more likely to start a trial option since it will only cost them a small amount of in the short-term (AO3a). It is sult, <i>Netflix</i> is more likely to have a service that meets her needs, therefore enabling it to gain sales compared hestic Chinese rivals (AO3a). It is without the correct video content, that meets the of the Chinese market, the special offers provided will limited impact on allowing <i>Netflix</i> to successfully enter these market (AO3b). It is to successfully enter the Chinese market. For instance, the product meets Chinese needs, if it is too expensive fall consumers will not choose to subscribe (AO3b).	(9) AO2=3 AO3a=3 AO3b=3
Level	Mark	Descriptor	
3	0	No rewardable material.	
Level 1	1-3	 Limited application of knowledge and understanding concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or finding limited connections between points (AO3a). Makes a judgement, providing a simple justification business information and issues the choice made (AO3b). 	issues, pased on
Level 2	4-6	 Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 3	7-9	 Detailed application of knowledge and understanding business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, find detailed interconnected points with logical chains of (AO3a). Makes a judgement, providing a clear justification bathorough evaluation of business information and issue to the choice made (AO3b). 	ding reasoning sed on a

Question number	Indicative	e content	Mark
	custom such as However imposs Amazo elimina This is faster si willing Argos i share a advant The me advant The me speed of someth Amazo and will Therefore	sing the speed of delivery will make more hers want to use Argos for the purchase of goods is televisions (AO2). Her, increasing the speed of delivery may be hible to achieve and if Argos manages to do it, hi will almost certainly copy the approach, hing Argos' competitive advantage (AO2). Because more consumers will be attracted by the hererice. This could mean consumers would be to pay the higher prices offered by Argos and use histead of Amazon, reducing Amazon's market hand giving Argos a competitive advantage (AO3a). Built may be that Argos may receive a competitive hand giving Argos and the to achieve (AO3a). Built may be that Argos may receive a competitive hand giving Argos and the to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will not be able to achieve (AO3b). Built hat Argos will hat Argos will not be able to achieve (AO3b). Built hat Argos will hat Argos w	(9) AO2=3 AO3a=3 AO3b=3
Level	(AO3b) Mark). Descriptor	
Level	0	No rewardable material.	35
Level 1	1-3	 Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues 	
Level 2	4-6	 relevant to the choice made (AO3b). Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). 	
Level 3	7-9	 Detailed application of knowledge and understanding business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, find detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification bat a thorough evaluation of business information and is relevant to the choice made (AO3b). 	t ding ased on

Question number	Indicative content	Mark
	 Increasing prices will further position Fender's musical instruments as a luxury product (AO2). However, increasing prices could make Fender appear more of a niche market firm rather than a mass market firm (AO2). This means that the fall in demand from raising prices is likely to be insignificant, causing revenue to rise and with costs remaining the same profit should increase (AO3a). As a result, demand for Fender's musical instruments could fall if the economy moves into a recession (AO3a). The most appropriate option for Fender may be to increase advertising since Fender already charge as much as £10,000 for a guitar, therefore if they could attract more customers revenue will increase significantly (AO3b). However, the impact of increasing advertising depends on whether the increase in demand for Fender's guitars generates enough extra revenue to cover the additional cost of the advertising. If social media is used it will probably lead to the largest increase in profits (AO3b). 	(9) A02=3 A03a=3 A03b=3

Level	Mark	Descriptor
4), (6	0	No rewardable material.
Level 1	1-3	 Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	 Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	 Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Question number	Indicativ	e content	Mark			
number	Cosmei (AO2). • Limited that the	 Increasing advertising using social media will allow Kylie Cosmetics to interact with its target market of teenage girls (AO2). Limited-time product launches mean that girls will be worried that they may not be able to purchase the latest Kylie Jenner lip kit (AO2). 				
	the lau target i product • Therefo will not	 Therefore, girls will be able to access beauty tips and find out the launch dates of Kylie Cosmetics products. Therefore, the target market will be more likely to purchase Kylie Cosmetics products, resulting in higher sales volumes (AO3a). Therefore, sales volumes will be high since the target market will not want to be disappointed since the products sell out quickly (AO3a). 				
	Kylie Je compar become expecte • Howeve they wa are con	er, this relies on girls using social media to interact with enner and downloading her app. With so many other nies using social media, this form of advertising may e ineffective and sales may not increase by as much as ed (AO3b). er, some girls may become frustrated with the brand if ant to purchase the products, but cannot because they estantly out of stock. Therefore, they may switch to rival up providers causing sales to fall (AO3b).				
Level	Mark	Descriptor				
Level 1	1-3	No rewardable material. Limited application of knowledge and understanding of busine concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant				
Level 2	4-6	 the choice made (AO3b). Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b). 				
Level 3	7-9	 Detailed application of knowledge and understanding business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, findetailed interconnected points with logical chains of (AO3a). Makes a judgement, providing a clear justification bathorough evaluation of business information and issue to the choice made (AO3b). 	t ding reasoning ased on a			

