



GCE A LEVEL EXAMINERS' REPORTS

**BUSINESS
A LEVEL**

SUMMER 2019

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BUSINESS OPPORTUNITIES AND FUNCTIONS

GCE A LEVEL

Summer 2019

COMPONENT 1

General Comments

It was encouraging that the attempt rate for each question was between 99.8% - 100%. The paper was generally accessible to the majority of candidates, as shown by the facilitating factor and the mean mark for each question. The mean mark for the whole paper was 53.8/80 (67.3%).

The majority of candidates answered questions well; they demonstrated their knowledge and understanding clearly and structured their arguments well. Overall, it was clear that many candidates were prepared for the examination, which is testament to their own hard work and that of their teachers.

Candidates generally wrote legibly and, for the most part, timing did not seem to be an issue. Similar to comments made last year, it was sometimes the case that candidates were over descriptive in their responses, without appreciating the need to fully analyse or fully evaluate, when required. However, it was encouraging that more candidates were aware of the command words that required evaluation to be included as part of their response.

Questions assessing quantitative skills, including calculations and diagrams, were answered correctly by the majority of candidates, but simple errors such as incorrect drawing and labelling of lines prevented candidates from achieving higher marks.

The facilitating factor (as a %) for each question on the paper, listed in order of relative accessibility, were: Q6 (83%), Q4 (76.6%), Q1 (73.9%), Q7 (68.4%), Q3 (67.6%), Q5 (66.1%) and Q2 (44.9%). It was clear that candidates were most comfortable with the questions relating to sources of finance and were least confident with demonstrating their understanding of research and development.

Comments on individual questions/sections

- Q.1 (a)** Question 1a required candidates to define the term 'entrepreneur'. This question was answered well on the whole, with many candidates referring to an entrepreneur as someone who starts their own business and who takes a financial risk in doing so. A small minority of candidates mentioned an entrepreneur as being someone who had an idea for a business, but did not make it clear that an entrepreneur starts their own business.
- (b)** Question 1b required candidates to describe two ways in which Max demonstrated the characteristics of a typical entrepreneur. Candidates were able to correctly identify two characteristics in the vast majority of cases and used appropriate information from the context as examples to evidence these characteristics. In some cases, candidates' application to the case did not always match the characteristic identified, for example 'Max is hardworking because he invested £5 000 of his own money in his business'.

- (c) Question 1c required candidates to evaluate the extent to which Max's decision to locate his shop on a busy high street was the main factor in running a successful business. Candidates were able to use the information from the case study well in their response. Many candidates considered how both location and other factors contributed to Max's success and developed lines of reasoning to analyse their points. However, some candidates concentrated on only Max's location contributing to his success and therefore limited their potential marks. On the whole, many candidates were able to evaluate in terms of Max's location being a contributory factor in his success, but not the only factor or the main factor. It was pleasing that fewer candidates made superficial or unsupported judgements compared to evaluation questions on last year's paper. Some candidates seemed to misunderstand the question and responded in terms of whether or not Max *should* set up his business on the high street or whether or not it was a good decision that he had set up his business on the high street, rather than in terms of the factors contributing to his successful business.

- Q.2** (a) (i) Question 2ai required candidates to construct and fully label a break-even chart. Many candidates were able to correctly draw and label the three lines required (i.e. fixed costs, total costs and total revenue). It was clear that some candidates were not confident in constructing one or more of the lines correctly and some candidates either did not fully label or did not label their lines at all. The vast majority of candidates were able to draw and label the fixed costs line correctly. Some candidates incorrectly started the total cost line from the origin.
- (ii) Question 2aii required candidates to calculate how many hats Jacob needed to sell to break-even. Many candidates were able to use the breakeven formula to calculate the answer correctly or to read the correct number from the graph (own figure rule applied to 2ai). It was clear that some candidates did not know how to calculate breakeven output using the formula or how to interpret the breakeven output from the graph.
- (iii) Question 2aiii required candidates to calculate the margin of safety. Whilst the majority of candidates were able to calculate the margin of safety correctly (own figure rule applied to 2aii) it was clear that some candidates did not understand how to do this.
- (b) Question 2b required candidates to define the term 'added value'. This question was answered well on the whole, with many candidates referring to the difference between the selling price of a product and the variable costs involved in its manufacture. Some candidates only gave an example of added value without defining the meaning of the term and some others confused *price* with *cost*.
- (c) Question 2c required candidates to discuss the benefits of R&D to businesses such as Jacob's Hats. This question was the least well answered and lowest in terms of the facilitating factor. Many candidates did not show an understanding of R&D and in the majority of cases confused R&D with elements of market research. Whilst many candidates were able to analyse benefits of their understanding of market research, some of which overlapped with the potential benefits of R&D, candidates were not given credit on the basis of their misunderstanding of R&D.

