



**GCE**

**Business**

Unit **H031/01**: The local business environment

Advanced Subsidiary GCE

**Mark Scheme for June 2018**

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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## Annotations

BP	Blank page
	Tick
	Cross
NAQ	Not answered question
OFR	Own figure rule
BOD	Benefit of Doubt
REP	Repeat
SEEN	Noted but no credit given
TV	Too vague
	Unclear
K	Knowledge
APP	Application of knowledge and understanding
AN	Analysis
DEV	Developed analysis
EVAL	Evaluative
EE	Effective evaluation

**EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION.**

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read when the paper is printed out in black & white.

**[Questions 1-15 should ONLY be annotated with ticks, crosses or NAQ. Questions 16, 17, 18, 19(b), 20 & 21(a) should be annotated with ticks, crosses, BOD, REP, TV, OFR, NAQ or ?. The number of ticks plus OFR MUST match the final mark awarded for these questions. Ticks MUST NOT be used in Questions 19(a) & 21(b).]**

**IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE AOs ARE REACHED, SO THAT YOUR TEAM LEADER CAN LOOK TO AGREE WITH YOUR FINAL MARK.**

**Subject-specific Marking Instructions**

**INTRODUCTION**

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

## Levels of response – Level descriptors

	<b>Knowledge and understanding/ Application</b>	<b>Analysis</b>	<b>Evaluation</b>
<b>Strong</b>		An explanation of causes and consequences, fully developing the links in the chain of argument.	A conclusion is drawn weighing up both sides, and reaches a supported judgement.
<b>Good</b>	Precision in the use of the terms in the question and applied in a focused way to the context of the question.	An explanation of causes and consequences, developing most of the links in the chain of argument.	A conclusion is drawn weighing up both sides, but without reaching a supported judgement.
<b>Reasonable</b>	Awareness of the meaning of the terms in the question and applied to the context of the question.	An explanation of causes and consequences, which omit some key links in the chain of argument.	Some attempt to come to a conclusion, which shows some recognition of the influencing factors.
<b>Limited</b>	Awareness of the meaning of the terms in the question.	Simple statement(s) of cause and consequence.	An unsupported assertion.

Candidates will be awarded marks for the demonstration of each skill (Knowledge and Understanding/Application/Analysis/Evaluation) according to the level (Strong/Good/Reasonable/Limited) seen. Their overall mark for Levels of Response questions will comprise the total of these four marks.

The descriptions in each levels of response question in this mark scheme describe a typical response at the top of that level.

## USING THE MARK SCHEME

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co-ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co-ordination scripts then become part of this Mark Scheme.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

## INSTRUCTIONS TO EXAMINERS:

### A INDIVIDUAL ANSWERS

- 1 The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.
- 2 Be prepared to use the full range of marks. Do not reserve (e.g.) high Band marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

### B TOTAL MARKS

- 1 The maximum mark for the paper is **60**.
- 2 The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level

Question	Answer	AO	Rationale
1	A	1	A focus group is a primary market research technique. A focus group is not a sampling method or a recruitment method. A focus group is not a type of organisation at all.
2	B	1	Sole traders and partnerships have unlimited liability. All the other options include companies. Companies are incorporated and therefore have limited liability.
3	C	2	Flow production is the term used for output made on an assembly line. Using flow production, the items are mass produced, moving from one process to the next until the product is complete.
4	D	2	$(£998 \text{ million} - £981 \text{ million}) / £981 \text{ million} = 1.7329\% \sim 1.73\%$ . Answer C divides by £998 million instead of £981 million. Answers A and B erroneously divide £998 million and £981 million by each other.
5	C	2	Working capital = current assets - current liabilities. $£750,000 - £188,000 = £562,000$ . Answer A erroneously deducts total liabilities from current assets. Answer B erroneously deducts non-current liabilities from current assets (or total equity & liabilities from total assets). Answer D erroneously deducts current liabilities from total assets.
6	B	1	A monopoly has high barriers to entry protecting the monopolist from competition from new entrants. A pure monopoly has a sole supplier rather than a sole buyer. Strong competition and weak market powers are features of more competitive markets, for example monopolistic competition.
7	C	1	Globalisation is facilitated by high, rather than low levels of international trade. E-commerce, improved transport infrastructure and trade liberalisation would encourage cross-border economic activity.
8	C	2	External benchmarking allows a business to learn from best practice, therefore the department store can learn from the market leader.

