

AS BUSINESS

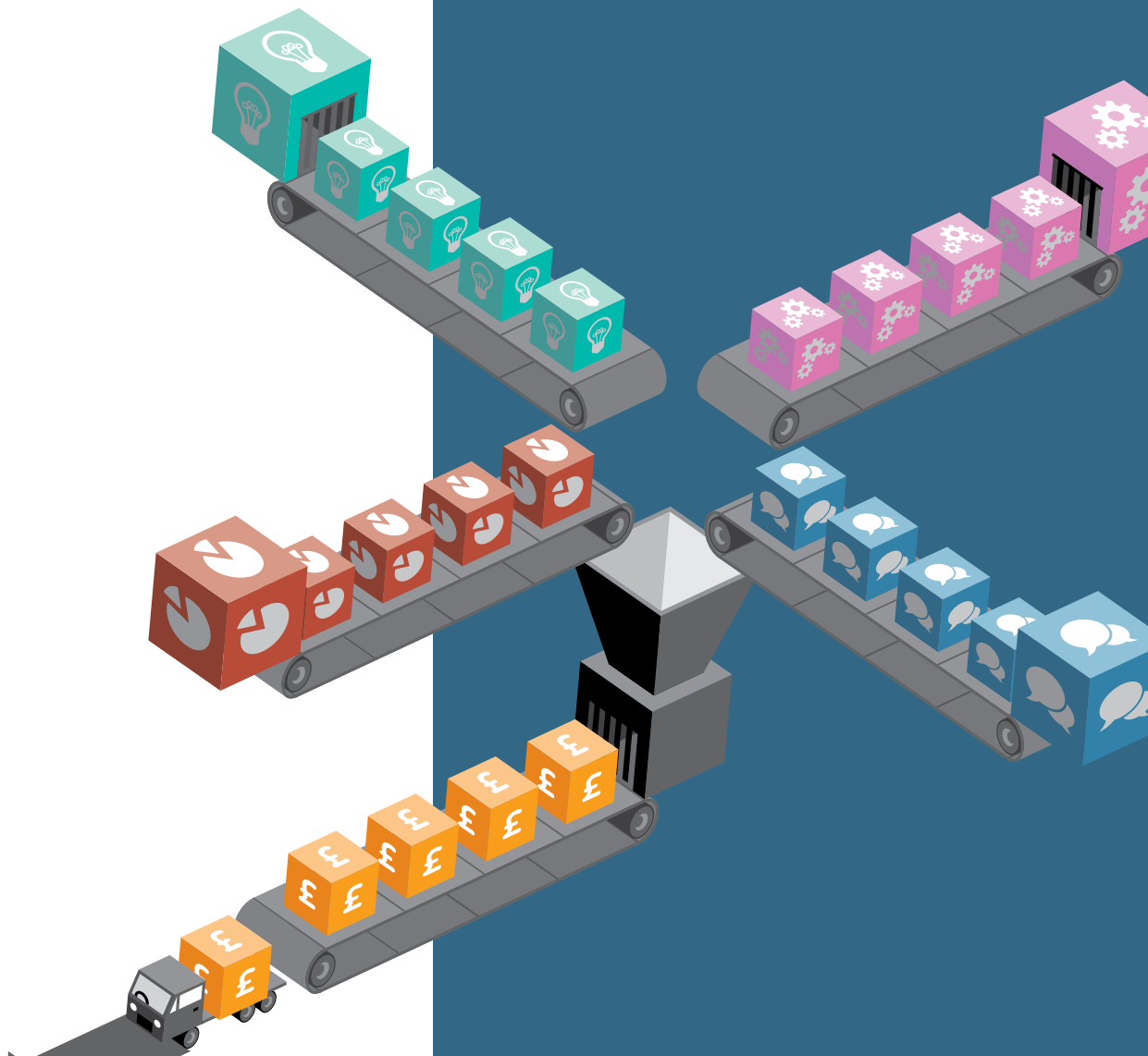
AS (7131)

Paper 2
7131-2

Marked answers from students of different levels for specific questions. Supporting commentary is provided to help you understand how marks are awarded and how students can improve performance.