It was only occasionally that candidates referred to isolated elements of R&D, such as product innovation, process innovation, discovery of new ideas and the development of commercially viable products. It was rare that candidates could provide a comprehensive and accurate definition of R&D or to explain correct features of R&D and then further discuss the benefits of R&D to businesses. Evaluation marks, even when candidates demonstrated the correct understanding of R&D, were on the whole limited.

Q.3 (a) (i) & (ii)

Question 3ai and 3aii required candidates to draw and label a demand curve and supply curve. Many candidates were able to correctly draw and label the demand and supply curve. However, some candidates mixed up the labelling of their curves and scored 0 marks. It was clear that some candidates did not understand how demand and supply curves should be constructed.

- (b)** Question 3b required candidates to adapt the demand and supply diagram in order to demonstrate the change in the avocado market. A small majority of candidates correctly moved the supply curve to the left and correctly labelled the second curve or indicated the direction with an arrow. Some candidates incorrectly moved the supply curve to the right, others moved the demand curve either to the right or the left and some others made more than one movement (e.g. moving both the demand and supply curve). Candidates that made more than one movement were credited 0 marks.
- (c)** Question 3c required candidates to use the diagram to describe what happened to the equilibrium price and equilibrium quantity demanded. Candidates that correctly answered parts 3a and 3b were more likely to answer correctly on this question. However, some candidates were not able to correctly interpret the demand and supply to identify the correct direction to the change in price and quantity demanded. Some candidates that mixed up the curves in 3a and got the movement wrong in 3b were nonetheless able to correctly describe the changes in price and quantity demanded. It was occasionally the case that candidates commented on the change to quantity supplied rather than quantity demanded, which was not credited. Responses where candidates referred to changes in both directions for price or quantity demanded (e.g. the price would increase and decrease) were not credited.

Q.4 (a) (i) & (ii)

Question 4ai and 4aii required candidates to calculate net profit for 2017 and calculate expenses for 2018, respectively. The vast majority of candidates were able to correctly calculate each of these figures. A small minority of candidates did not use the correct method (for example by deducting expenses from sales revenue to calculate net profit and adding gross profit to net profit to calculate expenses). Occasionally, candidates were not careful in writing the correct final answer, despite evidence of using the correct method.

- (b)** Question 4b required candidates to analyse two ways in which Sandra could increase her net profit. Overall, this question was answered well and was the second most accessible question (following Q1) according to the facilitating factor (76.6%). Many candidates were able to correctly identify two ways to increase net profit and to clearly explain how each of these methods would lead to an increase in net profit. Occasionally, candidates did not refer to Sandra's context sufficiently, or at all.

Candidates that scored well in terms of application used examples such as Sandra choosing to buy electrical goods from only one manufacturer (rather than using a variety of manufactures) in order to strengthen her relationship with them and increase her order quantity to be able to negotiate discounts and therefore benefit from purchasing economies of scale, resulting in lower average unit costs.

