



2012 Business Management

Standard Grade – Credit

Finalised Marking Instructions

© Scottish Qualifications Authority 2012

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from SQA's NQ Delivery: Exam Operations Team.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's NQ Delivery: Exam Operations Team may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

**2012 Business Management
Standard Grade – Credit**

QUESTION 1			KU	DM
(a)	(i)	Horizontal	1	
	(ii)	<p>Advantage</p> <ul style="list-style-type: none"> • Increase sales/market share/profits/reduce competition/ more customers. • Acquire assets of NatWest. • NatWest has a strong brand. • Able to enter English market. • Reputation* of one brand will affect the other. (positive) • Less chance of failure. <p>Disadvantage</p> <ul style="list-style-type: none"> • Employees may lose jobs. • Branches may need to close. • Expensive to carry out take over. • Reputation* of one brand will affect the other. (negative) <i>*no flip</i> • Customers/employees may not like/resist change. • May have to take on liabilities of other business. <p>Accept consequential answers from wrong answer in (a) (i).</p>	2	
(b)	(i)	<p>Advantage:</p> <ul style="list-style-type: none"> • 24/7 access to their bank/convenience. • May get better rates online than in branches. <p>Disadvantage:</p> <ul style="list-style-type: none"> • Need to remember passwords etc. • Need skills to be able to use the website. • Security issues/hackers stealing information/money. • Closure of branches means loss of personal contact. • Foreign contact centres may cause communication problems. • Loss of personal contact/unable to speak to someone. 	2	
	(ii)	<ul style="list-style-type: none"> • Keeping customer records up-to-date. • Carefully checking for errors, ensuring data is accurate. • Ensuring that they delete any data that they no longer need. • Taking steps to protect data, security measures (max 2). • Ensuring that no data is transferred outwith the EU. • Allowing customers to see any data that is held on them. • Informing the customers of the purpose of holding data on them. • Appointing a Data Information Officer. • Do not share information with 3rd parties. <p><i>3 suggestions – 3 mark</i></p>		3

			KU	DM
(c)	<ul style="list-style-type: none"> • Less spending due to job losses/less disposable income. • Less convenience for customers. • Closure of local businesses. • Dereliction of area due to closed shops. • Higher unemployment. • Higher crime levels. • Depopulation of area as people move away to find work. <p><i>Accept 2 economic or 2 social factors</i> <i>Ignore if wrongly categorised</i></p>		2	
(d)	(i)	<ul style="list-style-type: none"> • Reduce electricity costs. • Reduce marketing costs. • Reduce phone calls. • Reduce opening hours. • Switch to a cheaper supplier for stationery. • Reduce interest rates given to savers. • Move to cheaper premises. • Reduce over time/reducing hours/change contract. • Restructuring/delaying/outsourcing. 		2
	(ii)	<ul style="list-style-type: none"> • Polite/cheerful/helpful employees. • Reduce queue times. • Longer opening hours. • Answer phone quickly. • Staff Training/Staff bonuses..... linked to better service. • Quality Circles. • Benchmarking. • Customer surveys/questionnaires. • Suggestions boxes in branches. • Good after sales service. 		2

QUESTION 2			KU	DM
(a)	(i)	<ul style="list-style-type: none"> • Development – product has not been launched yet, development of ideas etc. • Introduction – product is launched onto the market, consumer awareness is low, sales are low, high marketing costs, possible losses made. 1st stage. • Growth – sales rise due to product awareness/promotion/demand. Business should be profitable at this stage as initial development costs are covered by high sales revenue. 2nd stage. • Maturity – sales start to level off due to entrance of competition in the market. 3rd stage. • Saturation – sales are level market becomes saturated as everyone who wants product has one, profits start to fall, extension strategies are required to keep sales level. 3rd/4th stage. • Decline – sales start to fall as product starts to fall out of fashion. 4th/5th/final stage. • Obsolescence – sales stop as product is removed from the market. final stage. <p><i>ID of stage – 1 mark</i> <i>Adequate description of stage – 1 mark</i></p>	4	
	(ii)	<ul style="list-style-type: none"> • Product strategies – add more features, re-design, range of colours etc. <i>Justification</i> – makes product more attractive, updates image, and stands out from rival products. • Price strategies – lower price to widen range of market, increase price to make product more exclusive. <i>Justification</i> – customers attracted to lower prices/value for money or customers attracted to image of a high price product. <p><i>Accept any 2 suitable strategies – 2 marks</i> <i>Adequate and different justifications – 2 marks</i></p> <p>Max 2 marks for product strategies and max 2 for price strategies.</p>		4