Version 1.0 April 2023

Answers and commentaries



AS Business Studies

Answers and commentaries Paper 2 2022

Please note that these responses have been reproduced exactly as they were written and have not been subject to the usual standardisation process.

Question 4

Analyse the impact on VeganLife Ltd of basing its decision to enter the men's toiletries market on primary market research.

[9 marks]

VeganLife Ltd

VeganLife Ltd (VL) is a manufacturer and online supplier that sells vegan female toiletries. 1
Vegan goods are made using no animal-based products. VL operates in a niche market. It sells its products to other businesses such as supermarkets and department stores and also directly to individual customers. As this niche market grows at a fast rate every year, VL faces a growing threat to its market share from competitors, especially large businesses. 5

VL sources raw materials from countries around the world and it manufactures these into products such as soap, shower gel and makeup. VL packages and then sells the products to its customers who order through the website. VL tries to be ethical and environmentally responsible. It uses Fairtrade suppliers often located a long way away. VL tries to keep its waste and pollution as low as possible. 10

Figure 1 Market and VL Information

	2020
Market size	£50 million
VL market share	15%
Costs of sales for VL	£3.25 million

At the factory and warehouse there are currently two managers, two assistant managers and 30 full-time and part-time staff. The staff have their own specific job roles:

- machine operators
 - quality control supervisor
 - packaging staff
 - general cleaning and maintenance staff
 - office staff.
- 15

VL has high labour turnover compared to similar businesses. According to some staff this is due to low pay and 'repetitive and boring' tasks. Factory and warehouse staff complain about the high level of supervision, due to managers having narrow spans of control. Office staff say they are frustrated at the lack of feedback they receive on their work, and feel under-valued. 20

VL has one staff member in charge of quality control. Recently there have been a large number of quality issues with some products. The main problem is with the packaging of the products. Some of it has split, causing products to leak. When this happens, VL has to refund customers and/or replace its products. 25

The quality issues are causing VL to lose some loyal customers and are affecting its reputation. The Operations Manager suggests that VL should introduce a quality assurance system to the factory and warehouse. The system would initially cost £100 000 and would require all staff to be trained to use it, with further training whenever the system is updated. VL knows that its competitors use a similar system. The Operations Manager feels this is a good way to remain competitive. 30

VL has grown quickly in a short time and has been a profitable company that has paid rising dividends to its shareholders every year. The shareholders have made it clear they expect this to continue. However, cash flow is a problem. Recently a large business stopped trading,

owing VL £350 000. VL often struggles to keep up with the increasing demand from customers. 35
 It does not always have the cash to buy the raw materials to meet the orders, and not all of its
 suppliers will sell to VL on credit. Additionally, some of its customers do not always pay on time.
 VL often has to ask the bank to increase its overdraft. Currently VL is £550 000 overdrawn, and
 the interest rate is set to increase.

Emma, the Managing Director, thinks the quality assurance system is a good idea, but feels 40
 spending £100 000 of its profits is a risk. She believes the motivation issues amongst the staff
 need addressing more urgently.

Due to changes in demographics, such as an increase in the population size of the UK and the
 change in age structure, the markets for toiletries and vegan products are growing. New
 products are being launched weekly and new competitors are entering the markets. Emma has 45
 noticed through her own primary market research that there is a significant increase in the sales
 of vegan male toiletries. She does not have any marketing qualifications but has been
 collecting data from focus groups she has set up. She believes that targeting the vegan male
 toiletries market is the best way to make a profit and help VL's cash flow position. From her
 research she estimates that it would need a large investment for a new online advertising 50
 campaign for a vegan male shower gel.

