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# A-level Business

7132/2

Final Mark scheme

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7132

June 2017

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Version/Stage: v1.0

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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.

Further copies of this mark scheme are available from [aqa.org.uk](http://aqa.org.uk)

## Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

### 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 descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets 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 descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

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, ie if the response is predominantly 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. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which 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 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.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

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

## Marking guidance

- Be clear on the focus of the question
- Read the response as a whole; follow the flow of the argument as a whole
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument
- Annotate the script as you read in accordance with the instructions given at standardisation
- Consider what it all adds up to: eg is this a good response? A reasonable one? A limited one? Refer back to the standardisation scripts and guidance to help you benchmark. You are marking to the standard agreed at standardisation. Be careful of the standard you are marking at drifting when you have a big centre; refer back to standardisation scripts
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given eg for an extended response 'well-argued' but does not focus fully on the issue of 'long term' feels as if it might be good rather than excellent. Make sure the comments fit with the level awarded: 'unbalanced and not comparing with alternative solutions' does not sound as if it is 'good'.
- Next to your comment put the level awarded eg L4
- If in doubt about an approach contact your Team Leader , do not make up your own rules because we must have a standardised approach across all marking

Be positive in your marking. Look to reward what is there.

## Annotations Key

Annotation	Definition
T	Free text box – use this for making comments at end of sections/answers
Bal	Balance
BOD	Benefit of Doubt
Cross	Incorrect
Dep	Depth
Enhanced Off Page Comment	Off page comment
EVAL	Evaluation
F	Future tense correctly used
Highlight	Highlight text
K	Knowledge
L1	Level 1
L2	Level 2
L3	Level 3
L4	Level 4
L5	Level 5
NAQ	Not answered question
OFR	Own figure rule
Rng	Range
SEEN	Indicates that the point has been noted, but no credit has been given.
Tick	Correct point

0	1	.	1	Calculate the market share of the discount retailers in the UK food retail market in 2015.	<b>[3 marks]</b>
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**Marks for this question: AO1 = 1 and AO2 = 2**

**Answer = (3 marks)**

Broken down as follows:

Market share = (sales of discount retailers/total market sales)\*100  
(1 mark for awareness of equation only)

Market share= 17/157 = 10.8% (up to 2 marks for some attempt to calculate plus 1 mark for correct answer)

0	1	.	2	With reference to <b>Figure 1</b> , explain the meaning of 95% confidence interval in the forecast for UK food retail market in 2020.	<b>[3 marks]</b>
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**Marks for this question: AO1 = 1 and AO2 = 2**

Level	The candidate will typically:	Marks
3	Provide a response that is well explained using knowledge and understanding and is applied to the context.	3
2	Provide a reasonable explanation using knowledge and understanding and with some application to the context.	2
1	Demonstrate some knowledge and understanding but the explanation is limited and lacking application to the context	1

**Possible answers may include**

95% confidence interval shows that the forecasters are 95% confident that sales will be within the range of £185 (000m) to £142 (000m) m i.e. this forecast will be right 19 times out of 20

Awareness of confidence intervals 1 mark

Accurate explanation of 95% 1 mark

Explanation of meaning of £185 (000m) and £142 (000m) 1 mark

<b>0</b>	<b>1</b>	<b>3</b>	<p>The discount retailers are said to manage their human resources very effectively. Explain how the data in <b>Figure 6</b> supports this view. Use calculations to support your answer.</p> <p style="text-align: right;"><b>[9 marks]</b></p>
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**Marks for this question: AO1 = 3, AO2 = 3, and AO3 = 3**

Level	The student will typically demonstrate:	marks
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>	<b>7–9 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed and is applied to the context.</li> </ul>	<b>4–6 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>	<b>1–3 marks</b>

**The focus of the question is on:**

- Demonstrating how the data would support the argument that the discount retailers are effective in managing their human resources, this requires some calculation to support the answer.