- Q.5 (a)** Question 5a required candidates to describe the term 'on-the-job training'. Candidates answered this question well on the whole, often by citing that the training was provided onsite/at an employee's place of work and often included an example such as mentoring or shadowing a more experienced employee. Occasionally, some candidates' descriptions were too brief to be credited with two marks (e.g. training at the place of work).
- (b)** Question 5b required candidates to refer to A&F and describe two benefits of using on-the-job training methods to train employees. On the whole, candidates responded well to this question in terms of the benefits, but scored less well on the application marks. A typical example of incorporating application into a benefit was: by using on-the-job training A&F can save money by using existing employees to support staff rather than their 10-week management training course rather than paying for the services of external providers, which could be expensive because of the length of the course.
- (c)** Question 5c required candidates to evaluate the importance of an effective recruitment process to businesses such as A&F. The facilitating factor shows that this question proved difficult for candidates to score high marks, especially for evaluation, but also for the higher level for analysis. Many candidates wrote about recruitment more generally as hiring staff, but very few identified the specific stages in the recruitment *process*, such as conducting a job analysis, advertising the post and selecting the most appropriate candidate(s). Some candidates took the approach of writing many benefits at the expense of depth of analysis. The question referred to the importance of an effective recruitment process, rather than its benefits, therefore some candidates' responses were not entirely focussed on the exact question. Evaluation in terms of the *importance* of an effective recruitment process was limited on the whole.
- Q.6 (a)** Question 6a required candidates to use examples to describe the meaning of internal and external sources of finance. This question was answered well by candidates and was the most accessible question in terms of the facilitating factor. However, a small minority of candidates provided a list of different examples of internal and external sources of finance and where one of the examples was incorrect the response was not credited.
- (b)** Question 6b required candidates to consider two appropriate sources of finance for Down2Earth's Ltd expansion plans and advise which one would be most appropriate. Candidates were able to analyse two appropriate sources of finance well. Application offered referred to a bank loan being suitable because the directors needed to raise £40 000, taking on a new shareholder because they were a company, and using retained profits because they had already made a profit in previous trading periods. However, it was sometimes the case that candidates did not advise which source of finance should be chosen of the two considered, which resulted in no evaluation marks being awarded.

- Q.7 (a)** Question 7a required candidates to define the term 'delaying'. On the whole, this question was answered well by candidates, who commonly referred to the removal of a layer of management from an organisation's hierarchical structure. Occasionally, some candidates' answers were too brief or lacked clarity to award both marks (e.g. removal of a layer) or either mark (e.g. taking people out of a business).
- (b)** Question 7b required candidates to discuss whether moving to a flatter organisational structure would benefit all stakeholders. This question was generally answered well by many candidates in terms of knowledge and analysis. Candidates often identified a variety of stakeholders that would either benefit or suffer from moving to a flatter hierarchical structure and explained the impact of this move on each of the stakeholders well. It was often the case that candidates achieved full knowledge and analysis marks for this question. In terms of evaluation, it was pleasing that many candidates at least attempted to make an informed judgement but, in many cases, this was neither detailed or balanced, which prevented candidates from achieving Level 3.

Summary of key points

- Candidates should take more care to ensure that the focus of each question is read carefully to avoid a misunderstanding of the demand of the question e.g. some lack of focus in Q1c and some candidates not making a decision in Q6b.
- Candidates should be more familiar and confident with drawing charts and diagrams (for example breakeven charts and demand and supply diagrams) and understanding how financial documents (such as income statements) are constructed, given that quantitative skills will be assessed on every paper.
- Candidates should ensure that they are confident in their knowledge of specific business concepts, especially those that perhaps are more difficult to understand (e.g. R&D from this paper and external economies of scale from the last year's paper).
- Candidates should avoid providing contradictory answers (e.g. moving more than one curve on a demand and supply diagram, providing two different answers for breakeven quantity, or providing examples of internal and external sources of finance for each source). Such attempts to hedge bets with strategies will not be credited and result in no marks being awarded for the relevant part of the response.
- Candidates should be more confident on being able to write evaluations that are well-detailed and well-balanced to access Level 3 for AO4.

BUSINESS ANALYSIS AND STRATEGY

GCE A LEVEL

Summer 2019

COMPONENT 2

General Comments

Overall, Component 2 was well attempted again, as it has been in previous years, and there were a number of very strong scripts. Candidates used the time for the exam well, with a large majority managing to complete the paper, and 98.4% of candidates attempting the last question on the paper. All the other questions had an attempt rate above 99% (although this is for whole questions and does not include the sub parts). Quality of written communication was good, with most candidates writing legibly and using written English well, including structuring their answers into paragraphs. Differing slightly from the trends of previous years, candidates are seemingly more able to write in a more succinct fashion, and not have to use lots of continuation paper. This was done effectively and candidates still took note of the requirements of the question, this was an effective use of their time and still enabled the candidates to reach the top bands.

