



GCE AS MARKING SCHEME

SUMMER 2022

**AS (NEW)
BUSINESS - UNIT 2
BUSINESS FUNCTIONS
2510U20-1**

INTRODUCTION

This marking scheme was used by WJEC for the 2022 examination. It was finalised after detailed discussion at examiners' conferences by all the examiners involved in the assessment. The conference was held shortly after the paper was taken so that reference could be made to the full range of candidates' responses, with photocopied scripts forming the basis of discussion. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners.

It is hoped that this information will be of assistance to centres but it is recognised at the same time that, without the benefit of participation in the examiners' conference, teachers may have different views on certain matters of detail or interpretation.

WJEC regrets that it cannot enter into any discussion or correspondence about this marking scheme.

GENERAL MARKING GUIDANCE

Positive Marking

It should be remembered that learners are writing under examination conditions and credit should be given for what the learner writes, rather than adopting the approach of penalising him/her for any omissions. It should be possible for a very good response to achieve full marks and a very poor one to achieve zero marks. Marks should not be deducted for a less than perfect answer if it satisfies the criteria of the mark scheme, nor should marks be added as a consolation where they are not merited.

For each question there is a list of indicative content which suggest the range of business concepts, theory, issues and arguments which might be included in learners' answers. This is not intended to be exhaustive and learners do not have to include all the indicative content to reach the highest level of the mark scheme.

The level based mark schemes sub-divide the total mark to allocate to individual assessment objectives. These are shown in bands in the mark scheme. For each assessment objective a descriptor will indicate the different skills and qualities at the appropriate level. Learner's responses to questions are assessed against the relevant individual assessment objectives and they may achieve different bands within a single question. A mark will be awarded for each assessment objective targeted in the question and then totalled to give an overall mark for the question.

GCE BUSINESS

UNIT 2 - BUSINESS FUNCTIONS

SUMMER 2022 MARK SCHEME

1 1 Draw a product life cycle diagram for the fidget spinner in the UK for 2017. Accurately label the diagram including the stages of the product life cycle. [5]

AO1 - 2 marks

AO2 - 3 marks

AO1

Award **1** mark for Sales accurately labelled on the vertical axis

Award **1** mark for correct labelling of at least four stages of the product life cycle - Development, Launch/Introduction, Growth, Maturity, Saturation and Decline

AO2

Award **1** mark for correctly labelling January, May and September on the Time axis

Award **1** mark for showing Sales reaching a peak in May

Award **1** mark for a curve showing steep Growth and Decline stage at correct months

1 2 State what is meant by the term extension strategy. Suggest a suitable example for fidget spinners. [2]

AO1 - 1 mark

AO2 - 1 mark

Award **1** mark for correct definition

Award **1** mark for application to fidget spinners

Indicative content:

An extension strategy is employed to prolong the life cycle of a product

Examples include:

Variations on the colours

Special features e.g. glow in the dark

Variations on the shapes e.g. fidget cubes

Price reduction

Advertising

Accept any other valid answer.

1 3 Analyse why the product life cycle of the fidget spinner differs from other products.			[5]
Band	AO2	AO3	
	2 marks	3 marks	
3		3 marks Excellent analysis of why the product life cycle of the fidget spinner differs to other products	
2	2 marks Good application to fidget spinners Direct and clear reference to the information in the data	2 marks Good analysis of why the product life cycle of the fidget spinner differs to other products	
1	1 mark Limited application to fidget spinners Limited reference to the data	1 mark Limited analysis of why the product life cycle of the fidget spinner differs to other products Superficial or generic discussion	
0	0 marks No application to the data	0 marks No analysis attempted	

Indicative content:

Whilst there are many products whose sales do follow the classic shape of the life cycle model, it is not inevitable that this will happen. Not all products follow all five stages of the product life cycle.

