BUSINESS

Paper 9609/12
Business Concepts 1

Key messages

- Generally, candidates responded well to the revised format of the paper. However, a significant number of answers to questions **4**, **5(a)**, and **6(a)** did not correctly respond to the directive in the question. **Question 4** required an analysis of **one** way a business might raise productivity levels – some candidates gave more than one way and gave limited rather than developed analysis. **Questions 5(a)** and **6(a)** required an analysis of **two** factors. Often only one factor was identified and analysed.
- Remember **Questions 4, 5(a)** and **6(a)** do **not** require evaluation.
- Questions **5(b)** and **6(b)** each allocate half the available marks (6) to the skill of evaluation - making reasoned and supported judgements and/or conclusions. Unfortunately, many candidates showed little evidence of this skill. Despite providing some sound and relevant analysis, candidates still stop short of answering both these questions with evaluative judgements.

General comments

- Most candidates responded confidently to the definition questions in ***Section A*** and showed sound understanding of appropriate business concepts.
- The longer questions in ***Section B*** usually require candidates to explain the features of a given business context and, as mentioned above, this is especially important when developing evaluative judgements for the **(b)** parts.

Comments on specific questions

Section A

Question 1

(a) Define the term *opportunity cost*.

Most candidates gave a correct definition in terms of the next best option forgone. Few, however, made explicit reference to the costs incurred or the benefits gained in making such a decision.

(b) Explain **one** quality an entrepreneur needs for business success.

More successful answers interpreted the question correctly and focussed on one entrepreneurial quality such as ‘risk taking’ or ‘innovation’ and often applied that quality to a new business start-up situation. Less successful answers often listed two or three entrepreneurial qualities rather than explaining one quality. Some less successful answers failed to identify an entrepreneurial quality, instead explaining a much less relevant quality such as ‘decision making’.

Question 2

(a) Define the term *product life cycle*.

Many candidates produced clear definitions such as ‘the stages a product goes through from initial design to removal from the market’.

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(b) Explain **one** way a business could extend the life of a product.

Candidates generally provided sound examples of extension strategies such as additional/different advertising and/or packaging, then produced developed application of these examples to an appropriate business context – for example an exciting advertising campaign to attract attention and persuade customers to try a product. Again, some candidates incorrectly explained more than one potential extension strategy and some discussed developing new products rather than extension possibilities.

Question 3

(a) Define the term *induction training*.

This concept was generally well understood. Many answers clearly defined this as training given to new employees in order to inform them of such things as business systems, the layout of a business, or work methods. Less successful answers did not reference new employees and discussed training only in a very general manner.

(b) Explain **one** benefit to a business of training its employees.

Most successful responses to this question focussed on the impact of training on skills acquisition or increased motivation and gave some developed application such as increased skills leading to more efficient working practices and/or the reduction in errors. A common problem was candidates explaining two or even three benefits with insufficient explanation.

Question 4

Analyse **one** way a business might raise productivity levels.

Strong responses demonstrated a clear understanding of productivity at the outset – the ratio of outputs to inputs in production - then applied this to how a business might raise productivity through, for example, training or additional capital investment in machinery. This question requires analysis – the identification of connections between causes, impacts, and/or consequences. More successful answers demonstrated some developed analysis by discussing how skilled workers might produce less waste and additional machines could lead to the production of more output.

Section B

Question 5

(a) Analyse **two** ways in which accurate cost information can be used to improve business performance.

The allocation of marks for both part **(a)** questions in **Section B** are:

- 2 marks for knowledge and understanding of the required business concepts – 2 concepts (ways) of accurate cost information
- 2 marks for applying both concepts to the given business context – improving business performance
- 4 marks for analysing both concepts in the given context - improving business performance.

Most answers contained knowledge and understanding of accurate cost information and/or business performance and many applied these concepts to the business contexts of setting prices and formulating budgets. More successful answers explained the vital ways in which accurate cost information was essential for appropriate pricing levels and realistic budgets for any business.