However, continuing on in the same trend as last year, for those candidates who do use continuation pages and extra booklets, it is imperative that they take care when numbering their additional sections with the correct question number, as at times it was difficult for the marker to identify the continuation material, making it harder to ensure that they had seen all the extra parts.

Quantitative skills were good throughout the paper, and most candidates expressed their answers in the correct units of measurement, and to the correct number of decimal places (ideally 2). It was noted that some candidates were unable to correctly round their numbers, which was most apparent on question 4a and question 6, and on occasion this meant that candidates lost a mark.

The majority of candidates had clearly identified the trigger word of the question and were able to structure their answer accordingly, which meant that higher level bands were able to be accessed. AO4 was the assessment objective that was most often missed by candidates as being assessed, and this was required in the majority of the longer questions on this paper. Question 1c and question 5b were the most apparent questions where candidates failed to evaluate. The strongest answered question was question 3 – special orders and contribution. This had the highest mean score, with a facilitating factor of 68.6% (the mean mark expressed as a percentage of the maximum mark). The weakest answered question overall was question 1 – working capital – with the lowest facilitating factor of 46.6%, which was mainly because of the responses to question 1c being relatively weak.

Knowledge (AO1) shown throughout this paper was good, although accurate definitions were not often provided in both the definition 2 mark questions (1a and 2a), and also in the longer responses, most notably question 2c and 5b. Whilst a definition is not always required in a longer response and is sometimes not relevant, it is often a good way to ensure knowledge is shown. Candidates were using the stimulus material well, especially in questions 5 and 6. Stronger responses worked with the context and fully developed their responses with this in mind, whereas often the weaker responses only lifted data from the context.

Analysis was shown well throughout the longer answers, and stronger responses were often able to make logical connections between points and link effectively to other areas of the specification. Evaluation was the weakest shown skill throughout the paper as is often the case. Effective responses were able to not only give a detailed conclusion at the end of the answer but evaluated throughout the response to make it a more holistically shown skill.

Comments on individual questions/sections

Q.1 This question was the weakest answered group of questions on the paper with the lowest facilitating factor of 46.6%, mainly driven because of the responses to question 1c often not showing a good understanding of working capital and being able to apply it to the given context. However, this group of questions had the highest attempt rate of 100%, meaning every candidate attempted at least one of the 3 questions.

- (a)** This was a short definition question that required a detailed definition of non-current assets. Most candidates expressed that they were items the business owned for more than a year but to get the second mark they needed to give some more information about what a non-current asset is. Credit was not given for examples, as there were several given in the stimulus material.
- (b)** This was a well answered calculation question, and most candidates were correctly able to calculate the working capital figure. The most common errors were due to incorrectly calculating the numbers and missing off the 500 figure as a careless error, but the candidates who had written down the correct formula previous to this were still awarded 1 mark. Units of measurement were required, and one mark was deducted if the figure was not expressed in £s.
- (c)** This question was not answered extremely well overall, and a relatively high proportion of candidates did not attempt to respond at all. Most responses considered the calculated level of working capital as a good level as it was positive and then the stronger responses looked at the other items on the balance sheet in more detail and were able to pass a better judgement that because of the overdraft and cash figures in particular, that the working capital situation was not actually that healthy. Analysis was not strong in these answers and candidates were generally not able to explain the consequences of the working capital figure. For AO2, the strongest answers referred to both the working capital figure and the individual balance sheet items, but then also put it into context by looking at further relevant issues such as offering trade credit to large retailers. Some candidates calculated the current ratio instead, and then their response focussed on general liquidity which limited them, as it was not focussing on the key term in the question.

Q.2 Out of the 6 questions, this question had the third highest facilitating factor of 56.7% with a mean score of 9.1 out of 16 and an overall attempt rate of 99.9%.

- (a)** Again, this was a short definition question that was not answered extremely accurately, and not very many candidates were awarded 2 marks. Candidates who described features of mission/vision statements were not credited, and the most ideally anticipated response included that this was a direction for the entire business to follow.