		KU	DM
(b)	<ul style="list-style-type: none"> • Increase sales/market share/profits – accept only 1. • Greater brand recognition. • Avoid trade barriers. • Cater to local needs. • Economies of Scale. • Receive incentives from governments. • Locate in cheaper locations. 	2	
(c)	<ul style="list-style-type: none"> • Political – government policies and laws which affect the business, for example Health & Safety, Employment Laws etc. • Economic – the state of the economy, eg Boom/Recession, inflation, interest rates, exchange rates etc. • Social – social trends such as ageing population, migration, health, green issues etc. • Technology – effect of changes in technology on business, increasing use of mobile internet technology, software updates etc. • Environmental – effect of pressures on environmental issues on the business/Weather/Distribution delays. • Accept reference to problems with Suppliers. (no ID mark) <p><i>ID of factor x 2 – 2 marks</i> <i>Adequate description of factor x 2 – 2 marks</i></p> <p>Must give PESTEC word for ID mark. Only give description mark for supplier.</p>	4	

	KU	DM
<p>(d) Appropriate promotion strategy for the following Sony products. A different strategy and justification must be given for each product:</p> <ul style="list-style-type: none"> • Sony PSP hand-held game console. • Sony camcorder. • Sony-Ericsson mobile phone. <p>Candidates may choose from the following promotion strategies:</p> <ul style="list-style-type: none"> • TV advertising – wide audience reached, able to target specific market segments through TV channels, audio-visual images can give lots of information, and catchy theme tunes/music can be used. • Radio advertising – research shows it is a highly effective form of advertising, cheaper than TV advertising, catchy tunes/music can be used, can target specific market segments through radio stations. • Newspaper/magazine advertising – images can be used to show products, lots of information can be printed, specific markets can be targeted through choice of paper/magazine. • Outdoor media/billboards/transport – large images can be shown, can be placed to attract target market segments eg sports stadiums. • Sony’s website – using own website can give lots of information on products, global audience reached, customers can register and data can be saved, products can be sold online. • Pop-ups/advertising on other websites – Sony can reach a global audience, target specific market segments through choice of websites. • Sales promotions (BOGOF, free features, 25% discount, competitions etc) – can persuade customers to buy in order to get better value for money – accept different sales promotions. • Celebrity/Product Endorsement – consumers want to be like the celebrity so will purchase products. • Trade Events – reach specific target market/consumers can see and try out the products. <p>Max 1 form of 'Advertising' Promotion – only one ID mark but can gain different justification marks.</p>		6

QUESTION 3		KU	DM
(a)	<ul style="list-style-type: none"> • Private Sector – organisations owned by private individuals for purpose of making profits. • Public Sector – organisations run by the government for the purpose of providing essential goods/services to the public. Not profit making/aim to break even. 	4	
(b)	<p>Children's 1st aims:</p> <ul style="list-style-type: none"> • Listen to children. • Support children. • Support families. • Raise funds. • Lobby government to change laws. <p>Business aims:</p> <ul style="list-style-type: none"> • Maximise sales/profits. • Wide range of products/services. • Increase quality. • Increase market share/be market leader. 	2	
(c)	<ul style="list-style-type: none"> • Job satisfaction. • Social aspect – get to meet people. • Want to help children. • Personal interest in the cause. • Gain experience/positive reference for CV. 		1
(d)	<ul style="list-style-type: none"> • Lack of money available for advertising. • Lack of people with skills required. • No/low pay reduces demand for work. • No time for managers to interview. • Working conditions may not be appealing to volunteers. • Low public awareness of the charity. • No funds to provide training for volunteers. • Distressing/stressful work. • Accept "Does not pay wages"/Low wages. 		2