An example of a high-mark analytical answer for **one** way (half of the question) might be:
A business must use accurate costs to set its prices to make a profit because if the costs are right it can look for ways to reduce them to increase its profit margins / improve performance.

Less successful answers were often unable to discuss two ways to improve business performance or failed to provide developed analysis of the way or ways chosen.

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(b) Evaluate whether cash flow forecasting is the most important activity for a new restaurant to succeed.

The allocation of marks for both part **(b)** questions in **Section B** are:

- 2 marks for showing knowledge and understanding of the relevant business concepts – two concepts of cash flow forecasting
- 2 marks for applying those concepts to the given business context – new restaurant
- 2 marks for analysing both concepts in the given context – new restaurant
- 6 marks for providing an evaluative judgement/conclusion to the question – an evaluation of the importance of cash flow forecasting for the success of a new restaurant.

Most candidates understood the concept of cash flow forecasting and were able to gain both knowledge marks. Many candidates did not however access the application marks by explaining the specifics of a restaurant business, such as the importance of the cost of quality ingredients, the salary of skilled chefs, or how much it will cost to attract customers. Without such detailed reference to the new restaurant context candidates cannot gain application marks *or* be awarded top level evaluation marks. Strong answers discussed the features of a new restaurant and then analysed how cash flow forecasting could be important to those features. Then continued to use their knowledge, application, and analysis discussion to provide an evaluative response to the question - is cash flow forecasting the most important activity for a successful new restaurant?

An example of high-level evaluation might be:
CFF is important for all businesses but especially a new restaurant. Control of cash is vital to pay for quality ingredients and skilled kitchen and front of house staff. However other factors such as effective marketing and giving customers a good experience so they get good feedback may well be just as important as CFF.

Less successful evaluative responses provided few if any references to a new restaurant business and/or provided very limited evaluative comment.

Question 6

(a) Analyse **two** reasons why changing a business' objectives might affect its shareholders.

Many candidates were able to access both knowledge marks with accurate explanation of the key concepts - shareholders and business objectives. However, candidates seemed less confident in identifying and analysing two reasons why shareholders might be affected by changing business objectives. More successful answers recognised that business objectives changing from survival to growth, or changing from maximising profits to more socially responsible objectives could impact shareholder dividends in the and might lead to the sale of shares. Less successful answers failed to identify and analyse more than one objective change or more than one resulting impact on shareholders. Some less successful answers went into a discussion of the broader term *stakeholder* and consequently missed opportunities to give a relevant and focussed response.

(b) 'The main reason why many niche cake manufacturing businesses fail is that they grow too quickly'. Evaluate this view.

More successful answers demonstrated an understanding of the implications of fast business growth, for example the availability of sufficient cash, effective cash control, and the characteristics of a niche cake manufacturing business, for example the vulnerability of a specialised, competitive market, continuing pressure to use ingredients and new ideas to establish a USP and maintain customer loyalty. Developed analysis included the impact and consequences of too much product diversification, a lack of capacity to meet the business-generated demand, such as a failure to adequately research and develop new products or to recognise the limits of trend product demand such as cupcakes. More successful answers responded directly the question and suggested there are a number of other reasons why businesses fail, such as poor management, competition in the market, and poor cash control. The main evaluative judgement given was that fast growth might contribute to failure but is not necessarily the main reason for failure. To achieve top-level evaluation marks, evaluative judgements must make explicit reference to the features and context of the question – the fast growth / failure of a niche cake manufacturing business.