- (b) This was a data response question and was quite similar to question 1 on the 2018 paper. The ideal responses to this question would not only be fully based around the context of the car industry, but also focus on what JLR could do to respond. For good analysis, the best candidates were able to link to strategic actions that a business may follow, such as the use of Ansoff's matrix or merging with other businesses to help them take advantage of these trends. This showed more sophisticated analysis than a lot of the weaker responses and more clearly linked the answer back to actions expected in a corporate strategy. The stronger responses were then able to link back to how this would help them meet aspects of their corporate strategy such as innovation and corporate strategy.
- (c) In this question there was a requirement for candidates to show all assessment objectives. Most candidates showed good knowledge of outsourcing and were able to put forward several valid arguments for and against. There were some instances where candidates only discussed offshoring, and even though there is some overlap between the topics, this limited the marks they were awarded. Weaker candidates only quoted the methods of outsourcing used by JLR that were listed in the stimulus material which was limited application, but stronger responses generally linked to the wider context, for example, that JLR's brand image is built on luxury and quality and how outsourcing could have an impact on this. Evaluation was the weakest shown skill, with some candidates not including any judgement at all and not even giving a simple conclusion. This is most likely because they were not able to successfully interpret the trigger word. The strongest responses gave an overall judgement in the context of JLR and make recommendations on how to effectively manage outsourcing to ensure it is beneficial.

Q.3 This was the strongest answered question on the paper, with the highest facilitating factor of 68.6%, and was attempted by 99.6%. Contribution seems to be a topic that the candidates are comfortable with, and both parts of the question were responded to effectively.

- (a) This was a well answered question overall, with a lot of candidates achieving the full three marks, especially those that had written out the formula. The most common mistakes were not expressing the answer with a £ sign, or only calculating contribution per unit.
- (b) Again, this was a well answered question, with a high attempt rate. Most candidates were able to express that because it made a positive contribution the order should be accepted, but to develop this further in terms of AO3, the best responses discussed contribution as a key term i.e. contributing towards fixed costs and then profit. Less sophisticated answers just simply discussed making more profit. It was pleasing to see that the candidates had used the stimulus material well and discussed the fact that this was an adapted product, which makes it slightly more complicated than just accepting an additional order. Using this as a discussion point allowed the answers to reach band 2 for AO2. Most responses gave an overall conclusion of whether or not to accept the order which was worthy of 1 AO4 mark, but the best answers included context again as to why they should/should not accept the order in this scenario.

Q.4 The responses to this group of questions were the second strongest on the paper, with a facilitating factor of 64.3%, and an attempt rate of 99.7%. It is likely that this strong mean is mainly driven by the responses to the numerical questions, as these were accessible to most candidates.

- (a) The majority of candidates were able to correctly calculate the percentage change, although it was surprising to see the number who could not. Of the answers that were calculated correctly, the most common error was incorrect rounding, where ideally the answer would be expressed to 2 decimal places.
- (b) This was a well answered question with most candidates achieving both marks and being able to reverse engineer the formula to calculate the sales revenue figure.
- (c) There were three elements to this question, the first being plotting the results of the moving averages on the graph. This was correctly done by most candidates with only a few errors and a very small minority plotting the sales revenue figures rather than the moving averages figures. Own figure rule was used for the 2011 figure. The second mark came from drawing a line of best fit onto the graph, which most candidates were able to do well, choosing an appropriate line with roughly the same number of points above as below. The final mark was for making a prediction for the 2019 sales revenue figure, which the majority of candidates did within the allowed range. If the prediction was out of range, it was still possible to be awarded the mark for the line of best fit, if it was deemed to have been drawn appropriately.
- (d) This question again required candidates to show all 4 assessment objectives. Stronger candidates were able to base their whole response around specialist terminology, such as time series analysis and the Delphi Technique. These responses showed detailed knowledge of the different forecasting techniques and based their responses around the arguments for and against these tools. Weaker responses however, based their answers on quantitative and qualitative data and was not at all focussed around sales forecasting, which hugely limited their marks. This was quite common for candidates to do, perhaps due to not reading the question carefully enough. Although there was only 1 mark for AO2, it was quite common that candidates did not achieve this mark, as the response was very generic focussing on the advantages and disadvantages of the different techniques. Successful responses gave a contextualised judgement as to which was more effective in this scenario, either considering quantitative as better because of the amount of past data they had, or qualitative because it would be able to consider the effect of new competition entering the market that Stylish Comfort were worried about.

Q.5 This group of questions had the fourth highest facilitating factor of 53.2% and an attempt rate of 99.7%. Despite the content areas of both questions being very accessible, the application of the assessment objectives restricted the achievement of a higher mean for this question.