Question	Answer	AO	Rationale
			A business does not want to increase the level of competition. There is no legal requirement to carry out benchmarking. Benchmarking is not used to produce a business plan, although it could be used as a form of research for management decision-making.
9	D	1	Adair's Three Circles leadership theory suggests that the leader must balance the needs of the following three elements – the team, the task and the individual.  Answer B uses three terms which relate to HR, but are not linked to any leadership theory. Answer C uses three terms which relate to business strategy, but again are not part of any leadership theory. Answer A are the three styles of leadership identified by Lewin.
10	C	2	The use of a budget allows a sole trader to monitor the financial performance of the business.  A budget can be used as a form of financial control; however, it does not minimise the need for financial control. A budget can be used to provide information to the shareholders of a company, however a sole trader does not have shareholders to report to. A business wants to decrease, rather than increase, its break-even level of output.
11	C	2	The cost index shows that costs have increased by 16%. $£4200/100 \times 116 = £4872$  Answer A – the candidate correctly calculates 16% of £4200 but does not add this to the original cost. Answer B – candidate erroneously believes an index of 116 means that costs have risen by £16. Answer D – the candidate performs the calculation correctly, but uses the highest index number over the five years of 118 in 2016.
12	D	1	A demographic change is a social factor that may affect a business.  All of the answers suggest external factors that may affect a business, however, only answer D is a social factor. Answer A is a competitive factor, answer B a legal factor and answer C an economic factor.
13	D	2	Lean production is about the minimising of waste in an organisation, in the widest sense. Strict quality control checks reduce the number of cars that are returned defective, hence reducing the cost of repairs, minimising waste.  Lean production requires storage costs of materials to be minimised, therefore Answers A and B cannot be correct. Answer C would create stocks of finished goods and is therefore wasteful of resources.
14	C	1	Delaying involves the removal of a tier of management to create a flatter organisational structure.

Question	Answer	AO	Rationale
			'Delegation' is the giving of authority to a subordinate. Participative decision making is a form of industrial democracy. The selling of current assets is not connected with delayering (selling of fixed assets could be if this led to less office space or equipment as headcount fell).
15	B	2	<p>Concentration economies lead to a fall in long run average total costs. They are external economies of scale, in this case resulting from the growth of the pottery industry in the Staffordshire area.</p> <p>A trade union provides concentrated power to workers through collective bargaining. Centralisation leads to the control and decision-making power of an organisation being at the top of its structure. Market segmentation involves the splitting of the total market into groups with different characteristics or needs.</p>

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Question	Answer	Marks	Guidance
16	<p><b>Explain one reason why an entrepreneur may choose to set up their own business.</b></p> <p>One mark for correct identification of a reason, plus one mark for explanation.</p>	<p><b>2</b> (AO1 2)</p>	<p>Reasons include:</p> <ul style="list-style-type: none"> <li>• To be their own boss</li> <li>• They have a business idea</li> <li>• They have spotted a gap in the market</li> <li>• They have been made redundant/are unemployed</li> <li>• They may want to use their skills/experience</li> <li>• They want to pursue an interest or passion</li> <li>• They enjoy taking risks</li> <li>• To make money</li> <li>• To keep any profits.</li> </ul> <p><b>No</b> context required.</p> <p>Second mark for explicit explanation of WHY.</p> <p>NB Question asks for an explanation of ONE reason. Do <b>not</b> award two separate reasons unless one is an explicit explanation of the other.</p> <p><b>Exemplar responses:</b> To provide a new product that they have created (1) to meet the needs of consumers (1).</p> <p>An entrepreneur may want to be their own boss (1), so that they do not have to answer to anybody else (1).</p> <p>May want to benefit from the profit of the business (1) rather than just take a wage (1).</p> <p style="text-align: right;"><b>ARA</b></p>

Question	Answer	Marks	Guidance
17	<p><b>State one possible external stakeholder of TYWC.</b></p> <p>One mark for identification of a relevant stakeholder.</p>	<p><b>1</b> (AO1 1)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Suppliers</li> <li>• Customers (B2C or B2B e.g. farm shops, restaurants)</li> <li>• Banks/lenders</li> <li>• Competitors e.g. supermarkets, Sainsburys</li> <li>• Creditors</li> <li>• Government</li> <li>• Local community</li> <li>• Potential investors.</li> </ul> <p><b>No</b> context required.</p> <p>‘Caterers’ too vague. Accept ‘other caterers’.</p> <p>Do <b>not</b> award Jonathan or Jim as they work in the business.</p> <p>Where multiple responses are given, mark the first response only. See rubric on page 3 of mark scheme.</p> <p style="text-align: right;"><b>ARA</b></p>
18	<p><b>Explain one reason why it is important for TYWC to prepare an annual cash flow forecast.</b></p> <p>Two marks for a contextual reason. One mark for a non-contextual reason.</p>	<p><b>2</b> (AO1 1) (AO2 1)</p>	<p>Reasons include:</p> <ul style="list-style-type: none"> <li>• They can plan for any predicted cash-flow shortfalls</li> <li>• It can be referred to when agreeing payment terms for customers and with suppliers</li> <li>• It might help the business to set their prices</li> <li>• It can help monitor business performance by comparing the cash flow forecast to actual cash flow figures</li> <li>• They have a long production process</li> <li>• They can predict future spending</li> <li>• They can identify areas to cut costs.</li> </ul> <p><b>NB</b> Question is about preparing an annual cash flow forecast, not an annual cash flow statement.</p>

