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AQA A LEVEL BUSINESS (7132): QUESTIONS BY TOPIC

Choosing strategic direction (3.8)

A Level Business (7132) · Section 3.8

20 questions · 206 marks · Mark schemes included

For the final AQA A Level Business (7132) exams in summer 2027

Questions from A Level (7132) and AS (7131) papers, June 2017 to June 2025.

The AS papers test the same specification content, so every question here is valid 7132 practice.

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HOW TO USE THIS BOOKLET

Questions are grouped by AQA specification sub-topic and run from the lowest mark tariff to the highest within each one.

At the same tariff: AS before A Level, then oldest series first. Each question part appears once only, with its own mark scheme.

Click any row below to jump to it. On every question page, click ANSWER for its mark scheme (and QUESTION to come back).

Pages are the original exam pages. Every case-study question has its full case study printed directly before it.

After the mark schemes, WHAT THE EXAMINERS SAID quotes AQA examiner reports. Use EXAMINER on a mark scheme page to jump there.

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2. Q8	A Level Paper 1 June 2019	1	3
3. Q7	A Level Paper 1 June 2022	1	4
4. Q3	A Level Paper 1 June 2023	1	5
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QUESTIONS · 20 questions · 206 marks · 2 sub-topics

SUB-TOPIC 3.8.1 · 8 questions · 56 marks · lowest tariff first

STRATEGIC DIRECTION: WHICH MARKETS AND PRODUCTS

5

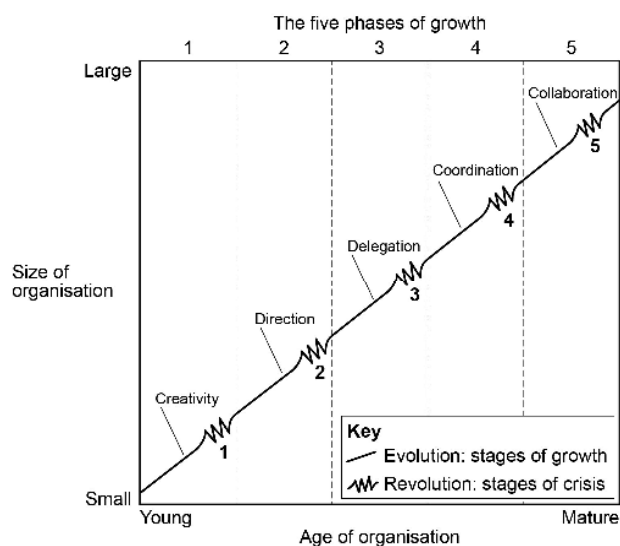
Do not write
outside the
box**0 8**

Starbucks is an American coffee shop. In recent years it has opened over 300 tea shops in America to appeal to its existing customers. According to Ansoff's matrix this is an example of

- A diversification.
- B market development.
- C market penetration.
- D product development.

☐☐☐☐**[1 mark]****0 9**

Which type of crisis is most likely to occur at point 3 of Greiner's model of growth shown below?



- A Leadership crisis
- B Autonomy crisis
- C Red tape crisis
- D Control crisis

☐☐☐☐**[1 mark]**

0 5

Turn over ►

IB/G/Jun17/7132/1



5

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0 7

Strategic drift occurs when a business

- A** implements a plan that has been designed to cope with unexpected and unwelcome changes.
- B** introduces a previously unplanned strategy in response to external changes.
- C** introduces a previously unplanned strategy in response to internal changes.
- D** maintains a strategy that is no longer suited to current circumstances.

☐☐☐☐

[1 mark]

0 8

Statement 1: 'According to Ansoff, market penetration involves selling an existing product in a new market.'

Statement 2: 'According to Ansoff, diversification can be either developing a new product or entering a new market.'

Read statements 1 and 2 and select the correct option from the following

- A** Statement 1 is true. Statement 2 is true.
- B** Statement 1 is true. Statement 2 is false.
- C** Statement 1 is false. Statement 2 is true.
- D** Statement 1 is false. Statement 2 is false.

☐☐☐☐

[1 mark]

0 9

Decreasing government subsidies on a country's agriculture would be

- A** fiscal policy which encourages more open trade.
- B** fiscal policy which increases protectionism.
- C** monetary policy which encourages more open trade.
- D** monetary policy which increases protectionism.

☐☐☐☐

[1 mark]

Turn over ►



0 5

IB/G/Jun19/7132/1



5

0 6

Stated below are three possible changes for a business.

1. A reduction in wage levels.
2. An increase in labour productivity.
3. An increase in labour turnover.

Other things being equal, which of the following changes is the most likely to lead to an increase in employee costs as a percentage of turnover?

[1 mark]

A 1 and 2 only

☐

B 2 and 3 only

☐

C 2 only

☐

D 3 only

☐

0 7

The owner of a business which sells hot drinks asks a focus group of customers for their views. This market research reveals that customers prefer to have cakes with their drinks. In terms of Ansoff's matrix, the subsequent decision to introduce cakes is an example of:

[1 mark]

A diversification, resulting from qualitative market research.

☐

B diversification, resulting from quantitative market research.

☐

C product development, resulting from qualitative market research.

☐

D product development, resulting from quantitative market research.

☐

0 8

A product's price rises by 20% and its sales volume falls by 10%. All of its competitors leave their prices unchanged. The product's market share, as measured by sales volume, remains the same.

Which of these statements is **false**?

[1 mark]

A The market size, measured by volume, remains unchanged.

☐

B The product's market share, measured by value, increases.

☐

C The product's price elasticity of demand is inelastic.