**Indicative content may include:**

	ALDI	TESCO
Employee costs as % of turnover	7%	12.80%
Sales per employee	£288917.76	£112916.67
Profit per employee	£10478.66	£335.99

Or any other calculations that support relevant lines of argument

0	1	.	4	To what extent do you think the ‘big four’ supermarkets should change their strategies and adopt the discounter model?	<b>[20 marks]</b>
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**Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8**

Level	The candidate will typically demonstrate:	Marks
5	<p><b>An excellent response overall that is fully focused on the key demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.</li> </ul>	17-20
4	<p><b>An good response overall that is fully focused on many of the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question.</li> <li>• demonstrates analysis which is well developed, applied effectively to the context and considers a range of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</li> </ul>	13-16
3	<p><b>A reasonable response overall that focuses on some of the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• Makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole</li> </ul>	9-12
2	<p><b>A limited response overall with little focus on the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question.</li> <li>• makes judgment or proposes solutions which have limited links to analysis or limited focus on the question as a whole</li> </ul>	5-8
1	<p><b>A weak response overall lacking focus on the demands of the question</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates isolated or imprecise knowledge and understanding.</li> <li>• demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question.</li> </ul>	1-4

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|  | <ul style="list-style-type: none"> <li>• makes judgements or proposes solutions based on assertions.</li> </ul> |  |
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**The focus of the question is on:**

- the extent to which the big four supermarkets should change their medium to long term actions in the future to achieve their corporate objectives by adopting the discounter model

**Indicative content may include:**

- Discounters have been gaining in terms of market share and this is expected to rise by 2020 so the big four may well lose ground if they don't change their approach. However, the discounters' market shares remain relatively small compared to the big four
- The big four may want to explore other strategies such as wanting to develop its non-food lines. Do they want to compete head on with the discounters or is it better to differentiate further? The big four have a much greater product range and may want to build on this.
- The discounter model seems to be more effective in terms of net profit margin. Aldi 3.6%, Tesco 0.29%. This is an attractive position in terms of future funds to meet corporate objectives. But could it be sustained over a wider product range?. Discounters have the advantage of potentially achieving large economies of scale through bulk ordering a narrower range of goods. Would the big four need to reduce the product range and if so what would the impact of this be on existing customers?
- The shift in market share values and the customer perception of benefits to market shares would certainly suggest that the big four are under threat from the discounter model.
- However, the big four have other advantages in terms of product range, especially non-food and providing goods for a range of consumer incomes and so would it be right to move to a narrower product base.
- This may depend on how accurate the forecasts are and whether the rise of the discounter model continues to be a long term trend.
- May want to adopt some aspects of the approach e.g. have some discount lines, focus on narrower product lines, become leaner, reduce administration costs, especially if profitability is the key focus of corporate objectives.  
They may make different decisions depending on their view of their own strengths and weaknesses and the opportunities and threats ahead

**Evaluation may consider**

- Whether the big four think the rewards of changing strategy justify the risks
- Whether the big four may change some aspects of their strategies
- The extent to which the discounters are perceived as significant long term threats

<b>0</b>	<b>2</b>	<b>1</b>	<p>Explain how mass customisation benefits the shareholders of car manufacturers.</p> <p style="text-align: right;"><b>[6 marks]</b></p>
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**Marks for this question: AO1 = 2, AO2 = 2 and AO3 = 2**

Level	The student will typically demonstrate:	marks
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>	<b>5–6</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed and is applied to the context.</li> </ul>	<b>3–4</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>	<b>1–2</b>

**The focus of the question is on:**

- How mass customisation could benefit a car manufacturing company that would then impact positively on shareholders i.e. profits and dividends and/or share value.

**Indicative content may include:**

- May meet customer requirements more effectively leading to more sales or repeat business (so customers stay loyal to this car brand over time) this could lead to higher revenue and profits longer term; this could boost dividends and increase dividend yield, increasing the value of shares over time.
- May enable a car manufacturer to retain sales and not lose them to competitors or attract new customers, by offering the customer exactly what they want protecting or increasing market share, this could help maintain or increase price.
- Customisation may give the company a certain USP (eg through unique designs) allowing them to charge higher prices, leading to greater profits and greater margins again improving dividends and share price.

<b>0</b>	<b>2</b>	<b>2</b>	Analyse the likely effects of a significant increase in interest rates on the profits of car manufacturers.	<b>[9 marks]</b>
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**Marks for this question: AO1= 3, AO2 = 3 and AO3 = 3**

Level	The student will typically demonstrate:	marks
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>	<b>7–9 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding or relatively few issues in the question</li> <li>• demonstrates analysis which is developed and is applied to the context.</li> </ul>	<b>4–6 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>	<b>1–3 marks</b>

**The focus of the question is on:**

- The effects of a significant increase in interest rates on car manufacturers and how and why this could affect their profit (e.g. through the impact on costs and/or demand).

