
GCSE **BUSINESS**

8132/2 Influences of marketing and finance on business activity
Report on the Examination

8132/2
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Overview

The majority of students accessed the data provided in the items for sections B and C reasonably well to support their answers. However just copying lots of information from the item is not enough, and students need to apply their knowledge and understanding to the context as well as providing analysis. Even when students were confident with the topic area, they often failed to apply their knowledge to the case study business. For example, on question 2.3 which focussed on social media, many students just gave lots of generic advantages and disadvantages.

The quality of handwriting and written communication was slightly better than previous years but for some students the handwriting was still so poor it was almost impossible to read. The majority did manage to stay within the allocated space for each answer, except for question 3.7 which had a large number of additional pages.

Students need to be encouraged to plan out the longer answers as many wrote three or four pages repeating themselves several times and as such did not gain any extra marks. For extended responses that require a judgement to be made, students tended to make a simple decision but failed to support this with a valid argument.

Students must read the items and questions carefully, including the stem. There were several instances where students failed to recognise important information or misunderstood and answered the question incorrectly. For example, question 3.7 states that both options will cost the same to develop and question 2.7 is asking whether a bank loan should be used, not the impact of using the bank loan to purchase new equipment.

It was rare to see responses which fulfilled the criteria required for Level 3 and 4 in the extended response questions. At best answers usually managed to get to the top of L2 as the chain of analysis was not sufficiently developed to fulfil the requirements of detailed analysis.

Section A

Question 1.1

Most students correctly selected interview as a method of secondary market research.

Question 1.2

Most students correctly selected segmentation.

Question 1.3

Most students correctly selected Government grant as the correct source of finance.

Question 1.4

Over half of the students selected the correct formula. However, the rest of the responses were split between the other three options, indicating a lack of understanding of margin of safety.

Question 1.5

This question was very well answered. Most students correctly selected private limited company.

Question 1.6

Most students correctly selected that an advantage of trade credit was access to supplies without having to pay immediately. However, a large proportion thought that the money did not need to be paid back.

Question 1.7

A high proportion of students failed to achieve two marks for this question. Many students confused the promotional mix with the marketing mix and identified price and place as factors which were incorrect.

Question 1.8

Almost half of the students failed to achieve any marks for this question. Many students discussed stakeholders in general, rather than identifying one specific stakeholder group. Some students missed the fact that it had to be a different stakeholder group, and answered in respect of shareholders. Students achieving two marks tended to discuss the conflict between shareholders and customers or employees.

Question 1.9

This question was completed quite poorly, with many students not answering the question correctly. Instead of focussing on a problem when producing a business plan, many students gave examples of what could be wrong within the plan, for example not having accurate financial information to show the bank.

Some students were very vague in their answers, using cost or expenses as their answer and this was not awardable. However, there were some good responses from students who linked aims and objectives to the current economic situation and how a business plan would need to be adapted.

Question 1.10

This was a well-answered question with the majority of students achieving two marks and clearly understanding the term “environmentally friendly”. The benefits given most frequently were an increase in reputation and competitive advantage. However, some of the explanations were weak and some gave two benefits, instead of explaining one.

Question 1.11

This question was answered incorrectly by most students. It was clear that students did not understand the difference between gross and net profit, with the majority taking both cost of goods and expenses away from the revenue. A high proportion of students also failed to complete the second part of the calculation and stated the answer was £810 instead of using this to calculate the gross profit margin.

Question 1.12

The majority of students could identify pricing methods and explain them very well. Almost half of the students attempting this question achieved full marks. The most popular responses were price penetration and price skimming. Some students confused these methods and gave the opposite explanations which was unfortunate. There were also a number of students who incorrectly identified and explained promotional strategies, such as discounts and BOGOF.

Section B**Question 2.1**

Generally, this question was well answered by many students, but some did describe a sole trader instead of an entrepreneur. The majority of students understood that an entrepreneur was involved with setting up/owning or running a business. Many students were able to identify a characteristics of an entrepreneur to achieve both marks.

