

BUSINESS STUDIES

Paper 2

0450/23

May/June 2016

- 1 (a) Identify **four** stakeholder groups of DADS from the case study and explain **one** objective of each stakeholder group.

Stakeholder group 1:

Explanation:

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Stakeholder group 2:

Explanation:

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Stakeholder group 3:

Explanation:

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Stakeholder group 4:

Explanation:

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[8]

- (b) Consider the following **three** location factors when deciding where to relocate the dance studio. Which do you think is the most important factor for DADS? Justify your answer.

Where customers live:

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Size of building:

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Other businesses in the area:

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Most important factor:

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.....[12]

- 2 (a) Identify and explain **two** reasons why well qualified employees are important for this business.

Reason 1:

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Explanation:

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Reason 2:

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Explanation:

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.....[8]

- 3 (a) Identify and explain **one** advantage and **one** disadvantage of delegating marketing tasks to the new manager.

Advantage:

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Explanation:

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Disadvantage:

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Explanation:

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- (b) Consider the following **three** methods of market research Danielle could use to find out which classes will be most popular at the new location. Recommend which method she should choose. Justify your answer.

Secondary research on competitors:

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Questionnaires given out to existing customers:

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Interviews with parents of children who attend classes:

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Recommendation:

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- 2 (a)** Identify and explain **one** advantage and **one** disadvantage to AH of being a business partnership rather than a private limited company.

Advantage:.....

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Explanation:.....

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Disadvantage:.....

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Explanation:.....

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[8]

- (b) Consider the advantages and disadvantages of the **two** locations for AH. Recommend which location should be chosen. Justify your answer.

Location A:.....
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Location B:.....
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Recommendation:.....
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..... [12]

3 (a) Calculate for 2017:

(i) Gross profit margin.....
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..... [2]

(ii) Profit margin.....
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..... [2]

(iii) Explain why these profitability ratios have changed between 2016 and 2017.....
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..... [4]

(b) Consider the effects of the following **three** changes in legal controls on AH. Which change likely to have the biggest impact on AH? Justify your answer.

Heating engineers must now have health and safety qualifications:.....

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Employees are now protected against unfair dismissal:.....

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Increase in the minimum wage:.....

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Conclusion:.....

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..... [12]

- 4 (a) Refer to Appendix 3. Identify and explain how the change in the exchange rate could affect:

AH:.....
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AH's customers:.....
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..... [8]

- (b) Consider the following **three** methods of promotion AH could use for its new service. Recommend the best method of promotion for AH. Justify your answer.

Hand out fliers in the street:.....

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Email existing business customers:.....

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Billboard adverts by the side of main roads:.....

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Recommendation:.....

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Page 2	Mark Scheme	Syllabus	Paper
	Cambridge IGCSE – May/June 2016	0450	23

- 1 (a) Identify **four** stakeholder groups of DADS from the case study and explain **one** objective of each stakeholder group. [8]

Application [4 × 1] award one application mark for each stakeholder group

Analysis [4 × 1] award one mark for an explanation of each stakeholder group

Award one mark for each relevant stakeholder group (maximum of four), such as:

- Owners/Danielle and Anthony – invested own savings; make profit
- Customer/parents and children – good class; affordable prices
- Employees/dance teachers/gym instructors – high wages; secure job; good working conditions
- Other business/ballet clothing shops – sell more dance-related goods if the studio does well
- Finance manager – high wages; secure job.

Award a maximum of one additional mark for each explanation of the stakeholder group.

Indicative response:

Owners Danielle and Anthony (k) as they have invested all their own savings into the partnership and therefore want the business to make a profit to give them a return on their investment (ap).

- (b) Consider the following **three** location factors when deciding where to relocate the dance studio. Which do you think is the most important factor for DADS? Justify your answer. [12]

Relevant points might include:

Where customers live	If nearby then more likely to become a customer Most existing customers live nearby to the studio	Present customers travel from a wide area so some customers may be willing to travel
Size of building	Sufficient rooms for all the classes Increased revenue from additional customers More variety of classes may attract different customers	Higher cost of larger premises Increased cost of additional staff May feel less personal as larger rooms
Other businesses in the area	Convenient for customers to purchase clothing and shoes	Encourage more customers Competitors may be nearby

Page 3	Mark Scheme	Syllabus	Paper
	Cambridge IGCSE – May/June 2016	0450	23

Knowledge/Analysis/Evaluation – award up to ten marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified conclusion as to the most important factor compared to the other factors. 7–8 marks for some limited judgement shown in conclusion as to the most important factor.
Level 2	4–6 marks Detailed discussion of advantages and/or disadvantages of each location factor.
Level 1	1–3 marks Advantages and/or disadvantages of each location factor listed.

