

OXFORD

INTERNATIONAL  
AQA EXAMINATIONS

# INTERNATIONAL GCSE BUSINESS

(9225/2)

Mark scheme

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Paper 2: Influences of marketing and finance on business activity  
Specimen 2018

Mark schemes are prepared by the lead assessment writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same, correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the lead assessment writer.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

# International GCSE Business mark scheme

## How to mark

### Aims

When you are marking your allocation of scripts your main aims should be to:

- recognise and identify the achievements of students
- place students in the appropriate mark band and in the appropriate part of that mark band (high, low, middle) for **each** assessment objective
- record your judgements with brief notes, annotations and comments that are relevant to the mark scheme and make it clear to other examiners how you have arrived at the numerical mark awarded for each Assessment Objective
- ensure comparability of assessment for all students, regardless of question or examiner.

### Approach

It is important to be **open-minded** and **positive** when marking scripts.

The specification recognises the variety of experiences and knowledge that students will have. It encourages them to study Business in a way that is relevant to them. The questions have been designed to give them opportunities to discuss what they have found out about Business. It is important to assess the quality of **what the student offers**.

## Assessment Objectives

This component requires students to:

AO1: Demonstrate knowledge and understanding of business concepts and issues.

AO2: Apply knowledge and understanding of business concepts and issues to a variety of contexts.

AO3: Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions.

## Levels of response marking instructions

These levels of response mark schemes are broken down into levels, each of which has descriptors. The descriptors for the level show the performance characteristics of the level.

Having familiarised yourself with the descriptors and indicative content, read through the answer and annotate it (as instructed below) to identify the qualities that are being looked for and that it shows. You can now check the levels and award a mark.

## Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptors for that level. The descriptors for the level indicate the different qualities that might be seen in the student's answer for that level. If it meets all the descriptors for the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptors and the answer. With practice and familiarity you will find that for better answers you will be able to skip through the lower levels of the mark scheme quickly.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level; eg if the response fulfils most but not all of level 3 with a small amount of level 4 material, it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

## Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark.

It is often best to start in the middle of the level's mark range and then check and adjust. If there is a lot of indicative content fully identifiable in the work you need to give the highest mark in the level. If only some is identifiable or it is only partially fulfilled, then give the lower mark.

The exemplar materials used during standardisation will also help. There will be an answer in the standardising materials that will correspond with each level of the mark scheme. This answer will have been awarded a mark by the lead examiner. You can compare the student's answer with the example to determine if it is of the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the lead examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

In addition to the generic descriptors (presented in **bold text**), paper-specific indicative descriptors (presented in plain text) are provided as a guide for examiners. These are not intended to be exhaustive and you must credit other valid points.

An answer that contains nothing of relevance to the question must be awarded no marks.

Examiners are required to assign each of the student's responses to the most appropriate level according to its overall quality, then allocate a single mark within the level. When deciding upon a mark in a level examiners should bear in mind the relative weightings of the assessment objectives (see page 22) and be careful not to over/under credit a particular skill. This will be exemplified and reinforced as part of examiner training.

## Specimen responses

Specimen responses are included to help clarify the way in which the mark scheme will be applied. It should be noted however, that such responses are not meant to be definitive, nor intended to represent a very good answer to a particular question. The nature of the subject means that there are often far more acceptable responses to a particular question than could reasonably be listed in the mark scheme. The specimen responses represent what is probably going to be the most likely answer to the questions and illustrate where marks are awarded and levels of response reached. Teachers are advised against using the content or structure of these specimen responses to tutor students in how to answer similar questions, as identical marks can be achieved in a variety of different ways.

## Annotating scripts

You should write a summative comment at the end for each assessment objective and indicate the marks for each assessment objective being tested at the end of the answer in the margin in sequence. It is vital that the way you arrive at a mark should be recorded on the script. This will help you with making accurate judgements and it will help any subsequent markers to identify how you are thinking. Please do not write negative comments about students' work or their alleged aptitudes; this is unprofessional and it impedes a positive marking approach.

## Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
01		Which <b>one</b> of the following is a type of loan?  <b>Answer:</b> B (Mortgage)	1  AO1=1
02		What type of costs remain the same even if levels of output change?  <b>Answer:</b> A (Fixed Costs)	1  AO1=1
03		Which <b>one</b> of the following is <b>not</b> a factor of production?  <b>Answer:</b> B (Overdraft)	1  AO2=1
04		Businesses that buy products from manufacturers and then sell them on to retailers are known as?  <b>Answer:</b> D (Wholesalers)	1  AO1=1
05		Changing the marketing mix to try to increase the demand for a product which is in decline is known as what?  <b>Answer:</b> A (An Extension Strategy)	1  AO1=1
06		Which <b>one</b> of the following is most likely to occur if a manufacturing business becomes more environmentally responsible?  <b>Answer:</b> C (Its reputation will improve)	1  AO1=1

Question	Part	Marking guidance	Total marks
07		<p>Give <b>two</b> methods that a country's government might use to encourage entrepreneurs to start small businesses. Explain how each would help the entrepreneur.</p> <p>One mark for identifying a correct method, plus one mark for offering some explanation or development.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• Providing training for would-be entrepreneurs</li> <li>• Provide start-up loans to entrepreneurs</li> <li>• Encourage schools/colleges to provide courses on enterprise</li> <li>• Offering low rent premises etc</li> <li>• Providing business advice and support</li> </ul> <p><b>Specimen Response</b> The government could get schools to give enterprise lessons. (1) This might get students to become entrepreneurs even if they hadn't thought of doing so before. (1)</p>	<p><b>4</b></p> <p><b>AO1=2</b> <b>AO2=2</b></p>
08		<p>Define the term Opportunity Cost.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• The cost of the next best alternative</li> <li>• What has to be forgone to have a particular thing</li> </ul> <p><b>Specimen Response</b> It is what you have to give up to have something else (1) such as going bowling means you give up going to the cinema. (1)</p>	<p><b>2</b></p> <p><b>AO1=2</b></p>

Question	Part	Marking guidance	Total marks
09		<p>A business has fixed costs of US\$ 5,000 and variable costs of US\$ 3 per item. The price of each item is US\$ 7.</p> <p>Calculate how many items the business needs to sell to reach its break-even point.</p> <p>Show your calculations.</p> <p><math>5000/(7-3) = 5000/4 = 1250</math> items</p> <p>1 mark for showing calculation of contribution (7-3, or 4 shown) 1 mark for dividing into 5000 3 marks for correct answer</p>	<p>3</p> <p>AO1=1 AO2=2</p>
10	1	<p>Identify and explain <b>two</b> benefits that the local builders receive by buying their building materials in a competitive timber market.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• Prices should be cheaper</li> <li>• Better customer service</li> <li>• More encouragement to offer new products.</li> </ul> <p><b>Specimen Response</b> It would mean prices would be cheaper (1) because timber merchants have to lower prices to attract customers from other merchants. (1)</p>	<p>4</p> <p>AO1=2 AO2=2</p>