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Paper 9609/22
Data Response

Key Messages

- The mark scheme clearly shows how the marks are awarded based on the assessment objectives. Candidates need to direct their responses to demonstrating these skills in answer to the question. For example, **Question 1(a)(ii)** has one AO1 (knowledge and understanding) mark and two AO2 (application) marks. Therefore, candidates who spend too long defining the term, will find that that they do not have enough time left to gain the application marks.
- 'Analyse' is a skill that requires candidates to show a coherent chain of reasoning with the causes and effects of something. For example, in **Question 2(c)** once candidates have identified an advantage or disadvantage, the effect on Tomas then needs to be analysed. One effect is often limited analysis, however if a candidate can continue the chain of effect, then their analysis is developed.
- Evaluation requires a justified judgement that weighs up different options. Since half the marks on **Question 1(d)** and **Question 2(d)** are for evaluation, this should be the major focus of a successful answer. Many candidates spent too long on analysis and not enough time evaluating the issues.
- Content is integral on this examination and the data is there to allow candidates to apply their knowledge, analysis and evaluation to the data given. Some candidates ignored the context, and this always restricts the mark available. If a question mentions a specific stakeholder or the type of business, then it must be applied.

General Comments

This is the first sitting of the revised 9609 Paper 2. The changes to the structure of the paper are fairly minor and involve **Question 1(a)(i)** and **Question 2(a)(i)** becoming 1 mark 'identify' questions and **Question 1(d)** and **Question 2(d)** becoming 12-mark questions. These changes to the structure of the examination do not seem to have caused any issues for candidates.

Candidates engaged well with both contexts and were able to apply their knowledge to the data. There did not appear to be many time-related issues and most candidates were able to finish the examination paper.

Comments on specific questions

Question 1

(a) (i) Identify **one** content theory of motivation.

The command word for this question is 'identify' and the assessment objective being assessed is only knowledge. Therefore, the only response required is knowledge. A sentence is not required, and neither is any explanation.

The syllabus states five content theories of motivation: Taylor, Mayo, Maslow, Herzberg and McClelland. These theorists and/or their theories were the expected answers to this question and most candidates recognised this as the correct answer.

(ii) Explain the term *supply chain management*.

Explain questions require both knowledge and application. Supply chain management was a reasonably well understood term, although some of the knowledge was restricted to the movement of raw materials, as opposed to the entire supply chain, including outwards to customers.

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The application marks could be awarded for any context because this question does not reference the given context or a specific business. For both application marks to be awarded, there needed to be understanding of more than just one aspect of supply chain management. For example, a candidate could have applied their knowledge to the movement of raw materials and the movement of goods to consumers.

(b) (i) An employee works for 8 hours and picks 5 boxes of apples, 2 boxes of bananas and 4 trays of strawberries. Refer to Table 1.1 and other information. Calculate the difference between the employee's pay using piece rates and time-based payment.

A reasonably well-done calculation and many candidates could calculate the two payment systems. Occasionally a candidate forgot to calculate the difference between the two. As long as the working was clear, it was possible to award marks for the earlier parts of the calculation.

(ii) Explain **one** advantage to FF of introducing time-based payment.

This question calls for knowledge of an advantage of introducing time-based payment as well as application to the context of FF. The most common issue was that candidates showed plenty of knowledge of time-based payment systems, but did not apply this to FF. The most obvious method of application was to use the figures calculated in Q1bi, but there was also plenty of other application to use from the data.

(c) Analyse **two** non-financial motivators that FF could use to motivate its fruit pickers.

This is the first of the analysis questions and there are marks awarded for knowledge (of non-financial motivators), application to FF and analysis of the likely effect on the business of this non-financial motivator.

There are many possible answers, but some are easier to apply to the context of FF than others. For example, because FF has been criticised for having poor induction training, using training as a non-financial motivator is easy to explain in the context of FF. The analysis of this can then be linked to productivity, costs, sales and profit to show development. By using the context of the data to choose the most applicable answers, candidates give themselves the best opportunity of gaining all of the marks available.

This question asked for non-financial motivators, and the syllabus is clear regarding what is considered 'financial' and what is 'non-financial'. Any method which has a financial benefit to employees, such as fringe benefits, cannot be used as knowledge to answer this question.

(d) Evaluate the likely impact on FF's stakeholders of improving the sustainability of operations.