Figure 2 Financial forecast data for vegan male shower gel

Fixed costs	£15 000
Total variable costs for 1000 units	£750
Selling price	£6.75

Figure 3 Focus group responses (sample size 20) vegan male toiletries

	2017	2018
Amount spent on toiletries in last shop visit	£21	£23
Would you consider buying vegan toiletries?	Yes	Yes
How much would you be willing to spend on vegan toiletries?	£8 per item	£9 per item

Mark scheme

Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

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

The demands of this question are:

- analyse the impacts to VeganLife (VL) of using primary market research when making the decision to enter the men's toiletry market
- to make a decision in this context.

Indicative content:

- Primary research is information that is collected first hand.
- It usually takes time to collate and analyse first-hand information and therefore there is a time/cost implication if VL use this method in the future.
- Does Emma have the skill set to carry this research out effectively?
- The information she has collected is from 2017 and 2018 – is this no longer relevant?
- The sample size is only 20 customers – is this too small to base decisions on?
- The figure of £50,000 for a new advertising campaign is based on Emma's own research – can this be trusted? Is it biased?
- Does VL need to pay a market research company/someone else to do the research? – VL's cash position is currently worrying and VL may not have the cash to finance further primary research.
- Using data that has been collected for a specific purpose is usually more useful and can help inform the businesses specific needs.
- VL have direct access to its customers so can use these for market research.
- VL operate in a niche market so are there lots of people VL can use for market research? If more people become vegan – more data becomes available.
- Candidates may discuss types of primary market research for example; questionnaires, interviews, focus groups, online surveys.
- Secondary research may not be specific enough for VL so VL may require primary research.
- (No requirement for comparison to secondary research.)

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

Student responses

Student response 1

One impact on veganlife of basing its decision to enter mens toiletries market of primary market research is that it is showing that the mens toiletries market is growing which could allow for more profits to be made by expanding its markets and products. The fact that this is primary data, means that this data can be accurate and up to date, providing a good insight into figures of this new market. From these figures it can be seen that the amount spent on toiletries in stores has increased from £21 to £23 and that in 2018, people would spend £9 per item, meaning this could be a good opportunity to introduce vegan products as this amount is a large proportion of the overall £23. However, the primary research taken is only based of a small sample size of 20 and was from a couple of years ago, meaning that we are unsure as to whether the data is representative enough for vegan life to base their decision on this as we are also unaware of other competitors market shares in mens toiletries meaning this could be a large financial risk for vegan life.

This is a Level 3 response

The candidate shows excellent knowledge and understanding of the benefits and drawbacks of primary market research, and crucially, the benefits and drawbacks of using primary research to make a decision. The response is written in context and uses data from the case study effectively to enhance the points they have made, although it could have related more specifically to Emma's use of the market research data.

Whilst not needed in terms of the demands of the question, 'Analyse the impact'; the candidate has taken a balanced approach to answering this question by choosing to give one positive and one negative use of the research.

This is an effective way to reach Level 3, although to stress, there is no requirement for this question to have taken this approach. Students can access full marks through relevant and valid discussion of one impact only for this question type.

8 marks

Student response 2

I think that the use of primary market research will benefit VeganLife when making the decision. This is because primary research is the most reliable as it's come from one source and hasn't been inflicted on through the media. Figure 3 shows that there is demand for male vegan products and the price they are willing to pay is increasing and will continue to do so. However this depends on any external factors within the economy that may take place such a recession making these types of products more luxury in the future as the primary research she has done contains no actual data for the future.

On the other hand, I think this could put VL at a disadvantage due to the focus groups. Emma put these groups together herself meaning that this could inflict biased results and inaccurate data.

This is a Level 2 response

The candidate demonstrates some knowledge and understanding of primary market research and how it can be used. The knowledge and understanding is not well developed and is not applied well to the context of the case study. There is some incoherence and confusion in parts of the response and the lack of focus on the overall demands of the question; using primary research to make a specific decision, is not covered.