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Question		Answer	Marks	Guidance
				<p>Cashflow is about cash inflows and outflows. Do <b>not</b> award references to profit, breakeven, payback or ARR.</p> <p>Do <b>not</b> award vague answers e.g. 'set targets', 'make budgets', 'find out how business is doing', 'monitoring inputs and outputs' etc. However, accept 'set revenue targets', 'make cost budgets', 'find out if the business has sufficient cash' or 'monitoring cash inflows and outflows'.</p> <p><b>Exemplar responses:</b> Preparing a cash flow forecast will help them check that they can afford to care for the animals (2).</p> <p>Jonathan and Jim can plan for any months which are predicted to have a negative closing balance by arranging an overdraft with their bank (1).</p> <p style="text-align: right;"><b>ARA</b></p>
19*	(a)	<p><b>Recommend methods of training TYWC may use for catering assistants that work at private events. Justify your view.</b></p> <p><b>Level 4 (10–12)</b> Candidate shows <b>strong</b> knowledge and understanding, analysis and evaluation of appropriate training methods.</p> <p><i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p><b>Level 3 (7–9)</b> Candidate shows <b>good</b> knowledge and understanding, analysis and evaluation of appropriate training methods.</p>	<p><b>12</b> (AO1 2) (AO2 2) (AO3 4) (AO4 4)</p>	<p>Possible methods include:</p> <ul style="list-style-type: none"> <li>• On-the-job training</li> <li>• Off-the job training</li> <li>• Coaching</li> <li>• Induction training</li> <li>• Observation</li> <li>• Simulation exercises/role play</li> <li>• Videos</li> <li>• Online</li> <li>• Courses.</li> </ul> <p>Do <b>not</b> award on-site or off-site as specific methods.</p> <p>Analysis – benefits/drawbacks of training <b>methods</b> (do <b>not</b> award benefits/drawbacks of training in general).</p>

Question	Answer	Marks	Guidance
	<p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 2 (4–6)</b> Candidate shows <b>reasonable</b> knowledge and understanding, analysis and evaluation of appropriate training methods.</p> <p><i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p><b>Level 1 (1–3)</b> Candidate shows <b>limited</b> knowledge and understanding of training methods with <b>limited or no</b> analysis and evaluation.</p> <p><i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.</i></p> <p><b>NB</b> – award <b>maximum</b> of <b>two</b> marks for non-contextualised methods.</p> <p><b>0 marks</b> for no response or no response worthy of credit.</p>		<p><b>Exemplar response:</b> TYWC should start training its staff as soon as they join the business via induction training (AO1). This can be used to teach new staff all about Wagyu beef, what it is, what makes it different to ‘normal’ beef etc. (AO2). This means that they will be able to talk to customers/guests about the product which may even encourage these guests to buy the product in the future from local farm shops; increasing demand further (AO3).</p> <p>The business could use role plays (AO1) to give staff an idea about the level of service that will be expected when serving in the WOW wagon, how the business would want them to deal with any complaints, etc (AO2). The means that they should be better prepared for different situations and hopefully mean that excellent customer service is provided (AO3). Using role play is a good method to use because it allows the new employees to learn and make mistakes while customers are not present. Whereas if the training took place when customers were present any mistakes risk having an adverse affect on the reputation of the business (AO4).</p> <p>On-the-job training (AO1) could also be used to support the training given prior to events. New staff could observe experienced staff during their first event (AO2). Being shown what to do when the event is being set up and then working alongside an experienced member of staff is likely to be effective as long as the new staff feel that they can ask questions whenever necessary (AO4).</p> <p>I recommend that TYWC uses induction training and role plays. This allows the new employees to develop their expertise before the event. Using on-the-job training on the day of the event might appear unprofessional to customers,</p>