This question requires two pieces of knowledge: sustainability and stakeholders. Most candidates identified at least one stakeholder of FF and could apply some aspects of sustainability to this stakeholder. However, the knowledge of sustainability showed some gaps in knowledge and misunderstanding. In particular, this question was about the sustainability of operations - the ability for a business to produce now without damaging future production. Whilst this may also include some aspects of environmental sustainability, but this should not have been the focus of the response.

The breakdown of marks for these 12-mark questions is now clearer and standardised across all the examinations for this A Level. There are only two analysis marks, which can be gained by any one chain of analysis about the impact of a method of improving sustainability on a stakeholder. Many candidates attempted to give far more analysis than was necessary and it was common for analysis to make up more than half of a response, despite being worth relatively few marks.

The focus of this question is the skill of evaluation, which is assessed independently of the other skill areas, except for Level 3 which requires context. Since half of the marks available in this question are for evaluation, it is reasonable for half of a response to be targeted towards this skill area.

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Question 2

(a) (i) Identify **one** factor of production.

A one-word answer was perfectly acceptable for this question (land, labour, capital or enterprise) and those candidates who gave more than this, sometimes even a paragraph, were not adding to the mark they gained.

(ii) Explain the term *sole trader*.

Sole trader was well-understood and most candidates were able to gain the basic knowledge marks. To apply the aspects of a sole trader and fully explain the term, it is necessary to differentiate a sole trader form other forms of business.

(b) (i) Refer to Table 2.1 and other information. Calculate the total price of Jo's order.

The difficulty with this question seemed to be in how to work out the 50% mark-up to the price. The instruction clearly stated 'refer to Table 2.1 and other information'. Unfortunately, some candidates did not refer to 'other information' and missed out the mark-up. Candidates must make sure that they fully read every aspect of a question. In essence, it is an instruction which, if followed correctly, will gain all the marks.

(ii) Explain **one** advantage for Tomas of using cost-based pricing**.**

The knowledge mark in this question is for an advantage of cost-based pricing, not a definition of cost-based pricing. Whilst there is nothing wrong with giving a definition of cost-based pricing, it is unnecessary and wastes time which has an opportunity cost later in the examination.

As with **Question 1(b)(i)**, the question specifically references the data, in this case Tomas as the owner. Therefore, the answer must be applied to Tomas to gain the AO2 marks. The most obvious way to do this, was to use the data from Table 2.1 and/or the answer to **Question 2(b)(i)**. However, these were rarely used.

(c) Analyse **one** advantage and **one** disadvantage for Tomas of giving Jo the order for free.

Candidates did well with this question and found it relatively easy to apply their knowledge to the data. The advantages and disadvantages could come from any relevant area of the syllabus, such as marketing or finance, which gives candidates a great deal of choice over what to use. This is more likely to lead to applied answers which are most relevant to the given data.

Most candidates only gave one advantage and one disadvantage which was good as it did not waste any time in the examination.

(d) Evaluate the most important factor which may influence Tomas' choice of sources of finance for the new 3D printing machine.

Many candidates correctly identified that this was not a question to recommend a suitable source of finance, but a question about the factors influencing a source of finance. As such, the evaluation should have been about the most important factor for Tomas. Unfortunately, some candidates spent a great deal of time evaluating the suitability of different sources of finance and this was not rewardable.

Good responses focussed on one or two factors that would be most influential in the context of Tomas and WG. Candidates who tried to cover more factors often ran out time for developed, contextual evaluation, which makes up half of the marks in these questions.

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Paper 9609/32
Case Study

Key messages

- Take time to carefully read the case study and plan answers.
- Keep your answer focussed on the question to avoid wasting valuable exam time.
- Make use of the business context to demonstrate AO2 application. Do not simply repeat the data, bring aspects of it together to make/support your analysis.
- Build AO3 analysis marks by demonstrating cause and effect and linking points together.
- **Questions 1 and 2** do not require any evaluative comment.
- Aim to develop supported judgements in context to achieve higher AO4 evaluation marks.
- **Questions 1 and 2** ask specifically for two impacts. If candidates analyse more than two impacts answers will only be rewarded for the two highest scoring arguments.

