



*Rewarding Learning*

**ADVANCED SUBSIDIARY (AS)  
General Certificate of Education  
2025**

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**Business Studies**  
Assessment Unit AS 2  
*assessing*  
Growing the Business  
**[SBU21]**

**THURSDAY 22 MAY, AFTERNOON**

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**MARK  
SCHEME**

## **General Marking Instructions**

### ***Introduction***

The main purpose of the mark scheme is to ensure that examinations are marked accurately, consistently and fairly. The mark scheme provides examiners with an indication of the nature and range of candidates' responses likely to be worthy of credit. It also sets out the criteria which they should apply in allocating marks to candidates' responses.

### ***Assessment objectives***

Below are the assessment objectives for GCE Business Studies.

Candidates should be able to:

- AO1** Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
- AO2** Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3** Analyse issues within a business, showing an understanding of the impact on individuals and organisations of external and internal influences.
- AO4** Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

### ***Quality of candidates' responses***

In marking the examination papers, examiners should be looking for a quality of response reflecting the level of maturity which may reasonably be expected of a 17 or 18-year-old which is the age at which the majority of candidates sit their GCE examinations.

### ***Flexibility in marking***

Mark schemes are not intended to be totally prescriptive. No mark scheme can cover all the responses which candidates may produce. In the event of unanticipated answers, examiners are expected to use their professional judgement to assess the validity of answers. If an answer is particularly problematic, then examiners should seek the guidance of the Supervising Examiner.

### ***Positive marking***

Examiners are encouraged to be positive in their marking, giving appropriate credit for what candidates know, understand and can do rather than penalising candidates for errors or omissions. Examiners should make use of the whole of the available mark range for any particular question and be prepared to award full marks for a response which is as good as might reasonably be expected of a 17 or 18-year-old GCE candidate.

### ***Awarding zero marks***

Marks should only be awarded for valid responses and no marks should be awarded for an answer which is completely incorrect or inappropriate.

### ***Marking calculations***

In marking answers involving calculations, examiners should apply the 'own figure rule' so that candidates are not penalised more than once for a computational error. To avoid a candidate being penalised, marks can be awarded where correct conclusions or inferences are made from their incorrect calculations.

### **Types of mark schemes**

Mark schemes for tasks or questions which require candidates to respond in extended written form are marked on the basis of levels of response which take account of the quality of written communication.

Other questions which require only short answers are marked on a point for point basis with marks awarded for each valid piece of information provided.

### **Levels of response**

In deciding which level of response to award, examiners should look for the 'best fit' bearing in mind that weakness in one area may be compensated for by strength in another. In deciding which mark within a particular level to award to any response, examiners are expected to use their professional judgement.

The following guidance is provided to assist examiners.

- **Threshold performance:** Response which just merits inclusion in the level and should be awarded a mark at or near the bottom of the range.
- **Intermediate performance:** Response which clearly merits inclusion in the level and should be awarded a mark at or near the middle of the range.
- **High performance:** Response which fully satisfies the level description and should be awarded a mark at or near the top of the range.

### **Quality of written communication**

Quality of written communication is taken into account in assessing candidates' responses to all tasks and questions that require them to respond in extended written form. These tasks and questions are marked on the basis of levels of response. The description for each level of response includes reference to the quality of written communication.

For conciseness, quality of written communication is distinguished within levels of response as follows:

Level 1: Quality of written communication is basic.

Level 2: Quality of written communication is satisfactory.

Level 3: Quality of written communication is good.

Level 4: Quality of written communication is excellent.

In interpreting these level descriptions, examiners should refer to the more detailed guidance provided below:

**Level 1 (Basic):** The candidate makes only a basic selection and use of an appropriate form and style of writing. The organisation of material may lack clarity and coherence. There is little use of specialist vocabulary. Presentation, spelling, punctuation and grammar may be such that intended meaning is not clear.

**Level 2 (Satisfactory):** The candidate makes a satisfactory selection and use of an appropriate form and style of writing. Relevant material is organised with some degree of clarity and coherence. There is some use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are satisfactory enough to make meaning clear.

**Level 3 (Good):** The candidate makes a good selection and use of an appropriate form and style of writing. Relevant material is organised with good clarity and coherence. There is good use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are sufficiently competent to make meaning clear.

**Level 4 (Excellent):** The candidate successfully selects and uses the most appropriate form and style of writing. Relevant material is organised with a high degree of clarity and coherence. There is widespread and accurate use of appropriate specialist vocabulary. Presentation, spelling, punctuation and grammar are of a sufficiently high standard to make meaning very clear.