- Some products, like the fidget spinner, move quickly through all the stages of the product life cycle. This means that the fidget spinner has a shorter product lifecycle.
- Introduction is short and market saturation was reached in a matter of months. During this time, sales of the fidget spinners became incredibly high as they enjoyed a rapid growth phase due to them being the biggest toy craze of 2017. The fidget spinners dominated the market as their sales accounted for 17% of daily online toy sales.
- But they quickly moved into a decline phase as the toys vanished from school playgrounds as quickly as they had appeared.
- Fad is therefore a factor which results in shorter product life cycles and this is common for products in the children's toy market. Other examples include Furbies, Cabbage Patch dolls, hula hoops, yo-yos, loom bands. These types of products are introduced and die quickly afterwards.
- While some products are introduced and die quickly afterwards like the fidget spinners, others stay in the mature stage for a very long time.
- A well-managed brand could live forever if wise extension strategies are applied. Examples include Coca-Cola, Gillette, Kellogg's Corn Flakes and Cadbury's Dairy Milk which still live on after more than 100 years.
- These types of products with particularly long-life cycles seem to enjoy a maturity phase that lasts for many years.
- Quality and durability of the product itself are important.

Accept any other valid answer.

1 4 Refer to fidget spinners. Outline what is meant by innovation.

[2]

AO1 - 1 mark

AO2 - 1 mark

Award **1** mark for definition of innovation

Award **1** mark for application to fidget spinners

Indicative content:

The commercial exploitation of an invention

The practice of developing new products

The creation of a new product or an improved version of a current product

The fidget spinner was a new product idea to the market which was invented to help individuals with learning difficulties and behaviour issues including Attention Deficit Hyperactivity Disorder (ADHD) in the 1990s

or

when the fidget spinners were commercially available in 2017.

1 5 Use examples. Consider the costs and benefits of research and development (R&D) for a business.

[8]

Band	AO1	AO3	AO4
	2 marks	2 marks	4 marks
3			<p>4 marks</p> <p>Excellent evaluation of the benefits and costs of conducting research and development</p> <p>The evaluation includes most of the key issues with judgements to support the evaluation</p> <p>Excellent use of at least one example</p>
2	<p>2 marks</p> <p>Good knowledge of the benefits and costs of conducting research and development</p>	<p>2 marks</p> <p>Good analysis of the benefits and costs of conducting research and development</p> <p>The analysis is fully balanced, detailed and developed</p> <p>The analysis includes reference to at least one example</p>	<p>2-3 marks</p> <p>A good well-reasoned evaluation of the benefits and costs of conducting research and development</p> <p>Evaluation is likely to include judgements</p> <p>The evaluation includes reference to at least one example</p>
1	<p>1 mark</p> <p>Limited knowledge of the benefits and/or costs of conducting research and development</p>	<p>1 mark</p> <p>Limited analysis of the benefits and/or costs of conducting research and development</p> <p>Superficial or generic discussion</p>	<p>1 mark</p> <p>Limited evaluation of the benefits and/or costs of conducting research and development</p> <p>Supporting comments lack depth</p>
0	<p>0 marks</p> <p>No knowledge demonstrated</p>	<p>0 marks</p> <p>No analysis demonstrated</p>	<p>0 marks</p> <p>No evaluation demonstrated</p>

Indicative content:

Research and development involves the identification of new ideas and turning them into products, services and processes.

Research is the inquiry into, and discovery of, new ideas.

Development is the process which changes ideas that result from the research process into commercially viable products or processes.

Benefits:

- **Solving problems:** Some R&D is designed to solve problems. For example, in the pharmaceuticals industry most R&D is aimed at developing new drugs and medicines to cure diseases, save or prolong life and reduce human suffering.
- **Improving quality:** It is possible to improve the quality of existing products through R&D. In the motor industry, a lot of R&D is aimed at improving the safety of cars by improving braking systems for example. Or enhancing the performance of cars by developing new technology. Improving quality is also a means of extending the life cycle of products.
- **Developing new products:** One of the main reasons why businesses invest in R&D is to extend their product range or replace products that have come to the end of their life cycle. For example, the development of laptop computers helped to increase the range of products offered by the computer industry.
- **Reducing costs:** The purpose of some R&D is to find cheaper ways of doing things. A great deal of innovation has focused on the machinery used by businesses. New technology in production and other areas of business has helped to lower costs. For example, the development of robots has reduced labour costs in factories.
- **Developing new materials:** Some R&D is designed to develop new materials. Synthetic materials have helped to reduce the use of natural resources. New materials often have features and characteristics which make them better than natural ones. They might be more durable, heat resistant, cheaper or lighter. In addition, the development of new materials often results in the creation of new products.
- **Reducing environmental damage:** An increasing amount of R&D has been directed at measures to help reduce the damage done to the environment. For example, some businesses are trying to find new ways of reducing energy consumption, cutting toxic emissions and recycling materials.
- **Competitive edge:** R&D leads to the development of new products. Businesses which are able to develop new products ahead of their rivals will enjoy a competitive advantage in the market. If they can obtain a patent, they will be able to sell the product without competition from other businesses for a period of time. During this time, they may be able to raise prices and make higher profits. Examples of businesses benefiting from new products include Dyson, the bagless vacuum cleaner manufacturer.
- **Improved working conditions:** In some industries, such as mechanical and electrical engineering, research projects are designed to develop new types of machines. Computer controlled machines, for example, have been introduced into many component and textile manufacturers and assembly plants. New technology is capable of cutting costs and raising productivity. In addition, new machinery is often safer, cleaner and more ergonomically designed. This helps to make the working environment better for employees.
- **Image:** It is often argued that expenditure on R&D helps to enhance a business's image. Consumers may be impressed by businesses which are committed to R&D. This is because consumers themselves appreciate the benefits of R&D and often recognise that such expenditure is risky. Also, breakthrough in R&D can be highly prestigious. For example, a pharmaceuticals company developing an effective vaccination to combat a disease would receive a huge amount of positive publicity and recognition.

- **Motivation:** Investment in R&D creates opportunities for creativity and invention. Many employment positions in the R&D department will help staff to satisfy their higher order needs, such as self-esteem and self-actualisation. A successful R&D department might also generate a mood of optimism and anticipation in the organisation. This is likely to have a positive effect on the motivation of staff.
- **Consumer benefits:** Consumers enjoy an increasing variety of goods and services as new products come onto the market. They are likely to pay lower prices for products because new technology lowers costs. They may also enjoy better quality products resulting from higher grade materials and more effective production methods. New medicines and drugs will improve health.

Costs:

- R&D is often a highly **expensive** business activity. For example, in the pharmaceuticals industry, it can cost up to £1 billion to bring a single new product to the market.
- Allocating resources to R&D is extremely **risky**. Expenditure on R&D does not guarantee new products. Quite often money spent on R&D is wasted. For example, in the pharmaceuticals industry, many of the drugs invented do not reach the market. Trials may be carried out to see whether the drugs have the intended effect and if they have any serious side effects. If drugs fail the trial process, they cannot be marketed.
- Setting a budget for R&D is also fraught with **uncertainty**. R&D departments often spend more than they are allocated because the cost of a scientific research project may be difficult to estimate accurately. Also, during an R&D project, there may be unforeseen spending and some R&D programmes run for many years.
- Businesses may have to **raise funds externally** to finance R&D projects which may incur further costs.
- Obtaining a patent can reduce risks but this can be a **lengthy process**.

The amount of money allocated to R&D by different businesses varies greatly and may depend on many factors. It is common for businesses to vary their investment according to the funds available in any year. If profits fall for a period of time, R&D spending might fall. Certain industries, such as pharmaceuticals, chemicals, motor cars, technology and defence, tend to have high levels of spending on R&D. Larger public limited companies tend to be more committed to R&D. Some businesses are committed to high levels of R&D spending because it is part of their corporate objectives and culture. In some industries, businesses are forced to invest in R&D to compete. Businesses are more likely to invest in R&D when the economy is booming.

Accept any other valid answer.