Level 1 One mark for each L1 statement (max of 3 marks) e.g. If customers live nearby it will be easier to attract them to go to dance classes.

Level 2 One × L2 explanation can gain four marks and a further mark can be awarded for each additional L2 explanation (max 6 marks) e.g. If customers live nearby it will be easier to attract them to go to dance classes. This will attract more customers and sales revenue will increase leading to higher profit. If the studio is a long way from where customers live then they may prefer to go to the classes of competitors or just not go to the dance classes and then revenue will fall. (four marks for L2 answer + one application mark for mentioning dance classes).

Level 3 For L3 to be awarded there needs to be at least two L2 marks awarded and then a conclusion which justifies which is the most important location factor and why the other factors are less important.

Award up to 2 additional marks for relevant application.

Possible application marks: qualified teacher of ballet and modern dance; each invested \$5 000; rented studio on the edge of town; dance classes for all ages; relocate to larger premises; shops nearby sell dance clothing and shoes; children and adult classes.

There may be other examples in context which have not been included here.

2 (a) Identify and explain two reasons why well qualified employees are important for this business. [8]

Knowledge	[2 × 1]	award one mark for each relevant reason
Analysis	[2 × 1]	award one mark for a relevant explanation for each reason
Application	[2 × 2]	award two application marks for each reason

Award one mark for each relevant reason (maximum of two), such as:

- Better reputation
- Higher quality classes
- Less likely to be prosecuted for errors

Award a maximum of three additional marks for each explanation – two of which must be applied to this context – of the reason.

Indicative response:

Better reputation [k] because the dance classes will be of a good standard [ap]. This will mean that customers will tell their family and friends and more people will be encouraged to go to the classes therefore increasing revenue [an]. Without well qualified staff classes may not be good and revenue and profit for the partners will be less if the reputation is not good [ap].

Possible application marks: qualified teacher of ballet and modern dance; fitness instructor; dance studio; dance classes for all ages; 3 well qualified dance teachers; gymnasium; 2 well qualified gym instructors; children and adult classes.

There may be other examples in context which have not been included here.

(b) Look at the financial information in Appendix 2. Do you think DADS is in a good financial position? Justify your answer using liquidity ratios. [12]

Relevant points might include:

Current ratio:
2014 = 3
2015 = 1

Acid test ratio:
2014 = 2
2015 = 0.5

Knowledge/Analysis/Evaluation – award up to ten marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	7–10 marks Well justified conclusion of whether or not the business is in a good financial position.
Level 2	4–6 marks Correct calculation of liquidity ratios.
Level 1	1–3 marks Statements made about the financial information provided but no liquidity calculations.

Level 1 One mark for each L1 statement (max of three marks) e.g. The amount of inventory has been reduced by \$200 between 2014 and 2015.

Level 2 One × L2 explanation can gain four marks and a further mark can be awarded for each additional L2 explanation (max six marks) e.g. Current ratio in 2015 is 1. (Four marks for L2 answer).

Level 3 For L3 to be awarded there needs to be at least two L2 marks calculations awarded and then a conclusion which justifies whether or not the business is in a good financial position.

Award up to 2 additional marks for relevant application.

Possible application marks: qualified teacher of ballet and modern dance; fitness instructor; partnership for 5 years; each invested \$5 000; dance studio; partners little experience in running a business; finance manager.

There may be other examples in context which have not been included here.

3 (a) Identify and explain one advantage and one disadvantage of delegating marketing tasks to the new manager.

[8]

Knowledge [2 × 1] award one mark for each relevant advantage/disadvantage

Analysis [2 × 1] award one mark for a relevant explanation for each advantage/disadvantage

Application [2 × 2] award two application marks for each advantage/disadvantage

Award one mark for each relevant advantage/disadvantage (maximum of two), such as:

- Owner cannot do all jobs themselves
- Managers/owners are less likely to make mistakes if reduced workload
- The manager may not do the task as well as Danielle and Anthony
- Manager is specialised in finance and may not be skilled in marketing.