## 1 (a) (AO1, AO2)

Explain what is meant by the term market research, using an example from the case study.

Market Research definition – Is the process of collecting and analysing information in respect of consumers' attitudes, behaviour and needs to a product or service that Paws Patrol provides. Market Research will establish if consumers like Paws Patrol products and services on offer.

It can be either Primary or Secondary Market Research.

Market Research will help to make informed decisions.

**Marking:**

- Basic explanation of Market Research. [1]
- Detailed explanation of Market Research. [2]
- Basic Application of stimulus material. [1]
- Detailed application of stimulus material. [2]

Answer not worthy of credit [0] marks.

[4]

## (b) (AO1, AO2, AO3)

Analyse **two** ways in which Paws Patrol could use the product element of the marketing mix to increase sales.

- Product Differentiation, e.g. a USP natural dog shampoo
- Reduces risk – the more products that Paws Patrol offers means that there is a potential for more sales.
- Extends brand awareness – new products/services offered injects life into the business.
- Encourages customer loyalty – as customers are more likely to buy multiple products from Paws Patrol.
- Less promotional expenditure needed to launch new products if brand well established.
- Cash flow is managed to ensure that products in the maturity stage can be used to fund the development and introduction stage of new products. Ensures a wide portfolio of products.
- It helps build up a strong image for Paws Patrol to maintain customer loyalty.
- It gives Paws Patrol greater security/peace of mind that risks are balanced across several products.
- Extension strategies, e.g. Modify the product – to extend the life cycle and have better quality.

**Level 3 [7]–[8]**

An excellent response demonstrates:

- Well-focused and sound analysis of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Comprehensive, relevant and accurate knowledge and understanding of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Thorough and detailed use of relevant source material to analyse two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.

**Level 2 [4]–[6]**

A good response demonstrates:

- Focused analysis of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Good accurate knowledge and understanding of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Good use of relevant source material to analyse two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Basic knowledge and understanding of two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.
- Limited use of relevant source material to analyse two ways in which Paws Patrol could use the product element of the marketing mix to increase sales.

Answers not worthy of credit **[0]** marks.

[8]

**(c) (AO1, AO2, AO3)**

Analyse **two** benefits and one drawback of Fiona using interviews to gather market research.

- Higher Response rate
- Interviews typically smaller sample size so not full representative.
- The interviewers can help the member of the public to understand the questions. More in-depth information gathered.
- Information is taken directly from people who have pets – potential customers. Rapport and trust between interviewer and interviewee.
- More qualitative data can be obtained – people’s opinions on products such as dogs leads etc.
- The interview can facilitate both open/closed questions.
- It helps Paws Patrol to identify the best price that customers are willing to pay.
- It helps decide on the product range.
- Promotional strategies –to appeal to more customers.
- Place – where is the best location for Paws Patrol to sell their products.
- Most up-to-date information will be collected in relation to Paws Patrol.
- Lack of expertise of interviewer.
- Time consuming as she is starting the business.
- More accurate information gathered.
- Interviewer bias.

**Level 3 [8]–[10]**

An excellent response demonstrates:

- Well-focused and sound analysis of two benefits and one drawback of Fiona using interviews to gather market research.
- Comprehensive, relevant and accurate knowledge and understanding of two benefits and one drawback of Fiona using interviews to gather market research.

- Thorough and detailed use of relevant source material to analyse two benefits and one drawback of Fiona using interviews to gather market research.

### Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of two benefits and one drawback of Fiona using interviews to gather market research.
- Good accurate knowledge and understanding of two benefits and one drawback of Fiona using interviews to gather market research.
- Good use of relevant source material to analyse two benefits and one drawback of Fiona using interviews to gather market research.

### Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of two benefits and one drawback of Fiona using interviews to gather market research.
- Basic knowledge and understanding of two benefits and one drawback of Fiona using interviews to gather market research.
- Limited use of relevant source material to analyse two benefits and one drawback of Fiona using interviews to gather market research.

Answers not worthy of credit [0] marks.

[10]

### (d) (AO1, AO2, AO3, AO4)

Evaluate the issues relating to market planning and strategy for Paws Patrol.