2 1 Calculate Tesco plc's net profit for 2017. (Show your workings.)**[2]**

AO1 - 1 mark

AO2 - 1 mark

Award 1 mark for knowledge of the formula

Net Profit = Gross Profit - Expenses

Award 1 mark for calculation

Net Profit = (55 917 - 51 579) - 3 321

Net Profit = 4 338 - 3 321 = 1 017

Answer = £1017m

2 2 Calculate the net profit margin for Tesco for 2018. (Show your workings.)**[2]**

AO1 - 1 mark

AO2 - 1 mark

Award 1 mark for knowledge of the formula

Net Profit Margin = $\frac{\text{Net profit}}{\text{Sales turnover}} \times 100$

Award 1 mark for correct calculation

 $\frac{1068}{57491} \times 100 = 1.9\%, 1.86\%, 1.858\%, 1.8576820719764\%$

2 3 Analyse the financial performance of Tesco over the two-year period. [4]		
Band	AO2	AO3
	2 marks	2 marks
2	2 marks Good application to Tesco's financial performance	2 marks Good analysis of the data The analysis is fully balanced, detailed and developed in context
1	1 mark Limited application to Tesco's financial performance	1 mark Limited analysis of the data Superficial or generic discussion
0	0 marks No application attempted	0 marks No analysis attempted

Indicative content:

Tesco's turnover has increased from £55 917m in 2017 to £57 491m in 2018 which is a 2.81% percentage increase.

Tesco's cost of sales has increased from £51 579m in 2017 to £53 011m in 2018 which is a 2.78% percentage increase.

Tesco's gross profit has increased from £4 338m in 2017 to £4 480m in 2018 which is a 3.27% percentage increase.

Tesco's expenses have increased from £3 321m in 2017 to £3 412m in 2018 which is a 2.74% percentage increase.

Tesco's net profit has increased from £1 017m in 2017 to £1 068m in 2018 which a 5.01% percentage increase.

Tesco's GPM is 7.76% and NPM is 1.82% in 2017.

In 2018, Tesco's GPM is 7.79% and NPM is 1.86%.

Tesco's GPM has increased minimally between 2017 and 2018. GPMs vary in different industries but supermarkets generally have lower GPMs as they have a fast stock turnover. Cost of sales are a large proportion of Tesco's overall costs. Even though sales revenue has increased by 2.81% which is encouraging, cost of sales has also increased but by a smaller percentage which has increased gross profit by 3.27%. This reflects Tesco's ability to benefit from economies of scale.

Tesco's NPM is lower which reflects Tesco's overheads. Their NPM seems low but this is common in the supermarket industry. The NPM has increased very slightly between 2017 and 2018. As the NPM has improved very slightly over the two years, this suggests that Tesco's financial performance is improving. However, it is difficult to make a judgement without Tesco's financial information from previous years and without information regarding competitors' financial performance.

OFR applies for 2017 Net Profit and 2018 Net Profit Margin

Accept any other valid answer.

2 4 Evaluate two ways in which a business could improve its profit. [6]			
Band	AO1	AO3	AO4
	2 marks	2 marks	2 marks
2	<p>2 marks</p> <p>Good knowledge of ways in which a business could improve its profit</p>	<p>2 marks</p> <p>Good analysis of ways in which a business could improve its profit</p> <p>The analysis is fully balanced, detailed and developed</p>	<p>2 marks</p> <p>A good well-reasoned evaluation of the ways in which a business could improve its profit</p> <p>Evaluation is likely to include judgements</p>
1	<p>1 mark</p> <p>Limited knowledge of a way(s) in which a business could improve its profit</p>	<p>1 mark</p> <p>Limited analysis of a way(s) in which a business could improve its profit</p> <p>Superficial or generic discussion</p>	<p>1 mark</p> <p>Limited evaluation of a way(s) in which a business could improve its profit</p> <p>Supporting comments lack depth</p>
0	<p>0 marks</p> <p>No knowledge demonstrated</p>	<p>0 marks</p> <p>No analysis demonstrated</p>	<p>0 marks</p> <p>No evaluation demonstrated</p>