Award a maximum of three additional marks for each explanation – two of which must be applied to this context – of the advantage/disadvantage.

Indicative response:

Owners cannot do all the jobs themselves [k]. Danielle and Anthony will want to maximise the profit from their partnership (ap) which will mean that the finance manager will carry out tasks that Danielle and Anthony do not want to do and will do tasks that suit their skills [ap]. This will free up the owners to concentrate on the tasks where their skills are most relevant which will increase the performance of the business [an].

Possible application marks: qualified teacher of ballet and modern dance; fitness instructor; partnership for 5 years; dance studio; dance classes for all ages; gymnasium; partners little experience in running a business; finance manager; children and adult classes; eat less fat and sugar and exercise more.

There may be other examples in context which have not been included here.

- (b) Consider the following three methods of market research Danielle could use to find out which classes will be most popular at the new location. Recommend which method she should choose. Justify your answer. [12]**

Relevant points might include:

Secondary research on competitors – cheap to collect; may be out of date; gathered for another purpose

Questionnaires given out to existing customers – original data; quantitative data; takes time to collect data

Interviews with parents of children who attend classes – qualitative data; interviewer bias; expensive to collect data.

Knowledge/Analysis/Evaluation – award up to ten marks using the levels-based mark scheme below.

	Knowledge/Analysis/Evaluation
Level 3	At least 2 × Level 2 + 9–10 marks for well justified recommendation as to the best method of market research to choose and why it is better than the alternatives. 7–8 marks for some limited judgement shown in recommendation as to the best method of market research to choose.
Level 2	4–6 marks Detailed discussion of advantage/disadvantage of each method of market research.
Level 1	1–3 marks Outline of advantage/disadvantage of each method of market research.

Level 1 One mark for each statement (1 mark) e.g. Questionnaires gather quantitative data.

Level 2 Four marks for the first level 2 answer and then one extra mark for each additional level 2 answer up to maximum of 6 marks. e.g. Questionnaires will allow them to gather first-hand information about what customers think and they will find out which classes will be most popular. This will allow Danielle to put on dance classes which will be in most demand and so ensure high revenue. However, they will need to ensure that they ask a representative sample of parents and children or the results will not be accurate and Danielle will put on classes which will not attract many customers.

(Four marks for level 2 answer plus one mark for application as the answers in the context of dance classes and parents and children).

Level 3 For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which justifies which is the best method to use and why not the alternative methods.

Award up to two additional marks for relevant application.

Possible application marks: qualified teacher of ballet and modern dance; dance studio; rented studio on the edge of town; dance classes for all ages; 3 well qualified dance teachers; relocate to larger premises; classes full; children and adult classes; healthy living encouraged by the Government; eat less fat and sugar and exercise more.

There may be other examples in context which have not been included here.

Question	Answer	Marks
2(a)	<p>Identify and explain <u>one</u> advantage and <u>one</u> disadvantage to AH of being a business partnership rather than a private limited company.</p> <p>Award one mark for each relevant advantage / disadvantage (maximum of two), such as:</p> <p>Advantages</p> <ul style="list-style-type: none"> • Fewer legal formalities when setting up and running the business • Partners can work in the business/help with decisions/holidays/ responsibility shared/more ideas/ additional specialisms/skills of partners <p>Disadvantages</p> <ul style="list-style-type: none"> • Unlimited liability • No continuity • Responsible for actions of other partners/ disagreements may cause problems/arguments/profit will have to be shared <p>Award a maximum of three additional marks for each explanation of the advantage/disadvantage – 2 of which must be applied to this context.</p> <p>Indicative response:</p> <p>Fewer legal formalities when setting up [1] their heating repair and installation business. [ap] This will reduce the costs of setting up the business and also the costs of running the business when fewer legal formalities need to be followed. [1] They can use the money saved to keep wages higher and encourage their engineers to stay working for them rather than move to a rival business such as one that repairs boilers. [ap]</p> <p>Possible application marks:</p> <p>Installs and repairs heating equipment; each partner invested \$10 000; install equipment in homes and offices; planning to also install and repair air conditioning equipment; located in a small warehouse with no office space; AH employs 2 fully qualified heating and air conditioning engineers; details about BB Heating pay and conditions; financial information from Appendix 1.</p> <p>There may be other examples in context that have not been included here.</p>	8

