GCSE

BUSINESS

8132/2: Paper 2: Influences of Marketing and Finance on business activity
Report on the Examination

8132
June 2022

Version: 1.0

Overview

Overall students struggled to access the higher levels in the responses on this paper. The majority of students attempted all of the written questions; however a large proportion did not attempt the three quantitative questions, despite having advanced information about the content of the exam paper. There is no evidence that time was an issue.

The majority of students used the information provided in the items for sections B and C reasonably well to support their answers. However, for the extended response questions many students just copied the context from the item and did not fully integrate this into their answer; this meant that responses were very generic with limited chains of argument which placed them in level 2.

The extended response questions mostly achieved level 2. Many students demonstrated good knowledge and understanding of the different areas of the specification. However, detailed analysis related to the context was rare. Students could adequately describe advantages and disadvantages of the business topics but supported judgement was often lacking. Too often, conclusions simply repeated the previous points made and/or did not make a clear judgement.

Students need to be encouraged to read the question carefully and pay attention to the information in the stem. There were misunderstandings on questions 2.3 and 2.5 that could have been avoided if students had done this.

The quality of handwriting and written communication appeared to be worse than in previous series. Students must try to ensure their responses are legible. There were a high number of responses that used additional pages, particularly for questions 2.3, 2.6 and 3.6. Often this additional writing did not add anything of value to the initial answer. The best responses were planned out and therefore clearly focused on the demands of the question without the need for additional pages.

Question 1.1

Although over half of the students did correctly select money owed to suppliers, the rest of the responses were split between the other three options indicating a lack of understanding of this financial term.

Question 1.2

Most students correctly selected higher cost of supplies.

Question 1.3

Most students correctly selected customer opinions on a product.

Question 1.4

Most students correctly selected rent received. However, a large proportion chose bank loan repayment or wages.

Question 1.5

Most students correctly selected retained profit.

Question 1.6

This question was very well answered. Most students correctly selected decline.

Question 1.7

Many students did not know what organic growth was and a high percentage were not awarded any marks. The most popular responses were opening new stores and franchising.

Question 1.8

A significant number of students did not attempt this question. Many students confused PR with sales promotion and market research. Many students gave methods of advertising, free samples, discounts and surveys as answers. Some students also confused PR with ethical and environmental behaviour. Social media and news articles were the most popular types of PR activity given as correct answers.

Question 1.9

A well-answered question, where students were able to identify a reason for conducting market research and provide a development of this reason, therefore gaining both marks available. Most answers were focused on identifying the target market to develop products that meet customer needs.

Question 1.10

Students who understood economic influences did well, getting full marks. The majority of students wrote about the changes in interest rates or employment.

Question 1.11

Less than half of the students were able to achieve two marks for this question. A high percentage did not attempt it. Many students did not know that brackets around a number indicated that it was negative. Some students lost an OFR mark by not subtracting 375 from their own opening balance for August, even if it was incorrect.

Question 1.12

This question was well attempted and it was pleasing to see so few blank responses. Most students gave two points and attempted to explain them.

Many students identified 'apply for loans' and 'set objectives' as reasons for creating a business plan. Some students lost marks when they failed to explain the reason and just described what it was. For example, that a loan can be used to allow a business to grow, rather than how the business plan will show the bank that the business has considered income and costs.

Section B

Question 2.1

Most candidates are not confident with the concept of fixed costs, achieving only one of the two marks available. Rent was the most popular answer given. Many students identified wages as a fixed cost and some students gave both salaries and wages as two options. Employee pay and labour were too vague and were not awarded marks.

Question 2.2

A high percentage of students did not attempt this question indicating a lack of confidence with quantitative skills. Around a quarter of students achieved full marks. Students need to state the formula and then complete the calculation. Some students did not read the question correctly and calculated the net profit margin for 2020 instead of 2019. Others calculated the net profit margin for 2019 correctly, but did not calculate the change, therefore losing the final mark. A small number of students stated the correct formula but then did not use this to calculate the net profit margin.

Question 2.3

The majority of students attempted this question;however most marks were awarded from within levels 1 and 2. Students clearly understood what sponsorship was; however some failed to answer the question and gave benefits of sponsorship for the business rather than evaluating the use of the overdraft.

Most students using the context in their response discussed the 12% interest rate, possibly as this was in the stem of the question. However there was a lack of understanding here with some believing that if interest rates increased this would save the business money. Students did identify that some of the overdraft had already been used, and that further funds would be needed if the team were successful in the championship, but then failed to develop this further. Very few responses included accurate interpretation of the financial data. Those that did attempt this either calculated how much the £65,000 overdraft would cost at a rate of 12%, or the interest for the full year rather than the cost for the planned six months until repayment.

Many students did suggest using the retained profits as an option and discussed the opportunity cost of not being able to go ahead with new product development if Skate4U used this method of finance. A small number of students correctly calculated that the business would still have £72,000 in retained profit if they paid £50,000 for the sponsorship.

Question 2.4

Most students demonstrated a basic understanding of break even and it's importance in covering costs and starting to make a profit. Basic application came from identifying that this would allow Skate4U to set sales targets. At level 2 a sound understanding was demonstrated when students discussed how break even could be used to calculate whether Skate4U could afford to bring the price of scooters down and still cover costs.