General comments

Although there were significant differences between this new decision-making paper and the comparable case study from the old syllabus, many candidates demonstrated a good understanding of how to answer questions effectively. There were many excellent scripts in which candidates structured their responses with a clear focus on the questions set. There was often a good matching of skills with the demands of individual questions. For example, most candidates recognised that **Question 1** and **Question 2** did not require any evaluative comment and focussed on developing chains of analysis in context. In contrast, all other extended answers require evaluation and candidates should attempt to provide supported judgement(s). For these 12-mark questions more successful candidates made judgements throughout the response and provided a conclusion based on analysis previously developed and evaluated. The strongest answers ensured that evaluative comments were grounded in the business context thus matching the Level 3 descriptors in the Mark Scheme.

Most candidates were guided by the exam answer booklet as to how much to write for each question with relatively few using additional paper. This encouraged many candidates to keep answers concise and to the point which is good exam technique. Focussing on a limited number of key points often achieved higher marks than responses that tried to cover too many factors. Where multiple points were made, evaluation was often less developed, and this resulted in a lower mark.

Candidates frequently scored highly on **Question 1** and **Question 2** as they were able to develop chains of analysis. In general candidates achieved lower marks for **Question 3 (c)**, **Question 4 (b)** and **Question 5**. Although candidates often gained the analysis marks available, answers could have been improved by developing greater evaluation. Evaluation is a higher order skill and is a skill most candidates need to practise to improve.

Comments on specific questions

Question 1

Analyse how **two** legal changes planned by the new government will impact FWB.

Candidates can access marks for knowledge by defining the key term in the question and many answers started with that approach noting that ‘legal changes’ relate to changes in laws or regulations which constrain and/or support business activity. However, the focus of the question was to consider the impact of legal changes and so required the development of two chains of reasoning, each in context, demonstrating how the identified changes might affect FWB.

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The legal changes planned by the government were clearly flagged in the case study. However, there were no marks for simply repeating what those changes were. More successful answers identified a legal change from the text, then clearly stated either the positive or negative effect on FWB, developing analysis of why there was a consequence. Most candidates considered the negative effects of the changes. For example, many candidates identified that increasing the income of low paid workers could result in higher costs for FWB due to an increase in the minimum wage. Context was demonstrated by noting that for each van there were three employees on minimum wage who would have to be paid more. Analysis was shown by linking the increased cost to reduced profit. Developed analysis requires a candidate to include more than one link in their chain of argument. For example, this candidate provided developed contextual analysis: '…if the government does increase the minimum wage, FWB may notice a sudden surge in their labour costs since employees other than van managers are paid minimum wage. With high labour costs, this will directly impact on the total costs of FWB and result in a decrease in their profits. Lower profits could impact FWB's plans for expansion and delay the growth of the business.'

For this impact question it was possible to achieve Level 2 for AO3 Analysis by providing a balance of argument. For example, analysing the negative cost impact of legal controls to reduce waste against the potential for improved branding and reputation if FWB operations became more sustainable.

Question 2

Analyse **two** benefits to FWB of delegating more decision-making to van managers.

Focussed answers analysed only the benefits of delegation. Less focussed responses provided a more balanced argument including the disadvantages of delegation or evaluated the extent to which delegation was beneficial. By focussing on the set question, a candidate can make more efficient use of their time and maximise the award of marks. There were many good answers which recognised one or two benefits of delegation such as decision-making which is more responsive to local needs, more motivated managers and better marketing decisions. Analysis then showed cause and effect, for example, more motivated managers could increase productivity leading to a reduction in unit costs. The best answers developed this analysis in context, for example linking motivation to addressing the problem faced by FWB of losing some highly experienced managers.