Question	Answer	Marks									
2(b)	<p>Consider the advantages and disadvantages of the <u>two</u> locations for AH. Recommend which location should be chosen. Justify your answer.</p> <p>Relevant points might include:</p> <table border="1" data-bbox="379 459 1257 1193"> <thead> <tr> <th data-bbox="379 459 550 504"></th> <th data-bbox="550 459 901 504">Advantages</th> <th data-bbox="901 459 1257 504">Disadvantages</th> </tr> </thead> <tbody> <tr> <td data-bbox="379 504 550 880">Location A</td> <td data-bbox="550 504 901 880"> <ul style="list-style-type: none"> • Near to customers so reduced transport costs • Twice as large as existing premises so plenty of room to expand • Available for rent straight away • On a main road so easy for customers and suppliers to find – can also advertise on the building </td> <td data-bbox="901 504 1257 880"> <ul style="list-style-type: none"> • Additional costs to convert part of premises to an office – needs to be equipped • As premises are rented there may be restrictions on what can be done in them </td> </tr> <tr> <td data-bbox="379 880 550 1193">Location B</td> <td data-bbox="550 880 901 1193"> <ul style="list-style-type: none"> • Can purchase the building so can change the building – is a business asset • Larger premises – plenty of room for expansion in the future if needed without moving again • Office already equipped – lower costs </td> <td data-bbox="901 880 1257 1193"> <ul style="list-style-type: none"> • Further away from customers so takes longer to reach them – increased transport costs • Further for employees to travel to work – may put some off and they may leave </td> </tr> </tbody> </table>		Advantages	Disadvantages	Location A	<ul style="list-style-type: none"> • Near to customers so reduced transport costs • Twice as large as existing premises so plenty of room to expand • Available for rent straight away • On a main road so easy for customers and suppliers to find – can also advertise on the building 	<ul style="list-style-type: none"> • Additional costs to convert part of premises to an office – needs to be equipped • As premises are rented there may be restrictions on what can be done in them 	Location B	<ul style="list-style-type: none"> • Can purchase the building so can change the building – is a business asset • Larger premises – plenty of room for expansion in the future if needed without moving again • Office already equipped – lower costs 	<ul style="list-style-type: none"> • Further away from customers so takes longer to reach them – increased transport costs • Further for employees to travel to work – may put some off and they may leave 	12
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Location B	<ul style="list-style-type: none"> • Can purchase the building so can change the building – is a business asset • Larger premises – plenty of room for expansion in the future if needed without moving again • Office already equipped – lower costs 	<ul style="list-style-type: none"> • Further away from customers so takes longer to reach them – increased transport costs • Further for employees to travel to work – may put some off and they may leave 									

Question	Answer	Marks
2(b)	<p>Level 1 [1–3 marks]</p> <p>1 mark for outline of an advantage and / or a disadvantage of each location. (max of 3 marks)</p> <p>E.g. Location A is near to customers so transport costs will be lower.</p> <p>Level 2 [4–6 marks]</p> <p>Detailed discussion of an advantage and / or a disadvantage of each location. One L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks)</p> <p>E.g. Location A is near to customers so transport costs will be lower. This will allow the partnership to gain more profit if the same price is charged for repairing heating systems. (Level 2 plus one application mark for answering in the context of repairing heating systems)</p> <p>Level 3 [7–10 marks]</p> <p>For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation as to which location to choose.</p> <p>7–8 marks for limited judgement shown as to which location to choose OR why not the alternative location.</p> <p>9–10 marks for well justified recommendation as to which location to choose AND why not the other location.</p> <p>Award up to 2 additional marks for relevant application.</p> <p>Possible application marks:</p> <p>Installs and repairs heating equipment; set up as a partnership 2 years ago; each partner invested \$10 000; planning to also install and repair air conditioning equipment; located in a small warehouse with no office space; want to expand into larger premises; information about location A and B such as location B costs \$200 000 and is located on the edge of the city.</p> <p>There may be other examples in context that have not been included here.</p>	