Indicative content:

Increase the quantity sold as higher sales volumes increases sales turnover assuming that the selling price is not lowered which can result in higher market share. A business could increase its advertising through above the line and below the line methods to attract new customers and maintain loyal customers. However, this depends on the elasticity of demand and the sales value may actually fall if price has to be reduced to achieve higher sales volume. Competitors are likely to respond if they operate in an oligopolistic market where firms are interdependent. This may also actually increase fixed costs such as advertising costs and the promotional campaign may not generate the expected result.

Increase the selling price as a higher price per unit sold increases sales turnover. This will allow a business to maximise value extracted from customers without having to increase quantity sold. However, this depends on the elasticity of demand. Sales value may actually fall if price rise is matched by an even bigger fall in quantity sold but it will work if customers remain loyal and still perceive the products to be good value. Some customers may perceive the product as higher quality with a premium price but other customers may decide to switch to competitors for more competitive prices. Competitors are also likely to respond to an increase in price through lowering their own prices which results in less customers.

Reduce variable costs per unit as this will increase the value added per unit sold resulting in a higher profit margin on each item produced. This increased profit can therefore be achieved without customers having to pay an increased price. This could be successful if suppliers can be persuaded to offer better prices which is very likely if a business purchases in large quantities and therefore benefit from economies of scale. A business could also achieve this decrease in variable costs per unit through adopting lower wastage strategies such as just-in-time stock control. However, lower input costs might mean lower quality inputs and customers may notice a decrease in product quality.

Increase output and orders which provides greater quantity of product to be sold enabling a business to maximise share of market demand. It would allow a business to spread fixed costs over a greater number of units. This strategy would increase profit if the extra output and orders can be sold. This may mean that a business has to find a new market. This could be a dangerous option if the demand is not there and fixed costs may actually rise.

Reduce fixed costs would translate directly into higher profits as the break-even level of output is reduced. A business can nearly always find savings in overhead costs such as labour, advertising, rent or lease, insurance. However, these cuts in fixed costs could affect quality, customer service or sales. If cuts are made to reduce expenditure on advertising, this may lead to less awareness which might reduce its ability to increase sales. There are also intangible costs such as lower morale after making redundancies.

Accept any other valid answer.

2 5 Analyse why workforce planning is so important to large businesses.		[6]
Band	AO1	AO3
	3 marks	3 marks
3	3 marks Excellent understanding of workforce planning and its benefits	3 marks Excellent analysis of the benefits of workforce planning
2	2 marks Good understanding of workforce planning and its benefits	2 marks Good analysis of the benefits of workforce planning
1	1 mark Limited understanding of workforce planning and its benefits Brief understanding demonstrated	1 mark Limited analysis of the benefits of workforce planning Superficial or generic analysis
0	0 marks No understanding of workforce planning and its benefits	0 marks No analysis of the benefits of workforce planning

Indicative content:

- Workforce planning is the process of determining the labour needs of the business now and in the future and then devising a plan to achieve them.
- It is about ensuring that the business has the right number of staff with the right skills to meet the needs and objectives of the organisation now and in the future.

Benefits of workforce planning:

- Workforce planning is vital in helping businesses to **tackle problems** such as staff shortages.
- To ensure **sufficient numbers** are being employed in order that all necessary tasks can be carried out and whether they are part time or full time.
- Helps **to calculate the cost of the workers it will need in the future** and whether they are part time or full time.
- To identify the **skills necessary** for the vacancies they may wish to fill.
- To know when workers will be needed to put **recruitment plans** in place for the future.
- To discover **where workers are needed** if a business has many locations. Which departments/functional areas might they be needed in.
- To identify who may need **training** to improve skills or who can be redeployed to fill gaps where certain skills are necessary.
- Important if business needs to **rationalise** – natural wastage, voluntary redundancy, compulsory redundancy, early retirement – the extent and cost of these.