To achieve full marks candidates must provide developed analysis of *two* benefits and each benefit must be applied. Occasionally candidates lost a mark by only developing one of the benefits in context.

Question 3

(a) Assume FWB increases spending on promotion by 20% and the promotional elasticity of demand is 0.8. Calculate the percentage change in FWB's revenue.

There were no method marks available for this question and less than half of candidates calculated the correct percentage change in FWB's revenue. Candidates needed to multiply the percentage change in promotional spending by the promotional elasticity of demand.

(b) Refer to lines 30-32. Calculate the estimated price elasticity of demand if FWB increases the price of coffee from $2.00 to $2.30.

Many candidates correctly identified the correct equation for price elasticity of demand and were therefore awarded at least one mark. Errors were frequently made in calculating the percentage change in either quantity or price or both. A common mistake was not using the original price or quantity as the denominator when calculating the percentage change. Candidates who showed full working were often able to gain an own figure rule mark for their answer.

The most common error was candidates who did not recognise that the percentage change in quantity was negative and that the estimated price elasticity of demand would therefore be negative as well. A considerable number of answers inverted the PED equation.

(c) Evaluate the usefulness of the concept of elasticity of demand to FWB when deciding on a new marketing mix.

Some candidates started their answers by noting that there were different measures of demand elasticity before usually defining price elasticity of demand and then the marketing mix. This provided a useful foundation from which to develop a focussed answer linking an understanding of

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elasticity to decisions about pricing or promotion. Many answers understood that as demand for coffee was price inelastic that an increase in price would, other things being equal, result in an increase in revenue for FWB and therefore potentially profit. Well-balanced answers further recognised that other factors would influence decision-making about the marketing mix, such as the objectives of FWB. The best answers analysed the limitations of relying on elasticity data, for example, the impact of reduced demand for coffee on the demand for complementary products. Many candidates also noted that the accuracy of the estimate of elasticity also depended on the reaction of competitors to any change in promotion or price.

Candidates should refer to their answer from **Question 3(a)** or **3(b)** as this provides relevant context. If an error is made in the calculation, a candidate may still be rewarded with application and analysis if there is a correct interpretation of the relevance of the figure they calculated.

Many candidates argued that because promotional elasticity of demand was inelastic that further promotional spending was not worthwhile. However, this ignores that for a small absolute increase in spending there could be a much larger absolute increase in revenue which might therefore lead to an increase in profit.

Question 4

(a) Refer to lines 47-49 and Table 1.1. Calculate the accounting rate of return (ARR).

For maximum marks candidates must use the equation for the accounting rate of return (ARR) as stated in the syllabus. Answers must also be expressed as a percentage. Many candidates did not calculate the average investment and therefore calculated ARR as 7.69 per cent for three marks. It is important to show all stages of the calculation to ensure that marks for method are fully rewarded.

(b) Evaluate whether FWB should invest in enterprise resource planning (ERP).

There was a good understanding of enterprise resource planning (ERP). Candidates understood that it involved software to plan the purchase and use of resources in the business. Analysis was typically developed by linking ERP to just-in-time management of stock resulting in a reduction in costs and an increase in efficiency. This could then be linked to profit for more developed analysis. Application was often limited to referencing the ARR as supporting the investment. Better answers recognised that the estimated ARR was above the ROCE for FWB or also calculated the payback period as further evidence that the investment was viable. This is a good example of using data for application and analysis. Strong application linked the management of resources to the problems faced by FWB with waste and the plans by the government to increase environmental legislation.

The strongest answers provided point and counter point in developing an argument and focussed on providing evaluative comment throughout. To gain Level 3 evaluation it was essential to demonstrate clear application in the evaluative comments, for example, arguing that the investment depended on the availability of finance and linked this to the relatively high gearing of FWB.

Question 5

Evaluate the usefulness of FWB's accounting ratio analysis to its directors when making business decisions.