- (a) In previous years, this has been a lesser tested area of the specification, and it became clear that candidates were not really prepared for this, as there was quite a number of limited answers. Most candidates were able to identify that the change in banking has led to the increased use of apps and online transactions which means less space is needed, hence the micro branches.

Stronger responses showed more detailed knowledge of types of technology such as databases, data mining and using cookies that were then able to help Lloyds make the decision to close stores.

- (b) It was pleasing when candidates explained their understanding of rationalisation and its impact on efficiency. Some candidates just focussed on what was discussed in the stimulus material and did not show good knowledge. Whilst most candidates were able to approach this question, there were few who were reaching the top bands. Some answers became a little too 'list-like' rather than analysing and evaluating the impact on a smaller number of stakeholders in more detail. Stronger responses looked at a variety of stakeholders and fully analysed the impact on them, with the top answers linking back to the achievement of increased efficiency where relevant. Again, evaluation was weak in these answers with a conclusion that only simply repeated the points of the main body again. Stronger answers added weighting to the judgement, considered short term and long term implications on the stakeholders, and – in extremely strong answers – made recommendations of how Lloyds should manage the rationalisation process to minimise the negative impacts.

- Q.6** This question had the fifth lowest facilitating factor on the paper of 50.6%, and the lowest attempt rate of 98.4%. However, to a certain extent these statistics can be explained as it was the only question to only have one question and no sub parts, and it was the last question on the paper, so it can be assumed that some candidates may have run out of time.

There were two approaches to the layout of this question. Some candidates completed their calculations first and then did the written part, others incorporated their calculation answers into the written response. Both were able to achieve full marks, although it was harder to award marks for working if it was not obvious where they had been done, so as usual the preferred method is to clearly show all the workings. Generally, this was a well answered question, with lots of candidates achieving full marks. The most common error during the ARR calculation was that candidates divided the total return by the number of years before subtracting the initial cost. Some marks were awarded if they had then continued to do the correct calculations following this mistake. Many candidates were awarded in Band 2 for analysis and evaluation, and to reach full marks, their judgements must have been made in context to the scenario.

Summary of key points

Accuracy with numerical data

Candidates should strive to take care when working with numerical data. This includes: showing formula when relevant; expressing numbers to two decimal places with correct rounding; using units of measurement in final answers and showing workings so that some marks can be awarded even if there are some errors made.

Depth of analysis

Stronger answers are able to take a central point and develop it giving a logical and fully explained argument rather than a long answer that reads in a list-like style with lots of stated points that are not developed.

Evaluating throughout

Stronger answers are showing evaluation consistently throughout the answers, not just in a conclusion at the end.

End judgements

In order to achieve higher levels for evaluation, the response needs more than just a summary of the previous arguments already made. Candidates need to give a supported judgement, explaining their decision, and often looking at the relative importance of the issue or recommending solutions/alternative approaches/ways to manage the issue.

Make sure you answer the question

If the question asks for a decision, make one. Candidates need to make a choice when the question asks them to. What choice candidates make doesn't matter as long as it is a supported judgement. Candidates should focus on the key term in the question and make sure their answer stays focussed on that term throughout.

BUSINESS IN A CHANGING WORLD

GCE A LEVEL

Summer 2019

COMPONENT 3

General Comments

This paper was designed to make significant use of the international nature of the car market in order to allow candidates the opportunity to demonstrate their understanding of the global dimensions of business activity. It was pleasing to see that candidates were increasingly confident in their assessment of international issues relating to business activity. More advanced responses drew from theory elements within the specification to demonstrate excellent interconnectivity between concepts when building viewpoints and supporting arguments.

Section A

This year the extended case study focused upon Toyota's role in the international car market. Candidates responded well to the international aspects of this paper making excellent use of the case study material. The vast majority of candidates attempted all Section A questions with the average completion rate registering at 98%. It was clear when reading through scripts that most candidates had rehearsed timings and spent appropriate amounts of time on each question.

Section B

This section allowed candidates to select one from a choice of three questions. Each question was broken down into part (a) 10 marks and (b) 20 marks. Most candidates opted for question 2 with question 4 being the next most popular option and question 3 the least favored. Candidates performed marginally better in question 2. Question 3 was the next most successful and candidates were slightly less successful in their responses to question 4.