Question 2.2

Although there was good understanding of the benefits of being a sole trader, a very small number of students achieved level 3. Students tended to rewrite the context given but did not develop their answers to explain the benefit to Debbie. There were also some very generic answers that failed to access the higher levels. Many students offered more than one benefit which does not address the question.

There was lots of description around the hours of work and how Debbie would be able to spend more time with her family, but not what benefit that would be to her as a sole trader. Some answers did show sound analysis by relating the purchase of a car to the benefit of keeping all the profit.

Question 2.3

As the majority of students have strong knowledge of social media this question was well attempted; however, most marks were awarded from within levels 1 and 2. Many students simply identified the benefits of using social media rather than whether Debbie should continue to use it to promote ODP.

When explaining the positives of social media, most responses discussed how social media would be free for Debbie and that it would generate more customers due to its coverage. However, the majority of students missed the fact that a national customer base would not appeal to Debbie as she does not want to travel, and that she changed jobs to spend more time with her family. Attracting customers nationally or from overseas was mentioned many times, as were alternative

forms of advertising that Debbie could use, such as a TV advert. Both of these are unrealistic for ODP given the information in item A.

Where a counterargument was given students tended to focus on the use of the messenger function, and how time consuming this was for Debbie. The strongest answers went on to explain the impact this would have on this spending time with her family, and how not replying could lead to negative reviews. There were lots of answers which assumed around 'old' people are not able to use social media which is just not true!

Question 2.4

A very high number of students failed to achieve this mark. Although students seemed to understand the term 'asset', they usually identified a fixed asset instead of a current asset. The majority of responses were buildings, equipment and machinery.

Many students incorrectly thought the response had to relate to ODP and suggested camera equipment. The most common correct answers were cash and stock.

Question 2.5

Students demonstrated a good understanding of the term "unique selling point" and were able to explain why this is important to a business. The most popular response was that a USP would allow a business to be different to competitors and this would encourage customers to buy from them rather than a competitor.

Question 2.6

This was the best performing of all the calculation questions on the paper. Over half of the students attempting this question achieved all four marks. The majority of students showed their full working out. This is to be commended as it allowed marks to be awarded even if the final answer was incorrect.

The most common mistake was only calculating the profit per wedding, and not multiplying this by two for the profit per week. Most students were able to calculate the profit per session, so achieved one mark for showing £120. Students did not always complete the final step of dividing the profit per week by the profit per session to gain full marks.

Question 2.7

This question generated very generic answers regarding the use of a bank loan. This resulted in the majority of responses being judged as basic in terms of analysis and evaluation. Many answers were a rewrite of item B and conclusions lacked justification. Many students simply stated "I recommend that Debbie gets the loan" or simply repeated the previous points with no additional insight. A large number of students misinterpreted the question and focussed on how the equipment bought with the bank loan will help Debbie to improve ODP, instead of the advantages and disadvantages of the source of finance.

Popular use of the context to support the bank loan included that interest rates are currently low and that Debbie could repay the money over five years. There was a lack of understanding about

the fixed instalments, or this information was missed. Many students did not understand that a change in interest rates would not affect the loan repayment. Others thought that Debbie had five years to repay the loan and could pay it off whenever she liked within this time frame.

More analytical answers discussed how Debbie could gain advice and support from the bank when applying for the loan, and that this could be helpful to her as a new business owner and sole trader.

The main drawback discussed was Debbie having to use her home as security for the loan as this was in the stem of the question. Students clearly understood that this could have an impact on her family and may be too big a risk for her to take. Good answers recognised that Debbie has unpredictable revenue, and may struggle to make the repayments whilst she develops her new family photography service.

An alternative source of finance for Debbie, borrowing the money from her friend, was explained in the item. Some students did compare the different time scales for repayment, but in general the data was not used well. A few students used the financial data from the item to support their judgement that Debbie could struggle to repay the loan from her friend in six months, especially with only two wedding bookings per week and no cashflow forecast for family photography.