## Section B

Total for this section: 41 marks

Question	Part	Marking guidance	Total marks
10	2	<p>Identify and explain <b>two</b> reasons why having a good cash flow would be important to Khashab.</p> <p>One mark for identifying a reason, plus one mark for offering some explanation or development in the context. (2x2)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• It allows Khashab to pay its own supplies/employees, etc.</li> <li>• Saves having to extend its overdraft with subsequent costs or find other liquid funding method.</li> </ul> <p><b>Specimen Response</b> It means Khashab will have enough money to pay its debts. (1) If it didn't have enough cash available it would have to take out an expensive overdraft. (1)</p>	<p>4</p> <p>AO1=2 AO2=2</p>
10	3	<p>Using the information in <b>Item B</b>, calculate the payback period, in years and months, if Khashab were to buy the new machine.</p> <p>Outlay = 40,000 OMR Cost savings = 15,000 OMR each year Payback period = <math>40,000/15,000 = 2 \frac{2}{3}</math> years = 2 years 8 months</p> <p>1 mark for showing <math>40,000/15,000</math> 2 marks for giving the answer <math>2 \frac{2}{3}</math> years 3 marks for correct answer – 2 years 8 months.</p>	<p>3</p> <p>AO1=1 AO2=2</p>
10	4	<p>Explain how the fall in the profits in 2017 might affect Khashab's shareholders.</p> <p><b>Possible areas to consider:</b></p> <ul style="list-style-type: none"> <li>• They will probably see a fall in dividends.</li> <li>• Long term security of the business is undermined</li> <li>• Value of shareholding will fall.</li> <li>• Would find it harder to replace worn-out machinery.</li> <li>• Makes it more difficult to expand – retain profits.</li> </ul> <p><b>Specimen Response</b> Lower profits mean the shareholders will probably get lower dividends. This may cause them to want to sell their shares because they could get a better return elsewhere. This would put pressure on the share price causing it to fall and lowering the value of the shares the shareholders own.</p> <p>Alternatively Khashab may decide to reduce the amount of retained profit going back into the business. This would allow the shareholders to keep the level of dividends that they expect. It would mean though that the company has less money to invest into the business, which would reduce its ability to expand in the future. Less investment would very likely result in future profits</p>	<p>6</p> <p>AO2=3 AO3=3</p>

	going down, which makes the situation even worse for the shareholders in the long term.	
	Level 3 response	

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
<b>3</b>	<b>Detailed understanding and application of the topics</b> <ul style="list-style-type: none"> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> <li>A sound and detailed understanding of business concepts and issues.</li> </ul>	<b>5–6</b> <b>AO2</b>  <b>AO1</b>
<b>2</b>	<b>Sound understanding and application of the topics</b> <ul style="list-style-type: none"> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> <li>A sound understanding of business concepts and issues, but the answer lacks detail.</li> </ul>	<b>3–4</b> <b>AO2</b>  <b>AO1</b>
<b>1</b>	<b>Basic understanding and application of the topics</b> <ul style="list-style-type: none"> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> <li>Understanding of business concepts and issues is simplistic.</li> </ul>	<b>1–2</b> <b>AO2</b>  <b>AO1</b>
<b>0</b>	<b>Nothing worthy of credit.</b>	

Question	Part	Marking guidance	Total marks
<b>10</b>	<b>5</b>	Using <b>Figure 1</b> analyse how Khashab's financial performance might change in 2018 if its prices are reduced to match those of its competitors. <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>Reduction in prices may stimulate growth in sales as new prices would more closely match competitors.</li> <li>Price rise might reduce profit made on each sale.</li> <li>Would be unsure if competitors would reduce their prices even further resulting in a price war with profits falling.</li> <li>Might improve customer loyalty brought about by being longer established than the competitors so might increase sales.</li> </ul> <p><b>Specimen Response</b>                      Lowering prices might cause Khashab's sales revenue to fall as they are getting a lower price for each item they sell. This would cause profits to fall unless they could find a way of lowering their costs by a similar amount to the fall in revenue.</p>	<b>6</b>  <b>AO2=2</b> <b>AO3=4</b>

Question	Part	Marking guidance	Total marks
		<p>Khashab has been established longer than its competitors. This might mean they get a lot more customers if their prices are lowered to become the same as their competitors'.</p> <p>Profits might actually rise, though, if the lower prices attract customers from their competitors. They could be making less profit on each item but because they are selling more items the overall profit would rise.</p> <p>Level 3 response</p>	

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Level	Description	Marks
<b>3</b>	<p><b>Detailed analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Business areas are analysed in depth.</li> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>	<p><b>5–6</b> <b>AO3 x2</b></p>
<b>2</b>	<p><b>Sound analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>	<p><b>3–4</b> <b>AO3</b> <b>AO2</b></p>
<b>1</b>	<p><b>Basic analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>Analysis of business areas is simplistic.</li> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>	<p><b>1–2</b> <b>AO3</b> <b>AO2</b></p>
<b>0</b>	<b>Nothing worthy of credit.</b>	