Accept any other valid answer.

3 1 Calculate the percentage change in UK popcorn sales between 2010 and 2015. [2]

AO2 - 2 marks

Award 1 mark for identifying increase in sales $129\text{m} - 50\text{m} = \text{£}79\text{m}$

Award 1 mark for correct answer

$$\frac{79}{50} \times 100 = 158\% \text{ (increase)}$$

3 2 Outline what is meant by the term *economies of scale*. [2]

AO1 - 2 marks

Award 1 mark for limited definition

Award 2 marks for full definition

Indicative content:

The reduction in (average) costs per unit of production [1] that occur as a business increases its scale of production / as the business grows [1]

3 3 Explain two different types of internal economies of scale. [4]

AO1 - 2 marks

AO3 - 2 marks

Award 1 mark for each correct internal economy of scale identified (max 2 marks)

Award 1 mark for explanation of each internal economy of scale (max 2 marks)

Indicative content:

Purchasing economies of scale – as businesses grow, they increase the size of orders of raw materials or components. This may then result in discounts being given and the cost of each individual component purchased will fall.

Marketing economies of scales – as businesses grow, each pound spent on advertising will have greater benefit for the business. The cost of a marketing campaign will be spread over a greater level of output.

Financial economies of scale – as businesses grow, they will have access to a wider range of finance. As the assets of businesses grow, they are able to offer more security when seeking to borrow money which reduces risk to the lender. Larger businesses can therefore negotiate more favourable rates of interest.

Managerial economies of scale – as businesses grow, they are able to employ specialist managers who know how to get the best value for each pound spent in the business, improving decision making.

Technical economies of scale – as businesses grow, they are able to purchase the latest equipment and incorporate new methods of production. This increases efficiency and productivity, reducing average costs of output.

3 4 Explain two ways Propercorn has added value to its products.

[4]

AO2 - 2 marks

AO3 - 2 marks

Award **1** mark for each valid explanation of how to add value (max 2 marks)

Award **1** mark for each valid application to Propercorn (max 2 marks)

Indicative content:

Healthy: Cassandra noticed that her colleagues were always hit by a mid-afternoon slump and that everyone wanted a snack. She noticed an opportunity for a snack that was tasty and good for you and that popcorn would be a good vehicle to do that.

Gluten free and vegetarian: this emphasises its healthy content and allows Propercorn to differentiate from the competitors.

Packaging design: Propercorn has tapped into the health credentials of popcorn through signposting calorie content on the front of the attractive packaging.

Flavour innovation: the brand now has several flavours of popcorn such as Peanut Butter and Almond popcorn.

Distinctive marketing: from bicycles to branded buses, Propercorn aim to attract the attention of potential customers.

Branding: creating a strong brand name has allowed Propercorn to stand out and target a more upmarket consumer.

Accept any other valid answer.

3 5 Describe one purpose of marketing.

[2]

AO1 - 2 marks

Award **1** mark for identifying one purpose

Award **1** mark for describing the purpose

Indicative content:

Researching the market – gathering and analysing information on consumers' needs and want.

Analysing the market – carrying out an examination of market conditions such as the growth in the market and competitors

Setting marketing goals – long-term strategy and the measurement of performance

Developing a marketing strategy – based on the marketing mix to achieve the marketing objectives

Developing new products – innovative

Designing packaging – differentiate from competitors

Setting a price – suitable for the target market.

Providing potential customers with readily available information – through distinctive advertising

Gain more customers/sales – increase market share and brand loyalty

Accept any other valid answer.