QUESTION 4			KU	DM
(a)	(i)	<ul style="list-style-type: none"> • Sales Manager. 		1
	(ii)	<ul style="list-style-type: none"> • Sales Manager, Finance Manager, Purchases Manager, HR Manager. 		2
(b)	<p>Role of Manager:</p> <ul style="list-style-type: none"> • Planning. • Organising. • Co-ordinating. • Controlling. • Commanding. • Decision making. • Motivating. <p>OR accept generic management duties/tasks. Max 2 for a list.</p>		4	
(c)	<ul style="list-style-type: none"> • Price. • Quality. • Reliability/Deliver on Time/Close to factory. • Reputation. • Quantities. • Credit terms. • Free delivery. • Discount for bulk buying. <p><i>Candidates must describe, not list criteria. Max 1 for list.</i></p>		2	
(d)	<ul style="list-style-type: none"> • Quality circles – employees involved in production get together to discuss quality issues and how to make improvements to products/services. • Benchmarking – a perfect example of product/service is produced which business works towards or an industry example is chosen to try to emulate. Accept reference to Quality Standards as a benchmarking system. 		2	

QUESTION 5		KU	DM
(a)	<ul style="list-style-type: none"> • Surveys/questionnaires (Accept different methods – eg Telephone, Postal, and Online). • Interviews (Accept different methods – eg face-to-face, telephone). • Consumer Panels/Focus Groups. • Observation. • Hall Test. <p><i>3 x suggestions – 3 marks</i></p>		3
(b)	<ul style="list-style-type: none"> • Plan/Predict spending. • Avoid cash flow problems/failure/forecast/predict any problems. • To show to Bank Manager when applying for a loan. • To enable managers to set targets. 	2	
(c)	<ul style="list-style-type: none"> • Debtors taking too long to pay. • Creditors reducing credit period. • Expenses costs too high (max 1 for expenses). • Sales falling. • Poor planning/estimating. • Failing to take account of External Factors. • Drawings too high. • Purchasing items all at once rather than paying in instalments. <p><i>3 x suggestions – 3 marks</i></p>		3
(d)	(i) <ul style="list-style-type: none"> • Common currency – Euro. • Free trade between countries. • Free movement of labour. • Greater brand recognition. • Increased sales/profits/market share – only 1. • Opportunities for cheaper suppliers. 	2	
	(ii) <ul style="list-style-type: none"> • Other entrepreneurs – give advice on starting up problems etc. • Bank – can give advice on finance. • Chamber of Commerce – can give advice on local business environment. • Business websites – advice on all areas of business start up, easy to access 24/7. • Business Gateway – help in preparing business plan, access to funding etc. • Venture Capitalist/Business Angel – experienced in business, know market conditions etc. • Friends/Family – may have experience in business/may help with workload. <p>Accept 'Internet Websites' without specifying eg Business Gateway.</p>		2

		KU	DM
(e)	<p>Internal Information:</p> <ul style="list-style-type: none"> • Sales reports. • Stock records. • Production levels. • Quality Control Information. • Quality Circle Information. • Employee appraisals. • Cash Budgets. • Profit & Loss. • Balance Sheet. • Customer Feedback (accept as external). • Notice boards. • Newsletters. • Intranet. <p>External Information:</p> <ul style="list-style-type: none"> • Competitor sales/Profits/Market share. • Market Research. • Government statistics/Data. • Websites. • Media – TV, newspapers etc. <p><i>2 examples of Internal Information – 2 marks</i> <i>2 examples of External Information – 2 marks</i></p>		4

[END OF MARKING INSTRUCTIONS]