5 marks

Student response 3

VeganLife basing its decision its decision on primary market research is good because it is useful and specific to the brand. She researched on vegan male toiletries which keeps to the nature of the business and this impacts VL well. This is because they can now tap into the male side of the vegan toiletries as they already tapped into the female side.

It is good that she used primary because the specific details she needed can now help the cash flow. With her research being a first-hand account she knows details of her plan once they enter the market. Emma will know her financial objectives in order to sort out the cash flow problem that VL's experiencing.

This is a Level 1 response

There is evidence of some knowledge of primary research in this response but it is overall limited/weak. The point of first-hand information benefits is repeated in the two paragraphs and there is no clear focus on the demands of the question overall. The candidate attempts to link their response to cash flow but the point is not made effectively. Level 1, two marks for some attempt at explaining a benefit of primary research, the point is not written in context or developed in any way.

2 marks

Question 6

Emma believes that, in the long term, the profit of VeganLife Ltd is more important than its cash flow position. To what extent is Emma right?

[16 marks]

Mark scheme

Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

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

1	<p>A limited response overall with little focus on the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	1–4
----------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------

The demands of this question are:

- an analysis of the importance of cash and profit to VL in the long term
- a focus on a judgement related to which of the two is MORE important to VL.

Indicative content:

- As a rapidly growing company that is struggling to keep up with demand, cash is vital to pay suppliers to meet the demand in the short term particularly.
- VL has a history of cash flow problems with some business customers not paying VL on time which affects VL's ability to buy more raw materials to meet demand.
- VL is currently £550,000 overdrawn and face increasing interest rates on this.
- VL is not always offered the option to pay on credit for its supplies, this affects VL's cash flow situation. This could have short term and long term implications re relationships with suppliers.
- One customer has closed down owing VL £350,000, if this happens again can VL survive?
- Making the point that cash is vital to VL's long-term survival in an increasingly competitive market, VL will need to invest in advertising for example if it decides to enter the new market, Emma has considered this in her research and believes the cost to be £50,000 for a new campaign – is this too much of a risk at the moment? How will this impact VL's cash flow position? How will the shareholders react? What is the long term impact of this possible decision?
- Shareholders have always received a dividend and are expecting one this year, VL will need to be profitable to ensure it can pay dividends both in the short term and the long term.
- VL face growing competition from large companies who are likely to have higher profits that can be used for investment and larger cash reserves, these companies may have less cash flow issues than VL. VL will always face competition of this nature; this is a short and long term implication.
- Profit is needed to make investments for the future, any relevant investment ideas to be credited.
- The fact that the market for both toiletries and vegan products is changing and new products are being launched weekly – VL need profit reserves to be able to keep up with competitors.
- The importance of profits to attract future shareholders, particularly important for future investment, may relate this point to the need for £100,000 for the QA system and/or the need for the £50,000 for the online marketing campaign.
- The fact that both are important to VL for different reasons.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

Student responses

Student response 4

Profit is the total sales revenue subtracted by total costs. Profit is an important tool for long term growth as it can finance new infrastructure. Infrastructure such as factories are important in manufacturing products such as soap and gel. Implementing increased factories can provide increased quantities of such products this managing the supply and demand for Vegan Life. Additionally, this will prevent a loss of revenue for VeganLife since customers are now able to purchase such products due to increased supply.

However, cash flow is a highly necessary tool. Cash flow is the movement of cash in and out of the business within a period of time. This enables business to pay wages, and electricity bills etc, this making it very significant. Without good cash flow Vegan Life may progress into insolvency which will prevent them from trading with supermarkets and suppliers which proves cash flow is necessary.

Another reason why profit is important in the long term is because Vegan Life is a private limited company. This means that they may pertain an obligation to pay dividends to shareholders. Vegan Life has paid rising dividends to its shareholders and they expect it to continue. This a loss of profit may result in less dividends being paid to shareholders. This may lead to a collection of shareholders selling their shares for a cheaper price to other family members.