This proved to be the most difficult question in the examination. Candidates' understanding of accounting ratios was often limited and many answers just repeated the data shown in the case. Frequently, candidates just stated that gearing had increased or that the current ratio was unchanged. Without demonstrating some understanding of the ratios such comparisons were not awarded any marks. Some candidates mistook increases for decreases as the information presented in the table followed the accounting practice of placing data for the most recent year to the left of older data – as shown by the headings.

Candidates who understood one or more ratios were able to analyse how decisions made by directors might be influenced by the accounting ratio. For example, a common link made was between the gearing ratio and decisions about sources of finance. Answers could be contextually developed by linking gearing to the need for finance for the international expansion being considered by directors.

There were few answers which developed evaluation in context. Evaluation was often limited to the identification of the limitations of accounting ratio data and observations such as the possibility that accounts

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might be window dressed. The strongest answers showed an understanding of how an accounting ratio was important to decision-making but recognised that other factors would also be taken into consideration, such as the objectives of FWB. Some candidates effectively contrasted, for example, the value of accounting ratios against that of investment appraisal data when considering raising finance for investment in ERP.

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BUSINESS

Paper 9609/42
Business Strategy

Key Messages

- Both of these questions require all four assessment objectives (AOs) to be demonstrated as part of a strategic response.
- AO1 knowledge and understanding is about using relevant business theory in answer to the question. This could be through defining terms from the question or by using theory in a way that is correct and relevant to the question. Since these questions are often wide ranging, this allows candidates to choose what theory is relevant to their own answer.
- AO2 application is about using the data from the timeline and appendices in an appropriate way. It is not about repeating the data. For example, in Q1, candidates will have seen that S2U's services are offered direct to small businesses. Telling the examiner this is not a satisfactory demonstration of application. However, understanding how this piece of context may have improved S2U's marketing strategy is a successful demonstration of application. It is about making the answer specific to S2U, not generic and not repetitive.
- AO3 analysis is an important skill and is about finding the effects, reactions, consequences and impacts of the issues being raised. Since candidates can make many different arguments and there is a great deal of context, examiners are not looking for specific arguments. Instead, they are looking for the skill of being able to develop these arguments. It is quite conceivable that two candidates could use the same theory, the same context and come to diametrically opposite arguments and conclusions. As long as this can be justified, this is perfectly reasonable and will be rewarded. The skill of analysing the points made and developing the accurately is being rewarded, not specific arguments.
- AO4 evaluation is about coming to a judgement that specifically answers the question. For example, **Question 1** asks for an evaluation of the success of S2U's marketing strategy. Therefore, a good evaluation should include a judgement about this. Likewise, **Question 2** asks for the usefulness of Porter's five forces and a successful evaluation should give a judgement over this. Too often, candidates move away from the question and end up not making a suitable judgement. Successful evaluation not only includes a judgement, but also justification about that judgement and weighing up of other factors that may affect that judgement. A significant proportion of a successful answer should be focussed on providing these evaluative elements.

General Comments

This is the first sitting of this new A Level paper and the focus is on the strategic elements of the syllabus. The aim of the paper is to put candidates into a context where they can evaluate a strategy that a business has implemented and advise a business on potential new strategies.

Strategy is not just about plans, it is about the interweaving of different strands and decisions to reach a business aim. As such, the analysis and evaluation in these responses should not focus on any one piece of data or argument, but instead try to analyse and evaluate from a holistic perspective.

The questions of this examination are not looking for a 'right' answer - a response can take either side or use any relevant tools as long as they are justified. This is the nature of Business. If asked to evaluate a strategy or to advise on a course of action, business managers and owners must analyse a situation and make a judgement. Therefore, a response which has the confidence to come to a relevant well-justified judgement - whether the examiner agrees or not - will always be rewarded.

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Comments on specific questions

Question 1

Evaluate the success of S2U's marketing strategy between 2016 and 2022.