- Long term plan to achieve specific marketing goals
- Considers target audience/competition/business
- Market planning and strategy summarises a business organisation's marketing activities. Informs the marketing mix – 7P's
- It sets out marketing objectives and targets for Paws Patrol to achieve.
- Setting marketing targets will also motivate staff and ensure everyone is working towards the same goal.
- Market planning and strategy will ensure Paws Patrol focuses on customers needs. Identifies the target market.
- Market planning and strategy is part of a business plan.
- Helps with a marketing/advertisement budget.
- It ensures all elements of the marketing mix are considered.
- Facilitates forward thinking.
- It is costly and time-consuming. It might take time away from the day-to-day activities of Paws Patrol.
- The marketing strategy must be continually updated in order to keep up with competitors and the external environment.
- The targets set out during market planning and strategy may demotivate staff if they are unrealistic.
- It can be difficult to gather qualitative and quantitative data to use for market planning and strategy.
- Assists setting up an accurate price – based on market research.
- Planning – looks at SWOT, and market positioning.

Other valid alternatives will be accepted.

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding and detailed evaluation of the issues relating to market planning and strategy to Paws Patrol.
- Highly appropriate, clear and logical judgement of the issues relating to market planning and strategy to Paws Patrol. Based on well-focused and sound analysis.
- Thorough use of relevant source material to address the issues relating to market planning and strategy to Paws Patrol.
- An excellent quality of written communication.

**Level 3 [10]–[13]**

A good response demonstrates:

- Sound, good, accurate knowledge and understanding and evaluation of the issues relating to market planning and strategy to Paws Patrol.
- An appropriate, clear and logical judgement of the issues relating to market planning and strategy to Paws Patrol based on well-focused analysis.
- Good use of relevant source material to address the issues relating to market planning and strategy to Paws Patrol.
- A good quality of written communication.

**Level 2 [6]–[9]**

A satisfactory response demonstrates:

- Satisfactory knowledge, understanding and application of the issues relating to market planning and strategy to Paws Patrol.
- A suitable, appropriate judgement of the importance of the issues relating to market planning and strategy to Paws Patrol. based on well-focused analysis.
- A satisfactory quality of written communication.

**Level 1 [1]–[5]**

A basic response demonstrates:

- Basic knowledge and understanding with unfocused evaluation of the issues relating to market planning and strategy to Paws Patrol.
- Basic or no judgement based on limited analysis of the issues relating to market planning and strategy to Paws Patrol.
- Limited use of relevant source material to address the issues relating to market planning and strategy to Paws Patrol.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[18]

40

## 2 (a) (AO1, AO2)

Explain the term bank overdraft, using Finnegan Airbnb as an example.

- Short-term source of external finance.
- An overdraft facility lets you borrow more money through your bank account. Up to an agreed limit and it has to be repaid.
- Interest usually charged.
- The bank has increased his existing overdraft to £5000.
- Overdraft used to fund the rebranding.
- Quick to obtain.
- The facility can be withdrawn/called in at anytime.

**Marking:**

- Basic explanation of a bank overdraft. [1]
- Detailed explanation of a bank overdraft. [2]
- Basic application of stimulus material. [1]
- Detailed application of stimulus material. [2]

Answer not worthy of credit **[0]** marks.

[4]

## (b) (AO1, AO2, AO3)

Analyse **two** ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.

- Injects new life into the brand – attracts new customers.
- Finnegan Airbnb can target specific groups according to lifestyle, e.g. weekends away for golfing.
- Appeal to family groups with new facilities, e.g. kitchen, dining areas.
- Rebrand and upgrade will make it more appealing to new customers as well as current customers.
- The USP will attract new customers, e.g. food hamper.
- The increase in price from £100 to £120 will mean that it will attract more visitors from higher socio-economic groups/higher income levels, who may now consider it as a possible place to stay.
- The re-brand justifies the price increase.
- The new brand is a response to changing market conditions, e.g. cost of living.
- Elasticity of product.

**Level 3 [7]–[8]**

An excellent response demonstrates:

- Well-focused and sound analysis of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.
- Comprehensive, relevant and accurate knowledge and understanding of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.
- Thorough and detailed use of relevant source material to analyse two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.

**Level 2 [4]–[6]**

A good response demonstrates:

- Focused analysis of the impact of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.

- Good accurate knowledge and understanding of the impact of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.
- Good use of relevant source material to analyse two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.

### Level 1 [1]–[3]

A basic response demonstrates:

- Basic analysis of the impact of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.
- Basic knowledge and understanding of two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.
- Limited use of relevant source material to analyse two ways in which Ronan could increase market share by rebranding as Finnegan Airbnb.

Answers not worthy of credit [0] marks.