There were some misunderstandings of break even and how it can be used by a business. Some students thought that it would stop the business from wasting resources as they only need to produce the amount needed to break even. Others thought it related to the number of scooters that had to be made to supply customers.

There were also some very vague answers with students stating that it would help a business to solve problems or save money.

Question 2.5

Although students demonstrated a strong knowledge of the reasons why promotion would be useful, the level of analysis was weak on this question, therefore many students failed to go beyond level 2.

Popular use of the context included the four existing dominant businesses and that Skate4U were a new entrant into the scooter market. Basic answers discussed entering a new market and needing to make customers aware of the new product. There were a lot of generic chains relating to promotion which prevented students accessing the higher marks. For example, "Skate4U need to promote to raise awareness to get more sales and increase profit".

Some students misinterpreted the context and referred to the signed scooter as Skate4U's own promotion and not one of its competitors. There was also confusion regarding the term market share. Students discussed increasing market share, but as Skate4U do not currently sell scooters it does not have a market share to increase. There was also some misunderstanding of the term promotion. Instead of promotion as a method of advertising, some students thought it meant the promotion of employees within an organisation and discussed this in their answer.

Question 2.6

Students were able to identify the key points from the context and include them within their answers. Many students discussed how the move to a low priced product might affect the image of Skate4U as it is known for high priced skate boards, but detailed analysis was lacking.

Some students did not realise that Skate4U was moving from high quality skateboards to a new product of scooters. Therefore lots of students discussing the move from high quality scooters to low quality ones. Very few candidates addressed the main issues associated with developing a cheaper scooter in a very competitive market.

Section C

Question 3.1

Students understand the concept of a brand image and could identify an advantage, but this was not always supported by a good explanation. Many students explained that a strong brand image would allow a business to 'make more sales' or 'attract more customers'; however this does not directly answer the question.

Some students listed two advantages of a strong brand image instead of explaining one. For example, that a strong brand image would make a business recognisable and memorable for customers.

Question 3.2

A good range of marks was awarded for this question. The most popular response related to costs and this was applied to information from the item through either the purchase price of the new plance or the high fees and taxes at Sibiu airport. Very few students realised that the airline was the only carrier flying to this destination, and as such could charge high prices if it wished.

Question 3.3

This question led to a good range of level 1 and 2 answers. Very few students achieved a mark within Level 3 for this question. There were some very generic answers regarding the buying of shares on the stock exchange and decision making. Few students realised that with 70% of the shares Nadia still has overall control. There was a lot of focus on people buying a large percentage of shares and taking over the company. Many students did not understand about the purchasing of shares and thought that the business lost money if a shareholder withdrew.

The majority of students clearly have a good understanding of business ownership; however this often led to several different disadvantages being briefly discussed, instead of one disadvantage analysed in detail. Students can only be rewarded for one.

Question 3.4

As with the previous quantitative questions a large number of students failed to attempt this question. The calculation of ARR really divided the students. Typically students either knew the formula for ARR and were able to correctly calculate it, or they were unable to achieve any marks. A number of students wrote the formula incorrectly, dividing initial investment by the average return per annum.

Question 3.5

Overall students demonstrated a good understanding of telesales. Most students answered along the lines of cold calling, inconvenience, harassment and potential for scams. It was evident that many students had witnessed or experienced telesales themselves and built this knowledge into their answers. Unfortunately this often meant that they did not apply answers to Skyline so limiting themselves to a mark within level 2. Many students simply copied information from the item without adding anything to it. Again there were lots of generic chains which discussed how unhappy customers would lead to less sales and less profit without any basis in the context.

A number of students mistakenly thought that telesales was advertising on the television. Another issue was not answering the question properly and focussing on a disadvantage of telesales for the customer instead of Skyline.

Question 3.6

Students understood the options of loss leader pricing and sustainability. Therefore the majority of responses did refer to both options. Most answers had clear structures ie paragraph on loss leader, paragraph on sustainability and then a conclusion. There was not a wide range of responses as seen in previous series and students struggled to access the full mark range. The majority of responses demonstrated sound analysis and evaluation, achieving a mark within level 2.

Although data was correctly identified from the item, many statements were just copied from the item and failed to refer to how this could affect Skyline. Some students focussed on one option more than the other rather than writing a balanced argument for each which is required at level 3.

There was some confusion around what loss leader meant and students remarked that this pricing strategy would enable Skyline to cover costs or increase profit which is incorrect. Detailed responses discussed how Skyline aimed to cover costs by charging extra for luggage and seats

and the impact this would have. In terms of sustainability, most students commented that customers are becoming more aware of the environmental impact of travel and that this could provide Skyline with a USP. Level 3 responses understood that a 1% donation may not be enough to entice new customers and that to cover this Skyline may have to increase prices.

Strong judgements discussed how loss leader may be successful in attracting customers but could not be adopted as a long term strategy, and that customer satisfaction would decrease once single use plastic was removed. Far too often students simply repeated the points they had already made in their conclusions and did not fully justify their judgement. There was some attempt made to link each option to the impact on profit. However this was usually superficial and just added to the end of a paragraph. Very few students linked their points to the impact this would have on the functional areas of the business.

There were a large number of students who used additional pages to continue their response once the space given in the booklet was full. This indicates that timing did not appear to be an issue for this question. However, this additional writing was mostly descriptive and often did not add anything to the response.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the Results Statistics page of the AQA Website.