This question asks for an evaluation of S2U's marketing strategy. There was plenty of data in the timeline and appendices to support this evaluation and strong candidates prioritised the most important data to come to a justified judgement.

One of the most common issues with candidate responses, was that there was a great deal of repetition of the data given in the timeline and appendices. Many candidates thought it was necessary to repeat, perhaps in different words, the data that had been given to them. This was unhelpful and often led to long answers where no marks could be awarded.

The strongest responses brought together two or three of the most important aspects of the marketing strategy and analysed these together. They were not treated as separate decisions made by the business, but as part of a strategic plan implemented by S2U. For example, in Appendix 1, Kareem's marketing mix is outlined and contains decisions about all four Ps. More successful analysis moved beyond straightforward discussion of the advantages and disadvantages of changing individual Ps and analysed the implementation of all four Ps together. This is a strategic approach and necessary to be awarded Level 3 analysis.

Candidates who did try and analyse each decision as a separate argument, often found that they had to superficially analyse each one, because there were so many different decisions made in the data. By looking at the issues in a strategic and holistic way, the most successful candidates were able to argue the overall success of the strategy (or not) and come to a much better judgement.

40% of the marks for this question come from evaluation. The skill of evaluation is about working to come to a justified judgement that clearly answers the question. Therefore, it is not unreasonable to assume that almost half of a good response should be evaluating. This was often not the case, with many candidates leaving all of their evaluation to a small paragraph at the end of the response.

The best evaluations build up from the beginning of an answer and focus every point on how it addresses the question. Candidates should not be afraid to actually use the wording of the question. In this question, the candidates were asked to evaluate the success of the marketing strategy. Therefore, it was surprising that a large proportion of candidates never came to a judgement about the level of success of S2U's marketing strategy. In every point made, candidates should clearly state how that point answers the question – does it show that the strategy was successful? Does it show that the strategy was unsuccessful? What does the judgement depend upon? These questions should be addressed consistently in every response.

There is no pre-determined answer to these questions. There was plenty of scope in the data to come to a judgement that S2U's marketing strategy was successful, was not successful, or had some degree of success. Candidates will never be penalised in this examination for making a judgement one way or the other as long as there is a judgement made.

Question 2

Advise Ruhi on whether Porter's five forces analysis is the most useful approach when developing S2U's new business strategy.

The command word 'advise' is an important skill that gets to the heart of what Business is about. It requires judgement about something. In this case, it is a judgement over the usefulness of Porter's five forces. Many candidates did not restrict themselves to evaluating Porter but chose to analyse and evaluate the technique against other approaches. This is a reasonable approach, as long as the analysis and evaluation of Porter's five forces remains at the forefront of the response. Occasionally candidates would cover Porter superficially and then spend the majority of the answer on other approaches. This often did not lead to a reasonable judgement about the usefulness of Porter.

As with **Question 1**, the skill of analysing a strategy, or an approach to developing a strategy, is not to focus on individual elements, such as the bargaining power of suppliers, but to analyse the technique itself. This is a different approach, but this is what is required in answer to these questions. Candidates were not required to analyse the data in the five force analysis, but instead to analyse the technique and use the data as context.

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A successful judgement could be made based on a two-sided analysis of the usefulness of Porter's five forces, or the technique could be judged against other suitable techniques. Either approach could yield all of the marks in this question if executed correctly. However, those candidates who chose to analyse the usefulness of other approaches often tried to cover too many. In fact, only one other approach is necessary to make a judgement, and this means that the focus of the answer can be in providing analysis and evaluation to answer the question, not showing all the knowledge of techniques that the candidate can remember.

As with **Question 1**, there were many candidates who spent time repeating the information that was given to them in the data. This was unhelpful and often meant that there was not enough time left to analyse and evaluate in the response. Whilst AO2 application requires use of the data, it does not require repetition of it. For example, there was no need to repeat that S2U has few barriers to entry. Candidates are better advised to focus on explaining how that context is useful or not to S2U when developing a new business strategy.

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