**Indicative content may include:**

- High interest rates increase costs of borrowing; car purchases are often made on credit, a significant rise will impact on the cost of customer borrowing and payments necessary to service the debt and therefore increase the overall cost of purchasing the car. This may reduce the amount of cars sold on credit as fewer customers can afford the higher level of interest and therefore reduce demand and hence sales revenue and potentially profits of car manufacturers.
- Higher interest rates may create further excess capacity in the industry (due to less demand). Lower capacity utilisation increases the cost per unit and reduces the profit margin on each car.
- High interest rates may encourage savings leading to less spending on cars, especially if interest rates are significantly increased; this may mean cars are produced but left unsold until

the car manufacturers can adjust supply to demand again this reduces profits through unsold or discounted stock.

- High interest rates may increase borrowing costs and reduced profits, especially for companies with high gearing ratios. This is especially likely in the automotive industry where research and development, plant and equipment and employee training require regular updates and heavy investment.
- High interest rates could put off some companies from undertaking investment/modernisation plans as cost of borrowing is prohibitive, leading to increased costs of production over time and reduced profits.

<b>0</b>	<b>2</b>	<b>3</b>	<p>Many car manufacturers are expected to respond to a fall in overall capacity utilisation in the industry by cutting prices. To what extent is cutting price a good way for <b>any</b> business to respond to a fall in the overall capacity utilisation in its industry?</p> <p style="text-align: right;"><b>[16 marks]</b></p>
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Marks for this question: AO1 = 4, AO2 = 2, A03 = 4 and AO4 = 6

Level	The student will typically demonstrate:	marks
<b>4</b>	<p><b>An excellent response overall that is fully focused on the key demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.</li> </ul>	<b>13–16 marks</b>
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</li> </ul>	<b>9–12 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</li> </ul>	<b>5–8 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</li> </ul>	<b>1–4 marks</b>

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**The focus of the question is on:**

the extent to which cutting price is a good way for a business to respond to overcapacity in its industry. The focus here is not specifically on the car industry.

**Indicative content may include:**

- Cutting price may boost demand thus generating more sales, this would increase the amount goods sold and decrease the amount of overcapacity present.
- Cutting price is more effective in industries where demand is price elastic. Cutting price in an industry with inelastic goods may not be a good approach as the percentage increase in demand would be less than percentage decrease in price, thus unless price cuts were significant, majorly impacting on revenues, a significant change in capacity utilisation may not occur.
- An individual business would need to consider its place in its market and any impact on the brand image that cutting prices may have. This may not be the best approach for businesses whose products are at the luxury end of the market or who brand using status and exclusivity.
- If demand has fallen permanently would it be better to reduce the overall capacity level to match demand? This would reduce overall over capacity. However, overcapacity in the industry does not mean the same for any individual business. Just because the industry operates below capacity does not mean every firm is operating at this level. Alongside, consideration needs to be given to how easy it is for any given business in any industry to actually cut capacity. Reducing prices may well be good for a business where reducing capacity would actually be difficult to achieve e.g. the steel industry.
- What are the alternatives? e.g. more promotion costs money, whereas it does not cost money directly to cut prices (although may affect profits as promotion costs rise), so other factors may important in considering whether or not cutting prices is a good way.

Evaluation may consider

- The price elasticity of demand
- whether there may be a better alternative (but this should be linked back to whether price cutting is a good response or not)

<b>0</b>	<b>3</b>	<b>1</b>	<p>A manager from the UK is moving to South Africa to lead a team of local staff. Explain how the difference in Hofstede's cultural dimension of 'Power Distance' shown in <b>Figure 7</b> might affect her management style.</p> <p style="text-align: right;"><b>[9 marks]</b></p>
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**Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3**

Level	The student will typically demonstrate:	marks
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>	<b>7–9 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed and is applied to the context.</li> </ul>	<b>4–6 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>	<b>1–3 marks</b>

**The focus of the question is on:**

- How might the fact that South Africa's index number is greater than UK's impact on a manager's style.

**Indicative content may include:**

- If there is a high power distance, there is an acceptance of hierarchy and differences in seniority. Moving from a culture that is less accepting of this may require a change in management style. Local staff may expect the manager to act clearly as their manager and not respond well to a more democratic, team approach.
- The implication is that the manager may want to try and change her style to adapt to the local culture or change the expectations of her style by the local team. How well this transition is made will affect motivation and the effectiveness of the local team.
- As the power distance index is increasing from 35 to 49 the manager may want to adopt a more autocratic approach and clear hierarchical models, as workers in South Africa are more accepting of a wider distance between themselves and the manager.