Question	Part	Marking guidance	Total marks
<b>10</b>	<b>6</b>	<p>Analyse how Khashab could be affected if the exchange value of the Omani rial falls against the euro.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>Imports of timber would increase in price.</li> <li>Could result in further fall in profits.</li> <li>Khashab would need to decide whether to raise its prices.</li> <li>May look to sell timber abroad if other exchange rates are strengthened.</li> </ul> <p><b>Specimen Response</b> If the rial falls it will become more expensive for Khashab to buy timber from its European suppliers. This could cause its profits to fall if it was unable to pass on the increase in costs</p>	<p><b>6</b>  <b>AO2=2</b> <b>AO3=4</b></p>

	<p>to its customers, which is unlikely as Khashab is already having problems competing with other timber businesses locally.</p> <p>The higher value of the euro might cause Khashab to look elsewhere for its supplies of wood. If other currencies' values have stayed the same it might be more worthwhile to trade with non-euro countries.</p> <p>It is possible that the European suppliers are willing to lower their prices so that the amount Omanis pay remain the same and so Khashab will not be affected. This would depend if Oman is a major customer of the timber merchants and they do not want to lose valuable customers.</p> <p>Level 3 response</p>	
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Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
<b>3</b>	<p><b>Detailed analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are analysed in depth.</li> <li>• Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>	<p><b>5–6</b> <b>AO3 x2</b></p>
<b>2</b>	<p><b>Sound analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are partially analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>	<p><b>3–4</b> <b>AO3</b> <b>AO2</b></p>
<b>1</b>	<p><b>Basic analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Analysis of business areas is simplistic.</li> <li>• Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>	<p><b>1–2</b> <b>AO3</b> <b>AO2</b></p>
<b>0</b>	<b>Nothing worthy of credit.</b>	

Question	Part	Marking guidance	Total marks
10	7	<p>Recommend to Khashab whether it would help its financial situation if it reduced the three months' credit it gives to its customers.</p> <p>Give a clear supported recommendation using Items <b>A</b>, <b>B</b> and <b>C</b> to support your arguments.</p> <p><b>Areas for consideration:</b></p> <ul style="list-style-type: none"> <li>• Could help with the cash flow problems but customers could go elsewhere.</li> <li>• It would reduce costs of overdraft helping to raise profits.</li> <li>• There is a tradition of having this level of credit – it might be very hard to change it. Could alienate customers and have a negative effect on finances.</li> <li>• There has been some streamlining of indirect costs – this might have a better long term effect on lowering costs.</li> </ul>	<p>12</p> <p>AO2=4 AO3=8</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis.</li> <li>• Business areas are analysed in depth.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>	<p>10–12</p> <p>AO3</p> <p>AO3 AO2</p>
3	<p><b>Sound analysis and evaluation</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis.</li> <li>• Business areas are partially analysed.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>	<p>7–9</p> <p>AO3</p> <p>AO3</p> <p>AO2</p>
2	<p><b>Limited attempt made to analyse the topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Evidence of some line of reasoning, with a conclusion that has limited justification.</li> <li>• Analysis of business areas is simplistic.</li> <li>• Some knowledge and understanding is applied within context.</li> </ul>	<p>4–6</p> <p>AO3</p> <p>AO3 AO2</p>
1	<p><b>Basic evaluation of topics but without any real support or analysis</b></p> <ul style="list-style-type: none"> <li>• A conclusion is present but without any reasoned support.</li> <li>• No discernible or relevant analysis.</li> <li>• A clear attempt to apply knowledge and understanding, but context may be lacking.</li> </ul>	<p>1–3</p> <p>AO3</p> <p>AO3 AO2</p>
0	<b>Nothing worthy of credit</b>	