Question		Answer	Marks	Guidance
				<p>affecting the public's perception of the business, and potentially reducing future bookings. There is also the risk that the employee may not be able to gain the skills quick enough on the day and this may lead to a significant disruption in service. Training in advance and using simulations do not directly impact on the reputation of the business if mistakes are made, for this reason they are low risk ways to train the staff (AO4).</p> <p style="text-align: right;"><b>ARA</b></p>
19	(b)	<p><b>Other than training and development, explain one non-monetary method of motivating employees.</b></p> <p>One mark for correct identification of a method, plus one mark for an explanation.</p>	<p><b>2</b> (AO1 2)</p>	<p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Being listened to by superiors</li> <li>• Being given responsibility</li> <li>• Being given a specific job title</li> <li>• Delegation</li> <li>• Empowerment</li> <li>• Flexible working</li> <li>• Job rotation</li> <li>• Job enrichment</li> <li>• Job enlargement</li> <li>• Promotion opportunities</li> <li>• Receiving praise from managers</li> <li>• Competitions/employee of the month awards</li> <li>• Earn extra time off by working productively</li> <li>• Fringe benefits e.g. free health care, bigger desk, discounts on own products, company car</li> <li>• Work that is challenging</li> <li>• Work that is interesting</li> <li>• Working as part of a team.</li> </ul> <p><b>No</b> context required.</p> <p>Do <b>not</b> award training and development opportunities as the chosen method as this is excluded by the question.</p>

Question	Answer	Marks	Guidance
			<p>Do <b>not</b> award monetary methods as these are excluded by the question i.e. do not award wage rise, bonus, commission, profit sharing schemes, share ownership, etc. Do <b>not</b> award Hertzberg hygiene factors e.g. safety; hygiene factors are not motivators.</p> <p>'This will motivate employees' is insufficient for explanation, the explanation must explain WHY the method suggested motivates employees.</p> <p><b>Exemplar responses:</b> A business could provide promotion opportunities for employees (1). This should motivate them because the employees know that if they work hard and develop their skills then they may be chosen for promotion (1).</p> <p>A business could make the job more enriching (1), so that the employee looks forward to coming into work each day (1).</p> <p style="text-align: right;"><b>ARA</b></p>
20	<p><b>Outline one factor which is likely to affect the demand for wagyu beef from TYWC.</b></p> <p>One mark for identifying a factor. One mark for impact on demand.</p>	<p><b>2</b> (AO1 1) (AO2 1)</p>	<p>Factors include:</p> <ul style="list-style-type: none"> <li>• Demographic changes</li> <li>• Government action e.g. promoting healthy eating</li> <li>• Income of customers</li> <li>• Price of product</li> <li>• Price of alternative products</li> <li>• Success of any promotional activity e.g. customer samples at farm shop launches</li> <li>• Tastes/whether customers like the product</li> <li>• Customer trends (e.g. vegetarianism; concerns about cattle farms/environment, etc)</li> <li>• Environmental factors e.g. waste management policy</li> <li>• Ethical factors e.g. quality of animal care</li> </ul>

Question		Answer	Marks	Guidance
				<ul style="list-style-type: none"> <li>Economic factors e.g. state of the economy.</li> </ul> <p>Directional effect on demand required for second mark. e.g. the <b>higher</b> the disposable income the <b>higher</b> the demand or e.g. the <b>lower</b> the disposable income the <b>lower</b> the demand.</p> <p>'Will affect demand' is too vague.</p> <p>Do <b>not</b> award 'increase in supermarket shoppers' unless clearly linked to a decrease in custom at farm shops or restaurants.</p> <p><b>Exemplar responses:</b> The success of any promotional activity (1) will affect the demand. The more customers that are aware of the product, the more people are likely to buy it (1).</p> <p>The demand for Wagyu beef is likely to be affected by the price the business charges for it (1).</p> <p style="text-align: right;"><b>ARA</b></p>
21	(a)	<p><b>If TYWC increases the price of a 'WOW box' to £180 and demand decreases from 500 boxes to 385 boxes per month, calculate the price elasticity of demand.</b></p> <p>Award 4 marks for correct answer (with or without working)</p> <p>Else:</p> <p>1 mark for 23% (with or without minus sign or percentage sign).</p> <p>1 mark for 20% (with or without percentage sign).</p> <p>1 mark for the correct formula (in figures or in words). OFR applies to use of formula <b>ONLY</b> if workings clearly</p>	<p><b>4</b> (AO2 4)</p>	<p>PED = <math>\frac{\text{Percentage change in demand}}{\text{Percentage change in price}}</math></p> <p>= <math>\frac{-23\%}{20\%}</math> (minus sign not required)</p> <p>Answer = <b>-1.15</b> (with or without minus sign). Accept rounding to <b>1.2</b>.</p> <p>Award max. three marks for 1.15 with incorrect units e.g. £1.15 or 1.15%.</p>