In previous years some candidates have chosen (a) from one question and (b) from another. Additionally, some candidates have attempted to answer all 3 questions. Marks can only be drawn from one question therefore both situations will lead to some written work not being credited. This issue was much less pronounced this year which was of benefit to candidates.

Comments on individual questions/sections

- Q.1 (a)** With a mean score of 3 out of 6 this question tested candidate's understanding of contingency planning. Many candidates showed some understanding but were not fully accurate stating that this was a plan for "unexpected" events. This definition is linked to crisis management rather than contingency planning. Other responses simply focused on risk management. Some candidates did not answer the question and instead discussed the pros and cons of contingency planning rather than explaining how it may be used to deal with potential risks. This vagueness led to the lowest facility factor on the entire paper (50%).

Although no AO2 marks were available, many candidates made good use of the case study in order to help outline the purpose of contingency planning. With an attempt rate of 97.1% this question was the lowest response rate in Section A perhaps due to a lack of understanding of the term. It is advisable that centres teach the key characteristics of terms outlined in the specification in order to ensure candidates are fully equipped for the exam.

- (b)** With a facility factor of 69.3 this question was the most accessible question in Section A. A range of implications were considered and the impact upon various stakeholder groups was clearly outlined in most cases. Some candidates focused on a limited number of stakeholders and took the time to consider each in depth. Others considered a wider range of stakeholders in less depth. It was possible to reach the top of the mark scheme via both routes.

Occasionally, answers discussed the implications for the business rather than upon stakeholders which limited the number of marks awarded. Although this was disappointing when observed during the marking period this was a rare occurrence.

As a final note, candidates will do well to try and consider stakeholders that will both benefit and others whom may have difficulties. In the responses to this case study many candidates examined the plight of Mexican workers and the benefit to those in America in order to create a counterpoint. This approach allowed final judgements to be much more balanced.

- (c)** With an attempt rate of 99.6% this question was the most frequently answered of Section A questions. Most responses discussed both the benefits and problems to Toyota of implementing their environmentally friendly policies. Occasionally answers were one-sided and therefore were only able to score marks at the lower end of the mark scheme.

Better answers focused on Toyota's environmentally friendly policies as a means of staying ahead of legal changes, asserting first mover advantage and developing a USP. The case study was well stocked with AO2 information which featured heavily in responses. Candidates were able to develop the importance of this policy as a means for Toyota to secure the first mover advantage in the hybrid and electric car market. With a mean of 6.4 most candidates were able to perform well on this question.

- (d)** With a mean score of 6.4 out of 12 and a standard variation of 2.2 this question rewarded better candidates. Whilst the case study contained a range of technological development, weaker candidates were less able to link these to a range of elements within Toyota's marketing strategy with a tendency to focus solely on product changes. More skilled candidates homed in on the use of Toyota's website as an interactive platform which allowed customers to modify vehicles. Others focused on the impact of technology on cost and price.

It was pleasing to see candidates bringing in wider strategic concepts such as The Ansoff Matrix in order to build AO3 during their answer and assist in the evaluation of risk levels allowing AO4 marks to be achieved.

- (e) This question required candidates to discuss the impact of key economic changes upon Toyota. With a mean of 6.3 this was a good test of knowledge and skill for candidates. A number of candidates incorrectly wrote about the product life cycle rather than the business cycle. Candidates were also seen to concentrate on one or two of the economic concepts. These factors limited candidate's ability to reach the top of the mark scheme. For candidates with good subject knowledge, excellent responses were demonstrated with a solid understanding of key concepts applied well to this situation. Candidates handling of this question was perhaps the most varied in Section A leading to the largest standard deviation of 2.7.

Essays

- Q.2 (a)** Question 2 was the most popular choice amongst candidates with an attempt rate of approximately 59%. With a mean of 6.4 from a possible 10 marks candidates frequently demonstrated an excellent understanding of Porter's 5 Forces. However, many made less impressive attempts at utilising the scenario. Effective use of the scenario was the crucial factor in performing well on this question. It was pleasing to see that some candidates were able to do this scoring very highly across the AO grid.