Question number	Indicativ	re content	Mark
namper	customCamer	on is important since the product should meet ner needs (AO1b). as are purchased for the quality and durability of erformance (AO1b).	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3
	where withsta • This is custom experie	especially the case in the extreme sports market the cameras and drones need to be robust enough to and being hit by rocks etc. (AO2). especially the case in extreme sports since hers will want a camera to record once in a lifetime ences such as base-jumping in very high resolution as of their achievement (AO2).	
	advant develo compa profit r • This wi GoPro	ore, function gives GoPro its core competitive tage since the durability of the cameras has led to the pment of a strong brand which, in turn, enables the ny to charge higher prices leading to an increased margin (AO3a). ill lead to an increase in sales and market share since cameras will have a reputation for being better than the Chinese competition (AO3a).	
	also be consum how go • Howev to cost may lin	er, since GoPro has a strong brand, aesthetics will important since image will also be a factor in the mer's decision to purchase a camera, irrespective of bod the function of the product is (AO3b). For, if GoPro focus mainly on function with little regard to the price of the cameras may become too high. This mit the size of the potential market, giving Chinese titors, such as Xiaomi a competitive advantage	
Level	Mark	Descriptor]
	0	No rewardable material.	6.5
Level 1	1-4	 Demonstrates elements of knowledge and understanding business concepts and issues, with limited business the used (AO1b). Limited application of knowledge and understanding of concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or infinding limited connections between points (AO3a). Draws a conclusion, supported by generic assertions freevaluation of business information and issues (AO3b). 	rminology f business ssues, rom limited
Level 2	5-8	 Demonstrates mostly accurate knowledge and underst business concepts and issues, including appropriate us business terminology in places (AO1b). Sound application of knowledge and understanding of concepts and issues to the business context although be some inconsistencies (AO2). Deconstructs business information and/or issues, findi interconnected points with chains of reasoning, althoumay be some logical inconsistencies (AO3a). Draws a conclusion based on sound evaluation of busin information and issues. (AO3b). 	se of business there may ng gh there
Level 3	9-12	 Demonstrates accurate knowledge and understanding concepts and issues throughout, including appropriate business terminology (AO1b). Detailed application of knowledge and understanding concepts and issues to the business context throughout Deconstructs business information and/or issues, findinterconnected points with logical chains of reasoning Draws a valid and well-reasoned conclusion based on evaluation of business information and issues (AO3b). 	use of of business of (AO2). ng detailed (AO3a). a thorough

Question number	Indicativ	re content	Mark
	to focu This m that m Therefiteenag brand This w	rovides Kylie Cosmetics with a clear set of consumers is on (AO1b). Takes it easier for Kylie Cosmetics to produce products eet customer needs (AO1b). Tore, Kylie can use her app to interact with the target je girl market allowing the company to strengthen its (AO2). It allow Kylie Cosmetics to introduce new ranges of up such as foundation and mascara that will suit the	(12) AO1b=3 AO2=3 AO3a=3 AO3b=3
	This al resulting providi This with by Kyling larger	lows Kylie Cosmetics to charge a premium price, and in higher profit margins on each item sold ing a competitive advantage (AO3a). Ill lead to an increase in the volume of products sold in the Cosmetics, leading to increased sales revenues and market share, which will increase competitive tage (AO3a).	
	since t tastes rapidly Howev much l there i girl car advant	rer, teenage girls are less likely to repeat purchase the market for cosmetics is very competitive and and preferences in the teenage market can change reducing competitive advantage (AO3b). The target market is teenagers who will have a lower income than other market segments. Therefore, is a limit as to how many make-up items a teenage of afford to purchase. This could reduce competitive tage compared to a broader-focused company such as I (AO3b).	
Level	Mark	Descriptor	
Level 1	0	No rewardable material.	ing of
Level 1	1-4	 Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b). 	
Level 2	5-8	 Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). Draws a conclusion based on sound evaluation of business information and issues (AO3b). 	
Level 3	9-12	 Demonstrates accurate knowledge and understanding concepts and issues throughout, including appropriate business terminology (AO1b). Detailed application of knowledge and understanding concepts and issues to the business context throughout Deconstructs business information and/or issues, find interconnected points with logical chains of reasoning Draws a valid and well-reasoned conclusion based on evaluation of business information and issues (AO3b). 	e use of of business ut (AO2). ing detailed (AO3a). a thorough