Question		Answer	Marks	Guidance
		shown.		<p>Exemplar responses:</p> <p>E.g. 1.15 (4)  E.g. 1.15% (3)  E.g. 23/20 (3)  E.g. 20/23 = 0.87 (3) OFR  E.g. 20/23 (2)</p> <p style="text-align: right;"><b>OFR</b></p>
21*	(b)	<p><b>Evaluate the likely success of the marketing mix currently used by TYWC.</b></p> <p><b>Level 4 (16–20)</b>  Candidate shows <b>strong</b> knowledge, understanding, analysis and evaluation of the likely success of the marketing mix currently used.</p> <p><i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p><b>Level 3 (11–15)</b>  Candidate shows <b>good</b> knowledge and understanding, analysis and evaluation of the likely success of the marketing mix currently used.</p> <p><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 2 (6–10)</b>  Candidate shows <b>reasonable</b> knowledge and understanding, analysis and evaluation of the marketing mix currently used.</p>	<p><b>20</b>  (AO1 2)  (AO2 2)  (AO3 8)  (AO4 8)</p>	<p>Contextual material includes:</p> <ul style="list-style-type: none"> <li>• Product – delicacy; luxury product. Potentially a niche market. Having a chef to devise recipes to give customers ideas (also links to promotion).</li> <li>• Price – premium product therefore premium pricing, e.g. WOW Box costs £150.</li> <li>• Place – sell direct to farm shops and supply to restaurants (B2B). Also, they have the WOW Wagon from which they sell direct to customers (B2C).</li> <li>• Promotion – take the branded WOW Wagon to product launches at farm shops so customers can sample the product before buying. This will also be seen at festivals, shows and private events.</li> <li>• Twitter feed.</li> </ul> <p>Candidates may consider B2B, B2C or a combination of both.</p> <p><b>Exemplar response:</b>  TYWC's main product (AO1) is the wagyu beef which is a premium, potentially niche market product (AO2).</p> <p>The beef is sold to other businesses such as farm shops and local restaurants as well as direct to the public via the WOW Wagon at local shows etc (AO2). Although this is all based around one product it does mean that some of the risk of</p>

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Question	Answer	Marks	Guidance
	<p><i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p><b>Level 1 (1–5)</b> Candidate shows <b>limited</b> knowledge and understanding of marketing mix with <b>limited or no</b> analysis and evaluation.</p> <p><i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.</i></p> <p><b>NB</b> – award <b>maximum</b> of <b>two</b> marks for non-contextualised elements of the marketing mix.</p> <p><b>0 marks</b> no response or no response worthy of credit.</p>		<p>being such a niche product is being spread rather than relying, for example, solely on selling through farm shops (AO3).</p> <p>Having the WOW Wagon (AO2) is vital to its current promotional (AO1) activity. When they take this to shows and festivals customers have the opportunity to buy the food and therefore know what it is and how it tastes, etc (AO3). However, the quality of the food sold must be good enough to encourage customers to want to purchase the beef because they like the taste. If a quality product is not provided, then the marketing mix cannot be successful (AO4).</p> <p>The business also has a Twitter page (AO2). The business could use this to inform customers about new recipe ideas which will hopefully stimulate interest, as well as to let customers know which festivals, etc., they will be taking the WOW Wagon to (AO3). The key to the successful use of Twitter will be making sure that customers are aware that the business uses this so that they receive the information/updates. Twitter is an effective method of promotion when it is used regularly so that customers have sufficient, regular information to stimulate interest and demand (AO4).</p> <p>Due to the premium nature of the product the pricing (AO1) is also at a premium (AO2). Thus increasing revenues (AO3).</p> <p>The fact that demand is greater than the current supply suggests that TYWC has an effective marketing mix. However, they do seem to rely quite heavily on the WOW Wagon as far as attracting the attention of customers is concerned. It may be that to ensure the success of the business in the future they need to buy a second wagon,</p>

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Question			Answer	Marks	Guidance
					<p>particularly if the number of private events that they cater for increases, as is their aim. Due to the nature of their production process their product will always be charged at a premium compared to alternative products in supermarkets. It is only by ensuring that customers understand the differences between this product and its competitors' and promoting these differences that the marketing mix will be successful and ensure that the business continues to thrive (AO4).</p> <p style="text-align: right;"><b>ARA</b></p>

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