However, cash flow is significant because a large business stopped trading and does not have the sufficient cash to pay for raw materials. This may significantly damage the reputation of VeganLife and place them at a competitive disadvantage to other businesses.

Inconclusion, profit is more important that cash flow since they have to pay dividends to shareholders. However, cash flow is important as they must pay for raw materials.

This is a Level 4 response

The candidate demonstrates excellent knowledge and understanding of both cash flow and profit. More importantly, the response focuses on the importance of each concept to the business in question and then makes a clear decision, with a judgement, as to which one is more important to the business. The specific knowledge shown is very clear, overall the response is very well written and very concise. The candidate relates/applies each concept to the business in a specific way to highlight their thorough understanding.

15 marks

Student response 5

To some extent, Emma believing profits are more important in the long term rather than cash flow position, This is mainly due to the large amounts of shareholders the business has and the fact that these shareholders have an expectation for profit and therefore dividends to continue rising. This puts a large amount of pressure on veganlife as there is the threat that if profits fall, along with the dividends, there is the possibility that shareholders may grow frustrated and sell their shares on the stock market. If numbers of shares were to decrease rapidly, veganlife could gain a bad reputation to other stakeholders and possible shareholders causing them to avoid purchasing shares. If these things were to happen, vegan life would not have the funds available to keep their company running, therefore massively damaging the success of the business.

Veganlife cash flow position is also an extremely important factor however as it a business has a poor cash flow position, then the success of the business is massively at risk. Evidently, veganlife's cash flow position is poor due to businesses oweing them £350,000 has stopped trading, meaning there are possibly in debt, and now they do not have the money to purchase the raw materials needed to create their products. As a result vegan life are finding it difficult to meet customer demands, and customers who have purchased are paying late. This means veganlife has more outgoings than they are having money coming in. Veganlife is also increasing its debt due to them increasing their overdraft, with increasing interest later, meaning overall veganlife is in massive debt. In their current position it will be more difficult for them to make profit and to long term the business would fail if they were to continue in this way.

In this position, long term, veganlife need to prioritise its cash flow position more than they should be focussing on profits. There is no way the business can be successful long term if they are getting in more debts as they so not have funds to buy materials to make the products, while also considering marketing and advertising is important too. Overall Emma is wrong to believe profits are more important long term as there are a large amount of disadvantages which can massively impact success of the business if the cash flow position were to be ignored and if it remained they way it is currently.

This is a Level 3 response

This response was awarded 12 marks, top of Level 3, a good response that had a good overall focus on the demands of the question. The candidate shows good knowledge of the two concepts, but their overall argument is not excellent due to the lack of focus on the demands of the question; is 'Emma right to think profit is more important.' Some of the arguments/points made do not focus on this and the first argument lacks excellent clarity. Whilst a judgement is made in this response, it is not well developed and phrases such as 'there are a large amount of disadvantages which can massively impact successes' highlight this.

12 marks

Student response 6

To an extent Emma is right that the profit of VeganLife Ltd is more important than its cash flow position. This is because if the business does begin to mainly focus on the profit of the business that would allow them to clearly see the areas on which they could improve their profits by doing this this could then help solve the cash flow position that they are in because a lot of money due to profits will be coming into the businesses.

However, Emma is wrong because by mainly focusing on profits that could mean that cash flow won't be as important. If the costs are higher than the profits will then worsen the position that the business is in because if cash flow is not made better that could then mean that the business could just get in more debt.

To conclude Emma is right that in the long term profit is more important than cash flow because by looking at the profits then can see where they need to improve to raise the profits for example using advertising to attract new customers which will raise profits that would then also improve the cash flow of the business.