In terms of AO2, candidates considered the low volume of raw material a small bakery would need from a supplier, the relatively easy access to raw materials such as flour and the ability of an independent bakery to develop USPs such as sourcing local produce or providing organic produce. Those able to consider factors inherent to a small independent bakery performed very well.

- (b) Candidates attempting this question often showed excellent knowledge of external growth. Better responses made use of different types of external growth during their answer in order to outline situations in which horizontal or vertical integration may be more appropriate than organic growth. This helped to build AO3 and AO4 marks as comparisons were easier to draw. Although AO2 marks were not available, the use of real-world examples was also well executed and helped to demonstrate analysis and evaluation skills.

Many candidates were less certain about the nature of organic growth. Often candidates incorrectly assumed that organic growth could not make use of external sources of finance. The weakest candidates carried out an internal verses external source of finance debate for much of their answer. This accounted for a wide standard variation of 4.0 marks, the largest on the entire paper. For those who had a strong grasp of concepts the marks were readily available. With a facilitating factor of 57.3, this was the highest performing 20 mark essay question.

- Q.3 (a)** For candidates with a good understanding of oligopolies and monopolistic competition this question proved a good source of marks. However, with the mean at 5.3 out of 10 marks and a standard deviation of 2.5, it was clear that some candidates struggled.

The first issue was a lack of understanding of both issues. Although most candidates understood the nature of oligopolistic markets there was less certainty about monopolistic competition. Some answers confused the term with monopolies or perfect competition. It would be useful for candidates to offer a definition in Section B part (a) questions in order to demonstrate a clear understanding of concepts tested within the question. Similar to 2(a), some candidates ignored the context of a cinema and a butcher's shop. This naturally limited AO2 marks contributing towards the 2.5 mark standard deviation, the largest of all the Section B part (a) questions.

- (b)** This government intervention question allowed informed candidates to demonstrate a wide range of viewpoints when developing their response. It was pleasing to see candidates bringing in the impact of social media and pressure groups as a counterpoint to the need for government intervention. This approach helped to develop AO3 and AO4 marks as lines of argument could be clearly extended and judgements made based on real world examples.

Although most candidates offered discussions to support both sides of the debate, some candidates just offered one viewpoint. This made it difficult for responses to demonstrate an effective level of judgement when attempting to access AO4 marks. It is advisable in all Section B question (b) responses to develop a balanced argument.

- Q.4 (a)** Most candidates attempting this question demonstrated a thorough understanding of the Boston Matrix. Candidates performed well in relation to AO1 questions although again, AO2 was tackled less well. Instead of considering how the Boston Matrix could be used by a business experiencing slow sales growth candidates simply outlined the features and use of the Boston Matrix in a generic fashion rather than trying to apply its use to the scenario. Candidates must access the scenario in order to perform well in Section B part (a) questions.

- (b)** During this answer candidates demonstrated an excellent understanding of the marketing mix but did not use the international context of the question to develop their response. With a facility factor of 52.4 respondents to this question performed the least well in comparison to the other Section B part (b) answers. This said, better answers made excellent use of globalisation in order to explain regional variations to the marketing mix.

Globalisation arguments were also drawn upon in order to demonstrate reasons to keep some or all aspects of the marketing mix the same. Candidates made excellent use of their own examples in order to demonstrate businesses following either approach. This aided in the development of AO3 and AO4 marks as candidates were able to analyse and evaluate the impact of each approach depending on the circumstances faced in different international markets.

Summary of key points

- During Section A, responses frequently demonstrated comprehensive use of the case study scenario allowing candidates to produce strong AO2 marks.
- Time spent on responses seemed more appropriate than in previous years. This led to a much more even distribution of marks across the question range.
- Depth of analysis was good this year with candidates able to link concepts together in order to follow the implications of potential issues. This approach was most helpful when developing responses to the 20 mark questions.
- It is useful for candidates to complete an overall evaluation for stakeholder questions as well as judge the level of benefit for each stakeholder group.
- Section B part (a) questions: a number of candidates did not use the context during their answer. In doing so the candidate limits their potential mark to 6 out of 10. It is advisable for centres to hone these skills in classroom practice.
- Section B part (b): Responses this year demonstrated a higher level of evaluation than previously. It was pleasing to see a high level of discussion from the majority of candidates. Evaluation should occur throughout the answer rather than solely in the final paragraph.



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