[8]

### (c) (AO1, AO2, AO3)

Analyse **three** potential impacts of a change in price per room on Finnegan Airbnb's revenue.

- Could result in higher profit margins.
- Competition might also increase price.
- One impact is demand won't change – an increase in price will depend on the price elasticity of Airbnb's in Portrush. During peak periods Finnegan Airbnb can charge higher prices this means more revenue for the business, if it is inelastic.
- A drop in sales revenue – An increase in price will reduce demand for accommodation within Finnegan Airbnb.
- An increase in price might make the accommodation seem to be of better quality. This might attract more customers and increase sales revenue. In particular with the younger people – perhaps more elastic.
- An increase in price could force Finnegan Airbnb to give more added value or a USP – such as early check-ins and late check-outs. This will result in an increase in demand and an increase in sales revenue.
- Reduced market share.
- Could damage customer relations.
- Changes BE and Margin of safety.

### Level 3 [8]–[10]

An excellent response demonstrates:

- Well-focused and sound analysis of how a change in price per room will impact Finnegan Airbnb's revenue.
- Comprehensive, relevant and accurate knowledge and understanding of how a change in price per room will impact Finnegan Airbnb's revenue.
- Thorough and detailed use of relevant source material to analyse how a change in price per room will impact Finnegan Airbnb's revenue.

### Level 2 [4]–[7]

A good response demonstrates:

- Focused analysis of how a change in price per room will impact Finnegan Airbnb's revenue.
- Good accurate knowledge and understanding of how a change in price per room will impact Finnegan Airbnb's revenue.
- Good use of relevant source material to analyse how a change in price per room will impact Finnegan Airbnb's revenue.

**Level 1 [1]–[3]**

A basic response demonstrates:

- Basic analysis of how a change in price per room will impact Finnegan Airbnb's revenue.
- Basic knowledge and understanding of how a change in price per room will impact Finnegan Airbnb's revenue.
- Limited use of relevant source material to analyse how a change in price per room will impact Finnegan Airbnb's revenue.

Answers not worthy of credit **[0]** marks.

[10]

**(d) (AO1, AO2, AO3, AO4)**

Evaluate the advantages and disadvantages of Ronan using fixed budgets in his business.

- Fixed budgets provide a benchmark for the future trading of Finnegan Airbnb.
- Fixed budgets can help to plan ahead for the next year and set targets
- A fixed budget can help monitor financial planning and control performance over the next 12 months. Ensures the business operates more efficiently.
- If all staff are consulted upon when deciding on the budget, then it can act as a motivator.
- It can assist with forward planning.
- It can assist with target setting.
- It can assist with remedial action if the business is under-performing.
- Helps with monitoring and reviewing overall performance of the Airbnb.
- Budgets are based on predictions, therefore they can be unreliable and meaningless.
- External and unexpected events can happen to make the budget inaccurate, e.g. £5000 cost of rebranding not included in the fixed budget.
- Budgets can demotivate staff, if they are unrealistic then staff can become disillusioned.
- If fixed budgets are applied too rigidly, then the business can miss opportunities due to insufficient finance available or too high costs.
- Time consuming to collect the data and draw up the budget.
- Variances may be calculated.
- Possible AO2 – Sales Revenue £25,000, Wages £5000, Electricity £10,000 and Marketing £2000

**Level 4 [14]–[18]**

An excellent response demonstrates:

- Comprehensive and relevant, accurate knowledge and understanding and detailed evaluation of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- Highly appropriate, clear and logical judgement of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb based on well-focused and sound analysis.
- Thorough use of relevant source material to evaluate the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- An excellent quality of written communication.

**Level 3 [10]–[13]**

A good response demonstrates:

- Sound, good, accurate knowledge and understanding and evaluation of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- An appropriate, clear and logical judgement of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb based on well-focused analysis.
- Good use of relevant source material to assess the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- A good quality of written communication.

**Level 2 [6]–[9]**

A satisfactory response demonstrates:

- Satisfactory knowledge, understanding and application of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- A suitable, appropriate judgement of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb based on well-focused analysis.
- A satisfactory quality of written communication.

**Level 1 [1]–[5]**

A basic response demonstrates:

- Basic knowledge and understanding with unfocused evaluation of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- Basic or no judgement based on limited analysis of the advantages and disadvantages of fixed budgeting to Finnegan Airbnb.
- A basic quality of written communication.

Answers not worthy of credit **[0]** marks.

[18]

40

**Total**

**80**

**AVAILABLE  
MARKS**