Section C

Question 3.1

Overall students did well on this question with a range of responses given. The main issue was when students failed to read the question and gave profit as an answer, which could not be awarded.

Question 3.2

Students struggled to explain the role of the wholesaler in this context. Many students recognised that Cornets Ltd would be only delivering to one outlet rather than 50, but did not explain how this could help the business, such as reducing the costs of delivery and the time needed. Some students incorrectly thought it was Emilios selling products through the wholesaler.

Question 3.3

Marks for this question were mainly from within level 1. Most students commented on the cost of the free samples and the effect this could have on profits, so only basic analysis and application was demonstrated. Some students wrote about the queues in the shop, but did not relate this to the free samples and instead made very general comments about customers leaving bad reviews.

Question 3.4

This was a well attempted question. The majority of students successfully identified the percentage of vegans as 8% and were able to multiply the UK population by this to achieve one mark. The second mark was not achieved if students did not give the final answer to two decimal places with

an indication of millions. Many students did not achieve the second mark because they failed to do this.

Question 3.5

A high proportion of students did not attempt this question. Of those that did, most achieved either all five marks or zero, demonstrating that students either know how to calculate ARR or they don't. Very few were able to achieve some of the marks.

Common errors included subtracting the cost of the equipment from the additional profit and failing to divide the additional profit by the estimated lifetime to calculate the average return per annum. Some students did calculate the correct final figure, but did not show the correct formula, usually forgetting to add 'x 100'.

Question 3.6

Overall students demonstrated a good understanding of how to reduce costs. Most students answered along the lines of changing suppliers or stopping the cleaning company. The better developed answers identified that Emilios wants to maintain standards in the stem of the question, and were able to analyse the impact of their chosen action on this for Emilios.

Level 2 responses recognised that the cleaning company is a fixed cost, and some days there might not be much cleaning to do on morning. Level 3 responses analysed the impact of using existing staff to clean Emilios and discussed the possible need for training and additional payment.

Some students referred back to item C and discussed how Emilios could stop giving out free samples to reduce costs and this was acceptable as a response.

There was some misunderstanding of the question. Instead of reducing costs, a minority of students focussed on increasing sales and/or profit and discussed how Emilios could use discounts and special offers.

Question 3.7

Students understood the options of new product development and internal growth. The majority of responses did refer to both options. Most answers had a clear structure with paragraphs on the restaurant option, paragraphs on the new store option and then a conclusion. Most students did attempt to write a balanced argument, which is an improvement on the previous series.

However, students struggled to provide answers that were detailed or developed. The majority of responses demonstrated sound analysis and evaluation, therefore achieving a mark within level 2.

The majority of students took the data from the item, but did not analyse the impact on sales revenue for Emilios. Many responses were just a series of statements copied from the item. For example, students stated that there are 8 restaurants in different locations and that they will put the logo onto the menu, but did not explain how this would enable Emilios to increase revenue. Many students referred to the risks of the new store but failed to explain what these risks were.

Students should be encouraged to select fewer advantages and disadvantages and provide detailed chains of analysis for these, rather than packing in as much data from the item as possible with little evaluation.

A high number of students neglected the information in the stem that said, 'Both options will cost the same to set up', and discussed the cost implications of developing each option.

Once again there were a large number of students who used additional pages to continue their response to this question. There were very few instances where this additional writing added anything to the response as it tended to be mainly descriptive.

Strong conclusions discussed that an increase in revenue may not lead to a profit increase if long term costs are high. For example, they considered the benefit of creating new products for a restaurant and not having overheads vs a new store with additional employee and marketing costs.

Some students analysed the impact of existing competition in the town centre and how Emilios might have to lower prices to attract customers which would have an impact on revenue. The fact that the restaurant wants to have a two week trial period was often used by students wanting to justify their choice of opening a new store. However, overall conclusions were weak with students repeating the points they had already made and not fully justifying their final judgement.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.