## Section C

Total for this section: 34 marks

Question	Part	Marking guidance	Total marks
11	1	<p>Fast food catering is an example of a tertiary industry. Explain what is meant by a tertiary industry.</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• An industry that provides a service</li> <li>• In chain after primary and secondary industries</li> <li>• Examples given, other than catering</li> </ul> <p><b>Specimen Response</b> This is an industry that provides a service (1) such as insurance and retailing. (1)</p>	<p>2</p> <p>AO1=2</p>
11	2	<p>Analyse why 17-year old Fred DeLuca might have found it difficult to obtain a bank loan to raise the US\$ 1000 needed to start Subway.</p> <p><b>Possible areas to consider:</b></p> <ul style="list-style-type: none"> <li>• He was below the age of legal responsibility so was not accountable for the debt of a bank loan.</li> <li>• Banks would be reluctant to lend money to someone with no experience.</li> <li>• Business idea was novel so no evidence that there was a market for 'subs'.</li> </ul> <p><b>Specimen Response</b> As a 17-year-old Fred was not responsible for any debts he ran up so banks could not sue him if he stopped paying them back. So the banks would not want to lend to such a young person. Never having run a business before would go against Fred as he could not demonstrate that he had the skills to make Subway profitable.</p> <p>Also, selling sandwiches rather than burgers was a new type of fast food and didn't have a track record of success. Banks would be worried that the business would not take off and lose money so it would be impossible for them to be paid back.</p> <p>It seemed that Fred was still at school. The banks would probably think that the business may close in a year when he goes to university and would not have had time to allow the business to take off.</p> <p>Level 3 response</p>	<p>6</p> <p>AO2=2 AO3=4</p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Description	Marks
<b>3</b>	<b>Detailed analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are analysed in depth.</li> <li>Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>	<b>5–6</b> <b>AO3 x2</b>
<b>2</b>	<b>Sound analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Business areas are partially analysed.</li> <li>Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>	<b>3–4</b> <b>AO3</b> <b>AO2</b>
<b>1</b>	<b>Basic analysis of topics based on the context</b> <ul style="list-style-type: none"> <li>Analysis of business areas is simplistic.</li> <li>Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>	<b>1–2</b> <b>AO3</b> <b>AO2</b>
<b>0</b>	<b>Nothing worthy of credit.</b>	

Question	Part	Marking guidance	Total marks
<b>11</b>	<b>3</b>	Identify and explain <b>two</b> ways Subway might have conducted market research in China to find out if it was a suitable location for its restaurants.  One mark for identifying a way, plus one mark for offering some explanation or development in context. (2x2)  <b>Possible answers include:</b> <ul style="list-style-type: none"> <li>Secondary research on sales of established fast food outlets in China (KFC, McDonalds)</li> <li>Consumer questionnaires</li> <li>Focus groups</li> </ul> <b>Specimen Response</b> Subway could have got groups of people in different areas of China together and asked them questions. (1) This method is good because it allows Subway to quiz them about whether a Subway would be well received in a particular location. (1)	<b>4</b>  <b>AO1=2</b> <b>AO2=2</b>
<b>11</b>	<b>4</b>	Using the information in <b>Items D and E</b> , analyse the benefits to Subway of choosing to open its restaurants in China.  <b>Possible areas to consider:</b> <ul style="list-style-type: none"> <li>Large, undeveloped market</li> <li>Economic growth in China creating middle class in urban areas</li> <li>Interest in Western products and lifestyles</li> <li>Not a saturated market</li> </ul>	<b>6</b>  <b>AO2=2</b> <b>AO3=4</b>

		<p><b>Specimen Resonse</b></p> <p>The fast food industry is saturated in many western countries which makes it very hard for a business to expand. Even if more people start going to Subway it may find that other fast food companies draw them back with special offers. China has relatively few fast food outlets so there is far more opportunity to expand without rivals changing their marketing to bring customers back.</p> <p>China also has a very large population and an expanding economy, making it very attractive. Subway wants to target the wealthy middle class and there is an increasing number of these people. There will be many entrepreneurs looking to start a business and as they do not have a long history of private enterprise, many will want the security of a franchise where the risk of failure is lower.</p> <p>Level 3 response</p>	
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Examiners are reminded that AO1 and AO2 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives.