Question	Answer	Marks												
3(a)	<p>Calculate for 2017:</p> <p>(i) Gross Profit Margin $GPM = (\\$500\,000 - \\$100\,000) / \\$500\,000 = 80\%$ 2 marks for correct answer – 1 mark if correct method but incorrect answer.</p> <p>(ii) Profit margin $PM = \\$125\,000 / \\$500\,000 = 25\%$ 2 marks for correct answer – 1 mark if correct method but incorrect answer.</p> <p>(iii) Explain why these profitability ratios have changed between 2016 and 2017.</p> <p>Award a maximum of two additional marks for each explanation of the profitability ratios.</p> <p>Indicative response:</p> <p>The gross profit margin has improved because the cost of sales has not increased (1) in line with the increase in revenue. (1)</p> <p>The profit margin has stayed the same, which means that although revenue has increased, costs of sales did not increase but profit did increase. (1) However, expenses increased which kept the ratio the same. (1)</p>	8												
3(b)	<p>Consider the effects of the following <u>three</u> changes in legal controls on AH. Which change is likely to have the biggest impact on AH? Justify your answer.</p> <p>Relevant points might include:</p> <table border="1" data-bbox="376 1234 1243 1792"> <thead> <tr> <th></th> <th>Advantages</th> <th>Disadvantages</th> </tr> </thead> <tbody> <tr> <td>Heating engineers must now have health and safety qualifications</td> <td> <ul style="list-style-type: none"> Fewer accidents as all staff are qualified One off payment for training </td> <td> <ul style="list-style-type: none"> Increased training costs May need to train employees as some are part-qualified </td> </tr> <tr> <td>Employees are now protected against unfair dismissal</td> <td> <ul style="list-style-type: none"> Motivating – increased security </td> <td> <ul style="list-style-type: none"> Harder to get rid of unsatisfactory employees – may reduce efficiency </td> </tr> <tr> <td>Increase in the minimum wage</td> <td> <ul style="list-style-type: none"> Higher wages – happier workers – increased motivation </td> <td> <ul style="list-style-type: none"> Higher wage costs – lower profit Increased costs – increased prices – lower demand </td> </tr> </tbody> </table>		Advantages	Disadvantages	Heating engineers must now have health and safety qualifications	<ul style="list-style-type: none"> Fewer accidents as all staff are qualified One off payment for training 	<ul style="list-style-type: none"> Increased training costs May need to train employees as some are part-qualified 	Employees are now protected against unfair dismissal	<ul style="list-style-type: none"> Motivating – increased security 	<ul style="list-style-type: none"> Harder to get rid of unsatisfactory employees – may reduce efficiency 	Increase in the minimum wage	<ul style="list-style-type: none"> Higher wages – happier workers – increased motivation 	<ul style="list-style-type: none"> Higher wage costs – lower profit Increased costs – increased prices – lower demand 	12
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Question	Answer	Marks
3(b)	<p>Level 1 [1–3 marks]</p> <p>1 mark for outline of impact of each change. (max of 3 marks)</p> <p>E.g. Wage costs will increase.</p> <p>Level 2 [4–6 marks]</p> <p>Detailed discussion of the impact of each change. 1 × L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks)</p> <p>E.g. Wage costs will increase as heating employees will get a pay rise to maintain the wage differential with other employees. However, it will also motivate these workers and they will install boilers more efficiently. (Level 2 plus one application mark for answering in the context of the heating business)</p> <p>Level 3 [7–10 marks]</p> <p>For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation which justifies which will have the greatest impact.</p> <p>7–8 marks for limited judgement shown in recommendation as to which will have the greatest impact on AH OR why the other changes will have less impact.</p> <p>9–10 marks for a well justified recommendation as to which effect will have the greatest impact on AH AND why other changes will have less impact.</p> <p>Award up to 2 additional marks for relevant application.</p> <p>Possible application marks:</p> <p>Installs and repairs heating equipment; install equipment in homes and offices; planning to also install and repair air conditioning equipment; want to expand into larger premises; AH employs 2 fully qualified heating and air conditioning engineers; details about BB Heating pay and conditions.</p> <p>There may be other examples in context that have not been included here.</p>	

Question	Answer	Marks
4(a)	<p>Refer to Appendix 3. Identify and explain how the change in the exchange rate could affect:</p> <ul style="list-style-type: none"> • AH • AH's customers <p>Award one mark for identifying how AH / AH's customers will be affected (maximum of one each), such as:</p> <ul style="list-style-type: none"> • Exports may become cheaper • Imported goods may become more expensive <p>Award a maximum of three additional marks for each explanation of how AH / AH's customers will be affected – 2 of which must be applied to this context.</p> <p>Indicative response:</p> <p>Import prices will rise (1) therefore the components purchased by AH for repairing heating equipment will cost more. (ap) The prices charged to business customers will have to be increased (ap) which may lead to a decrease in demand from customers. (1)</p> <p>Possible application marks:</p> <p>Installs and repairs heating equipment; install equipment in homes and offices; planning to also install and repair air conditioning equipment; financial information from Appendix 1; information from Appendix 3 such as depreciation in the currency and components being imported.</p> <p>There may be other examples in context that have not been included here.</p>	8