3 6 Discuss the view that Propercorn’s product is the most important element of its marketing mix. [12]

Band	AO2	AO3	AO4
	4 marks	2 marks	6 marks
3	<p>4 marks</p> <p>Excellent application to Propercorn</p> <p>Direct and clear reference to the information in the data</p>		<p>5-6 marks</p> <p>Excellent evaluation of the importance of Propercorn’s product as an element of its marketing mix</p> <p>The evaluation includes most of the key issues with judgements to support the evaluation</p> <p>The evaluation will consider each of the 4Ps</p>
2	<p>2-3 marks</p> <p>Good application to Propercorn</p> <p>Some reference to the information in the data</p>	<p>2 marks</p> <p>Good analysis of the importance of Propercorn’s product as an element of its marketing mix</p> <p>The analysis is fully balanced, detailed and developed</p> <p>The analysis will include at least 3 of the 4Ps</p>	<p>3-4 marks</p> <p>A good well-reasoned evaluation of the importance of Propercorn’s product as an element of its marketing mix</p> <p>Evaluation is likely to include judgements</p> <p>The evaluation will consider at least 3 of the 4Ps</p>
1	<p>1 mark</p> <p>Limited application to Propercorn</p> <p>Limited reference to the data</p>	<p>1 mark</p> <p>Limited analysis of the importance of Propercorn’s product as an element of its marketing mix</p> <p>Superficial or generic discussion</p> <p>The analysis may focus on 1 of the 4Ps</p>	<p>1-2 marks</p> <p>Limited evaluation of the importance of Propercorn’s product as an element of its marketing mix</p> <p>Supporting comments lack depth</p> <p>The evaluation may consider only 1 of the 4Ps</p>
0	<p>0 marks</p> <p>No application to the data</p>	<p>0 marks</p> <p>No analysis demonstrated</p>	<p>0 marks</p> <p>No evaluation demonstrated</p>

Indicative content:

Product:

The nature of Propercorn's products is important to their success because Propercorn has developed flavoured popcorn products in a form that meets customers' needs and can be sold profitably.

Flavour innovation has been important to Propercorn's success including Peanut Butter and Almond and Fiery Worcester Sauce and Sun-Dried Tomato.

The range of products needs to stand out from others in the marketplace so that customers can differentiate them from the products of Propercorn's competitors including Metcalfe's, Tyrrells and Poshcorn.

The products may particularly appeal to consumers who might gain health benefits as their products are gluten-free, vegetarian and have a low-calorie count. They are a snack which provide a healthy alternative to chocolate and crisps.

The fact that the products brand which includes bright coloured packaging gives them a USP.

Unique, attractive packaging has also been an influential factor in boosting sales.

Promotion:

There may, however, be other important aspects to Propercorn's marketing mix.

Cassandra highlights the importance of public relations and promotion of the products thereby increasing customer awareness. The brand has used distinctive advertising.

Propercorn's 'Dress London' campaign was voted "Ad of the Week" in June 2015. Its promotional campaign saw buildings, pavements, phone boxes, bicycles and buses across London decorated in the brand's popcorn print. "We've worked to increase brand awareness, not through repeated slogans or messaging, but through simple, eye-catching visual which reflects our vibrant popcorn brand" said Cassandra Stravrou.

Place:

Effective distribution channels have also been important in gaining extra sales for the business. Propercorn now sells everywhere from cafes to supermarkets. The brand has expanded overseas to 10 countries including Germany and Switzerland

Price:

Propercorn's pricing policy must be suitable for their more upmarket consumer. Propercorn's perceived brand image can allow them to set a premium price. However, Propercorn operate in a crowded market with many emerging brands including Metcalfe's, Tyrrells and Poshcorn who are also keen to tap into the health credentials of popcorn through signposting calorie content on the front of pack. Propercorn must therefore set a competitive price to ensure success.

Competitors' activities need to be watched carefully and reacted to accordingly. Listening to customers' needs via various forms of market research is clearly very important. Businesses which are not customer orientated tend not to be successful as they may waste money on producing products that customers may not want or promoting to those other than their target market.

Accept any other valid answer.