<b>0</b>	<b>3</b>	<b>2</b>	With reference to <b>Figure 8</b> , analyse the actions Kento should take regarding its product portfolio in Europe to improve its long term financial performance. <b>[9 marks]</b>
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**Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3**

Level	The student will typically demonstrate:	marks
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well-developed and is applied effectively to the context.</li> </ul>	<b>7–9 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding a range of issues in the question or a good knowledge and understanding or relatively few issues in the question</li> <li>• demonstrates analysis which is developed and is applied to the context.</li> </ul>	<b>4–6 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that :</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development and with mainly descriptive application to the context.</li> </ul>	<b>1–3 marks</b>

**The focus of the question is on:**

- The actions Kento could take to impact on its various products (not just an identification of aspects of its product portfolio)
- How these actions could improve Kento's long term financial performance e.g. sales and profits over time

**Indicative content may include:**

- Mint cola is a dog product-consider selling off to raise revenue or closing down to stop it draining resources. This would reduce costs and should free up funds for use in promotion or investment elsewhere, helping to promote their other products increasing sales.
- Cola, cherry cola and vanilla cola are cash cows; but the company has no rising stars Kento needs to milk these products to promote the stars and build the question marks. This needs to be done before these products potentially become dogs.
- Still water and orange juice are question marks and need investment to build and protect them to generate sales and profits into the long term.
- The business needs to develop stars and build the question marks to protect its financial position long term and eventually move into cash cows. It needs to use its cash cows to support innovation and market research generating future products, in the long term this should improve financial performance after investment costs have been recovered.

0	3	.	3	To what extent is Africa an attractive market for <b>all</b> businesses wanting to sell their products internationally?	<b>[16 marks]</b>
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**Marks for this question: AO1 = 4, AO2 = 2, A03 = 4 and AO4 = 6**

Level	The student will typically demonstrate:	marks
<b>4</b>	<p><b>An excellent response overall that is fully focused on the key demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question</li> <li>• demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question</li> <li>• makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.</li> </ul>	<b>13–16 marks</b>
<b>3</b>	<p><b>A good response overall that focuses on many of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a depth and range of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.</li> </ul>	<b>9–12 marks</b>
<b>2</b>	<p><b>A reasonable response overall that focuses on some of the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question</li> <li>• demonstrates analysis which is developed, applied to the context and considers some of the issues in the question</li> <li>• makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.</li> </ul>	<b>5–8 marks</b>
<b>1</b>	<p><b>A limited response overall with little focus on the demands of the question.</b></p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> <li>• demonstrates a limited range and depth of knowledge and understanding of issues in the question</li> <li>• demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question</li> <li>• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.</li> </ul>	<b>1–4 marks</b>

**The focus of the question is on:**

- All businesses not just Kento
- The attractiveness of Africa as a market and the factors that influence this decision
- The significance of various factors for companies wanting to sell internationally

**Indicative content may include:**

Africa may be attractive because of:

- Africa's economic growth rate remains high in comparison to other alternate economies, Consumer spending is rising in South Africa and expected to boom between now and 2024 this implies greater and growing demand for products. However, there is a big differential in average income levels, this suggests that potential may not be as high for luxury products.
- Population. In comparison to Europe Africa has much larger population that is growing at a significantly faster rate. Europe's population growth has almost stagnated. In Africa the potential market size is currently 480 million more people than Europe. These both imply potentially larger sales than Europe and an upward trend in potential sales.
- Age of population in Africa is much younger 19.5 years (so attractive for some products) and taking the data into account it is these consumers that reach maturity with growing wages and disposable incomes, so it may be a good decision to try to gain their brand loyalty early.

But

- Markets within Africa vary considerably, which could be difficult to enter due to e.g. political and social differences and the quality of local infrastructure including communication networks, this could make it difficult for some companies to establish a foothold in a particular market and attract consumer interest.
- Only 40% of the population are urban dwellers, with 60% in rural communities, the needs of these consumers may differ widely and so the nature of the product the company sells is important, only appealing to 40% of the market, with a luxury product aimed at 40+ year olds for example, may not be so attractive.

Evaluation may consider that the key factors that determine whether or not Africa is an attractive market depends greatly on:

- the product the company offers
- what level income customer its aimed at
- how they will distribute it
- how the business intends to enters the market e.g. joint venture or entering independently