Question	Answer	Marks												
4(b)	<p>Consider the following <u>three</u> methods of promotion AH could use for its new service. Recommend the best method of promotion for AH. Justify your answer.</p> <p>Relevant points might include:</p> <table border="1" data-bbox="384 456 1246 1023"> <thead> <tr> <th data-bbox="384 456 552 504"></th> <th data-bbox="552 456 900 504">Advantages</th> <th data-bbox="900 456 1246 504">Disadvantages</th> </tr> </thead> <tbody> <tr> <td data-bbox="384 504 552 725">Hand out fliers in the street</td> <td data-bbox="552 504 900 725"> <ul style="list-style-type: none"> • Cheap to produce • Domestic customers likely to see the advert • Written record to keep </td> <td data-bbox="900 504 1246 725"> <ul style="list-style-type: none"> • May be thrown away and not looked at • May not be in a location where target customers go • Unsuitable for business customers </td> </tr> <tr> <td data-bbox="384 725 552 891">Email existing business customers</td> <td data-bbox="552 725 900 891"> <ul style="list-style-type: none"> • Increases sales to existing customers • Low cost and goes directly to target market for business customers </td> <td data-bbox="900 725 1246 891"> <ul style="list-style-type: none"> • Will not reach new domestic customers </td> </tr> <tr> <td data-bbox="384 891 552 1023">Billboard adverts by the side of main roads</td> <td data-bbox="552 891 900 1023"> <ul style="list-style-type: none"> • Seen by many people • Remain in position for some time </td> <td data-bbox="900 891 1246 1023"> <ul style="list-style-type: none"> • Little detail / information included • May not be seen by target audience </td> </tr> </tbody> </table>		Advantages	Disadvantages	Hand out fliers in the street	<ul style="list-style-type: none"> • Cheap to produce • Domestic customers likely to see the advert • Written record to keep 	<ul style="list-style-type: none"> • May be thrown away and not looked at • May not be in a location where target customers go • Unsuitable for business customers 	Email existing business customers	<ul style="list-style-type: none"> • Increases sales to existing customers • Low cost and goes directly to target market for business customers 	<ul style="list-style-type: none"> • Will not reach new domestic customers 	Billboard adverts by the side of main roads	<ul style="list-style-type: none"> • Seen by many people • Remain in position for some time 	<ul style="list-style-type: none"> • Little detail / information included • May not be seen by target audience 	12
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Question	Answer	Marks
4(b)	<p>Level 1 [1–3 marks]</p> <p>1 mark for outline of an advantage and / or a disadvantage of each method of promotion. (max of 3 marks)</p> <p>e.g. Fliers are fairly cheap to produce.</p> <p>Level 2 [4–6 marks]</p> <p>Detailed discussion of an advantage and / or a disadvantage of each method of promotion. 1 × L2 explanation can gain 4 marks and a further mark can be awarded for each additional L2 explanation (max 6 marks)</p> <p>E.g. Fliers are fairly cheap to produce and can be handed out to domestic customers in the street. The location where the fliers are handed out can be carefully chosen to reach the target domestic customers who might want to purchase air conditioning equipment. However, fliers are often discarded and not looked at. (Level 2 plus one application mark for answering in the context of the domestic customers of air conditioning equipment)</p> <p>Level 3 [7–10 marks]</p> <p>For L3 to be awarded there needs to be at least two L2 marks awarded and then a recommendation of the best method of promotion to use.</p> <p>7–8 marks for limited judgement shown in the recommendation as to which form of promotion to use OR why the alternative methods were rejected.</p> <p>9–10 marks for a well justified recommendation as to which form of promotion to use AND why the alternatives were less suitable.</p> <p>Award up to 2 additional marks for relevant application.</p> <p>Possible application marks: Installs and repairs heating equipment; install equipment in homes and offices; planning to also install and repair air conditioning equipment; financial information from Appendix 1.</p> <p>There may be other examples in context that have not been included here.</p>	