This is a Level 2 response

The candidate discusses the two concepts in the same points which causes the response to be unclear in terms of the points the candidate is trying to make. The response shows an attempt at balance in terms of discussing which is more important but the arguments are overall quite weak and show a lack of good understanding of the importance of each one. There is also a lack of good focus on the context/business. Overall in this paper, weaker responses were unable to distinguish between the two concepts well, this response is an example of this.

6 marks

Question 8

To what extent are demographic factors, rather than environmental factors such as recycling, likely to have a bigger impact on the future profits of **all** businesses?

[20 marks]

Mark scheme

Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate	Marks
5	<p>An excellent response overall that is fully focused on the key demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout. 	17–20
4	<p>A good response overall that focuses on many of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> demonstrates a depth and range of knowledge and understanding of issues in the question demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole. 	13–16
3	<p>A reasonable response overall that focuses on some of the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> 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 demonstrates analysis which is developed, applied to the context and considers some of the issues in the question makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole. 	9–12

2	<p>A limited response overall with little focus on the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole. 	5–8
1	<p>A weak response overall lacking focus on the demands of the question.</p> <p>Provides an answer to the question set that:</p> <ul style="list-style-type: none"> • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions. 	1–4

The demands of the question are:

- the importance of changing demographics and their influence on businesses
- the importance of environmental factors and their influence on businesses
- a focus on one having a bigger impact than the other
- in businesses/industry generally not just VL.

Indicative content may include:

- Demonstrates knowledge and understanding of relevant issues of changing demographics. This could include a focus on growing population, higher proportion of older people, issues of gender – marketing issues for example of focusing on male/female products, changing demographics of different countries – potential target markets.
- Size of households; these can vary from country to country, many businesses sell globally so this can have an impact on how they market and sell their goods/services.
- May also include issues such as social trends, fast pace of changes due to influence of technology over demographics. For example, may focus on influences of social media, internet, and celebrity focus.
- Demonstrates knowledge and understanding of relevant environmental issues for example; effect on local, national, global communities, sustainability, green taxes, carbon footprints, Fairtrade suppliers.
- Any other relevant environmental issue/impact.
- Sustainability could be discussed in terms of potentially cutting costs in the longer term, may mean a business has a USP, is able to be more competitive.
- Focusing on environmental issues may help a business to build their brand, help their reputation and increase customer loyalty.
- Issue of pollution may be considered and the impact this has on businesses, third parties and customers. VL tries to keep pollution as low as possible.
- VL tries to be ethical and environmentally responsible. It aims to keep waste to a minimum for example. This is true for many other businesses and can help to boost a business's reputation and reduce costs.
- The issue of the 2 factors for different businesses not just VL.
- Coverage of both issues must be shown, one is likely to be covered in more detail and depth than the other to allow a judgement to be made.

This indicative content is not exhaustive; other creditworthy material should be awarded marks as appropriate.

Student response 7

Demographic factors will have a bigger impact on future profits than environmental factors. Such demographic factors may include immigration which will be beneficial to businesses. Increased immigration provides businesses with a large supply of workers. This will mean that businesses can recruit workers for cheaper which will increase future profits due to reduced costs such as wages. Additionally, within the large supply of workers there will be such skilled workers whom can be recruited for cheaper which is beneficial for businesses as they require skilled workers to operate within increasingly technical systems. However, environmental factors such as recycling can have a big impact on profits since it will increase costs for businesses although, it may increase demand as businesses are approaching a more ethical and moral outlook providing businesses with a competitive advantage.

Another reason as to why demographic factors will have a big impact on future profits is due to changes in the age structure. The population size of the UK may become increasingly older allowing for more people to be employed. This may prove to be advantageous as there is increased demand in certain sectors such as the motor vehicles industry due to increasing number of people ageing or such industries like hospitality or health.