3 7 To what extent do you agree that all businesses should adopt a democratic leadership style? [12]

Band	AO1	AO3	AO4
	3 marks	3 marks	6 marks
3	<p>3 marks</p> <p>Excellent understanding of leadership styles</p> <p>Excellent understanding of the democratic leadership style and at least one other leadership style</p>	<p>3 marks</p> <p>Excellent analysis of leadership styles</p> <p>Excellent analysis of democratic leadership style and at least one other leadership style</p> <p>The analysis is fully balanced, detailed and developed with lines of reasoning</p>	<p>5-6 marks</p> <p>Excellent evaluation of leadership styles</p> <p>Excellent evaluation of democratic leadership style and at least one other leadership style</p> <p>The evaluation includes most of the key issues with judgements to support the evaluation</p>
2	<p>2 marks</p> <p>Good understanding of leadership style(s)</p> <p>Good understanding of democratic leadership style.</p> <p>May include understanding of other leadership styles</p>	<p>2 marks</p> <p>Good analysis of leadership style(s)</p> <p>Good analysis of democratic leadership style</p> <p>May include analysis of other leadership styles</p> <p>The analysis is balanced and developed in context</p>	<p>3-4 marks</p> <p>Good evaluation of leadership style(s)</p> <p>A good well-reasoned evaluation of democratic leadership style</p> <p>May include evaluation of other leadership styles</p> <p>Evaluation is likely to include judgements on choice of leadership style</p>
1	<p>1 mark</p> <p>Limited understanding of leadership style(s)</p> <p>Limited understanding of democratic leadership style and/or another leadership style</p>	<p>1 mark</p> <p>Limited analysis of leadership style(s)</p> <p>Limited analysis of democratic leadership style and/or another leadership style</p> <p>Superficial or generic discussion</p>	<p>1-2 marks</p> <p>Limited evaluation of leadership style(s)</p> <p>Limited evaluation of democratic leadership style and/or another leadership style</p> <p>Supporting comments lack depth</p>
0	<p>0 marks</p> <p>No knowledge of leadership styles</p>	<p>0 marks</p> <p>No analysis demonstrated</p>	<p>0 marks</p> <p>No evaluation demonstrated</p>

Indicative content:

Democratic leadership styles encourage participation by employees in the decision-making process.

- A democratic leader delegates a great deal, discusses issues, acts upon advice and explains the reasons for decisions.
- Democratic leadership means running a business or a department on the basis of decisions agreed among the majority.
- Can be persuasive - leader makes a decision and then persuades others in the organisation that it is a good idea.
- Can be consultative - leader consults others prior to making a decision and takes account of their views.
- Good communication skills are required to lead democratically.

Possible benefits:

- Research suggests that better decisions are made as managers are able to utilise the experience and knowledge of those working in the organisation. They can adopt the ideas of a whole variety of employees.
- Employees involved with the decision-making process are likely to be more highly motivated and are more likely to accept the decisions that are made. Motivated staff are likely to be more productive, have lower absenteeism and be more committed to their work.
- Employees appear to trust democratic leaders and are more willing to volunteer new and creative ideas.

However:

- Democratic decision making may take a lot longer to make as lengthy consultation may take place.
- Democratic leadership may not be helpful if a business were to find itself in a crisis, when swift autocratic decision making may be required.

Benefits/Problems with other management styles:

Autocratic – fast decision making, clear instruction and the decision maker has all the information. However, employees are often dissatisfied with the leaders and cohesion suffers as a result. Motivation tends to be poor. Lack of consultation means that creativity is stifled and good ideas may be passed over.

Paternalistic – paternalistic leaders do tend to have greater concern for the welfare of their employees. However, they do not allow subordinates involvement in decision making.

Laissez-faire – employees carry out activities freely within broad limits which allows skilled workers to be creative. However, there tends to be a lack of guidance and direction. This can result in low productivity as some employees lack the incentive to work hard.

Communication tends to be less structured and the benefits of good communication between employees may be lost.

Bureaucratic – used by the government as it provides set rules and evidence. Employees are clear about how the business runs. However, decision making is stifled by paperwork and excessive checking and re-checking of decisions and outcomes. The leader manages "by the book". Effective if employees performing routine tasks but employees lose interest in their work and only do what is expected of them.

Accept any other valid answer.