Level	Description	Marks
<b>3</b>	<p><b>Detailed analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are analysed in depth.</li> <li>• Applies knowledge and understanding to the context sufficiently, throughout the answer.</li> </ul>	<b>5–6</b> <b>AO3 x2</b>
<b>2</b>	<p><b>Sound analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Business areas are partially analysed.</li> <li>• Applies knowledge and understanding to the context sufficiently, in most areas.</li> </ul>	<b>3–4</b> <b>AO3</b> <b>AO2</b>
<b>1</b>	<p><b>Basic analysis of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Analysis of business areas is simplistic.</li> <li>• Knowledge and understanding is applied to the context, but may be fragmented.</li> </ul>	<b>1–2</b> <b>AO3</b> <b>AO2</b>
<b>0</b>	<b>Nothing worthy of credit.</b>	



Question	Part	Marking guidance	Total marks
11	5	<p>Identify and explain <b>two</b> ways Subway can use social media to promote the brand.</p> <p>One mark for identifying a way, plus one mark for offering some explanation or development in context. (2x2)</p> <p><b>Possible answers include:</b></p> <ul style="list-style-type: none"> <li>• Get subscribers to platforms like Facebook by offering discount incentive.</li> <li>• Pay for advertising on Twitter etc.</li> <li>• Offer money off incentives.</li> <li>• Provide newsfeeds on new restaurants opening.</li> </ul> <p><b>Specimen Response</b>  Subway could encourage customers to follow it on Twitter. (1)  This way they could keep them informed about new offers and changes in the menu as a form of promotion. (1)</p>	<p>4</p> <p><b>AO1=2</b> <b>AO2=2</b></p>

Question	Part	Marking guidance	Total marks
11	6	<p>If Subway is to expand within the Chinese market, it needs to compete with other fast food restaurants.</p> <p>Evaluate whether using price penetration is the best marketing strategy for Subway.</p> <p>Use the information in Items <b>D</b>, <b>E</b> and <b>F</b> to give reasons for your judgement.</p> <p><b>Areas for consideration:</b></p> <ul style="list-style-type: none"> <li>• Lower initial prices will help as many consumers find the current pricing too expensive.</li> <li>• Product might lose its cachet with young urban people if a mass market is sought.</li> <li>• Other marketing might be more appropriate, such as promotion or changing the product to more suit Chinese tastes.</li> </ul>	<p>12</p> <p><b>AO2=4</b> <b>AO3=8</b></p>

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Description	Marks
4	<p><b>Detailed analysis and evaluation of topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis.</li> <li>• Business areas are analysed in depth.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>	<p>10–12</p> <p><b>AO3</b></p> <p><b>AO3</b> <b>AO2</b></p>
3	<p><b>Sound analysis and evaluation</b></p> <ul style="list-style-type: none"> <li>• Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis.</li> <li>• Business areas are partially analysed.</li> <li>• Knowledge and understanding is detailed and appropriately applied within context.</li> </ul>	<p>7–9</p> <p><b>AO3</b></p> <p><b>AO3</b> <b>AO2</b></p>
2	<p><b>Limited attempt made to analyse the topics based on the context</b></p> <ul style="list-style-type: none"> <li>• Evidence of some line of reasoning, with a conclusion that has limited justification.</li> <li>• Analysis of business areas is simplistic.</li> <li>• Some knowledge and understanding is applied within context.</li> </ul>	<p>4–6</p> <p><b>AO3</b></p> <p><b>AO3</b> <b>AO2</b></p>

<b>1</b>	<b>Basic evaluation of topics but without any real support or analysis</b> <ul style="list-style-type: none"><li>• A conclusion is present but without any reasoned support.</li><li>• No discernible or relevant analysis.</li><li>• A clear attempt to apply knowledge and understanding, but context may be lacking.</li></ul>	<b>1–3</b> <b>AO3</b> <b>AO3</b> <b>AO2</b>
<b>0</b>	<b>Nothing worthy of credit.</b>	

**Allocation of marks to Assessment Objectives**

	A01	A02	A03	Total
01	1			1
02	1			1
03	1			1
04	1			1
05	1			1
06	1			1
07	2	2		4
08	2			2
09	1	2		3
10.1	2	2		4
10.2	2	2		4
10.3	1	2		3
10.4	3	3		6
10.5		2	4	6
10.6		2	4	6
10.7		4	8	12
11.1	2			2
11.2		2	4	6
11.3	2	2		4
11.4		2	4	6
11.5	2	2		4
11.6		4	8	12
<b>Totals</b>	<b>26</b>	<b>32</b>	<b>32</b>	<b>90</b>

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