Increased demand allows for revenues to increase since more people require to purchase from such businesses. However, environmental factors such as Fairtrade are perceived to be important as well as such workers on farms being paid a fair wage. This may lead to increased demand since customers may be sympathetic to the ethical outlook. However, the supply of Fairtrade goods increases costs for businesses which is highly disadvantages which will lead to a decrease in future profits. One may perceive that social factors can have a big impact on future profits as increased unemployment rates provides business with a large choice of workforce for cheaper costs. Additionally, cheaper costs provides businesses with the potential for a more profitable outcome.

In conclusion, demographic factors such as immigration and an ageing population provides businesses with a large array of potential workers which will reduce costs thus increasing potential profits. However, environmental factors such as recycling or Fairtrade places businesses at a competitive advantage, as it leads to increased costs.

This is a Level 5 response

This is an excellent response that fully focuses on all the demands of the question. The candidate very effectively discusses the positives and negatives, benefits/drawbacks of demographics impacting profits, and of environmental factors impacting profits. The candidate shows excellent knowledge of both factors through their discussion of the examples used, such as the increase in immigration being a benefit. The overall response shows an understanding of the need to discuss the 'ALL' businesses element/demand of the question. Had there been a stronger focus on 'ALL' in the evaluation/judgement, this response would have scored full marks.

18 marks

Student response 8

Demographic factors are more likely to have a bigger impact on future profits of all businesses than environmental factors this is because demographic factors focuses more on the people and the target market of a business. The demographic factors are more likely to improve future profits of a business than environmental factors this will be because by making sure that the way a business advertises for different types of demorghics that they are targeting would increase the profits. If they are mainly producing for males in the business then females using demographics they will be able to see the best way that they can do that.

Environmental factors won't have as big impact on profits as demographics because environmental factors would end up costing a business more in the future because as the world's envrinmental condition changes that would them mean that it costing the business more in environmental factors than helping the business.

Although environmental factors could cost the business it could also improve the profits for a business. This is because people are becoming more ethical which means that they would care about the types of things that a business is doing to the environment. If a business is good at that that could then attract more customers increasing profit because of the way that they treat the environment.

Overall, demographic factors in the future will have a bigger impact on the future profits of business. This is because the demographics of a business does not change as much as the environmental factors of a business. From the begining a business has to know the types of people they will market towards and the different types of demographic they will come from such as gender, class and age that would them improve profits as they would specificaly design products to suit the demographics. Wheas as the environmental factors of a business changes alot depending on current climate of the world that would then just cost the business more money as they will consults have to adopt to the new changes happening which will not help in the future,

This is a Level 4 response

A good response. Overall the candidate demonstrates good knowledge of both demographic and environmental impacts to a business. There is evidence of developed knowledge in terms of both factors. The response focuses the demographics knowledge in relation to the context of the case study at the start of the response, it then makes more generic, sweeping statements as it goes on. The candidate balances the response quite well by discussing the positives and negatives of the two impacts on business in a general sense, it lacks excellent focus on the impact of the two factors on the profits of 'ALL' businesses.

Overall there is a lack of wider/'ALL' businesses context throughout this response, including in the conclusion/evaluation/judgement of the response, keeping this response in Level 4.

14 marks

Student response 9

To some extent, demographic factors are likely to have bigger impacts on future profits for all businesses as they give an insight into current target markets for different business which will allow for these companies to adapt accordingly with regards to advertising and marketing strategies to reach the upcoming target markets to increase profits. This is vital as if marketing and advertising strategies are not updated they may become boring and a business may lose market share to other competitors who are prioritising this.

This is a Level 2 response

Time management was likely an issue with this response as the candidate has clearly not completed the question fully. The marks were awarded for showing limited knowledge of demographic factors and how these may impact a business, the response makes a limited attempt to focus their point on the impact on profits which is one of the demands of the question. The candidate has not discussed the other factor, environmental issues and so remains in Level 2 as a limited response due to not attempting all of the demands of the question.

6 marks

Get help and support

Visit our website for information, guidance, support and resources at aqa.org.uk/7132

You can talk directly to the Business subject team

E: business-studies@aqa.org.uk

T: 01483 477 863