☐

D The product's sales value rises.

☐

Turn over ►



0 5

IB/G/Jun22/7132/1



3

0 3

A women's clothes store adds furniture to its range in order to increase spending by its existing customers.

According to Ansoff's matrix this is an example of

[1 mark]

- A** diversification.
- B** market development.
- C** market penetration.
- D** product development.

☐☐☐☐

Turn over for the next question

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IB/G/Jun23/7132/1



4

0 6

Statement 1: 'According to Ansoff's matrix, market development involves selling a new product in a new market.'

Statement 2: 'According to Ansoff's matrix, market penetration involves selling an existing product in an existing market.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

0 7

Assuming no other changes, sales revenue for a product will stay the same if:

[1 mark]

A incomes rise by 10% and the income elasticity of demand for the product is 0

☐

B incomes rise by 10% and the income elasticity of demand for the product is +0.1

☐

C the price rises by 10% and the price elasticity of demand for the product is 0

☐

D the price rises by 10% and the price elasticity of demand for the product is -10

☐

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IB/G/Jun24/7132/1



3

0 3

Options **A** to **D** show four possible changes to the UK economy.Based **solely** on these changes, which option will lead to the largest increase in UK imports?

[1 mark]

A A fall in GDP and a fall in the exchange rate value of the pound☐**B** A fall in GDP and a rise in the exchange rate value of the pound☐**C** A rise in GDP and a fall in the exchange rate value of the pound☐**D** A rise in GDP and a rise in the exchange rate value of the pound☐

0 4

Product 'X' was the market leader in a low growth market.

New promotions by competitors lead to rapid growth in the market.

However, Product 'X' still retains its market leadership.

In terms of the Boston Matrix, Product 'X' has changed from:

[1 mark]

A a cash cow to a question mark.☐**B** a cash cow to a star.☐**C** a question mark to a star.☐**D** a star to a cash cow.☐

0 5

Statement 1: 'According to Ansoff's matrix, diversification is the most risky strategy.'**Statement 2:** 'According to Ansoff's matrix, market penetration is the least risky strategy.'Read **statements 1 and 2** and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.☐**B** Statement 1 is true. Statement 2 is false.☐**C** Statement 1 is false. Statement 2 is true.☐**D** Statement 1 is false. Statement 2 is false.☐

Turn over ►



0 3

IB/G/Jun25/7132/1



Section C

Answer **either** Question 21 **or** Question 22.

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Shade the lozenge below to indicate which optional question(s) you have answered.

Question **2** **1** ☐

Question 22

CORRECT METHOD



WRONG METHODS



2	1
---	---

Evaluate the extent to which the use of stakeholder mapping can help the managers of a public limited company to manage change more effectively.

[25 marks]

OR

2	2
---	---

A UK business has experienced slow growth in sales in recent years. It has decided to achieve higher growth through new product development.

Do you believe that this is a more risky strategy than market development? Justify your view.

[25 marks]

[illegible]

1 5

Turn over ►

IB/G/Jun18/7132/1



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IB/G/Jun18/7132/1



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1 9

Turn over ►

IB/G/Jun18/7132/1



[illegible]

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[illegible]

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[illegible]

25



SUB-TOPIC 3.8.2 · 12 questions · 150 marks · lowest tariff first

STRATEGIC POSITIONING: CHOOSING HOW TO COMPETE

3

0 3

Statement 1: 'Sole traders are usually private sector organisations.'

Statement 2: 'Public limited companies are usually public sector organisations.'

Read statements 1 and 2 and select the correct option from the following:

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

[1 mark]

0 4

The grid below shows a market map for television sets.

	Low quality	High quality
High price	A	B
Low price	C	D

Based on Bowman's strategic clock, the manufacturer of a television uses a strategy of focused differentiation.

In which segment of the market map is this television most likely to be placed?

A A

☐

B B

☐

C C

☐

D D

☐

[1 mark]

Turn over for the next question



0 3

Turn over ►

IB/G/Jun18/7132/1



6

1 0

Which one of these strategies from Bowman's strategic clock is most likely to be a successful long-term strategy?

- A High price and low added value
- B High price and standard added value
- C Low price and low added value
- D Standard price and low added value

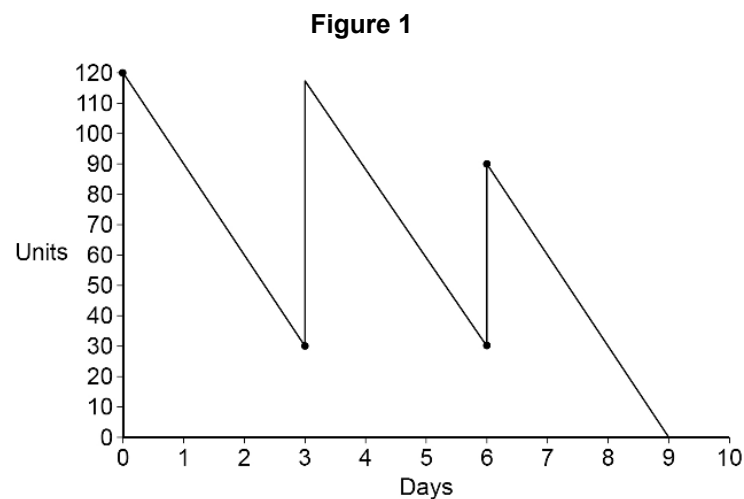
☐☐☐☐

[1 mark]

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1 1

Figure 1 shows the inventory levels of a component held by a business over a period of nine days.



The business has a reorder quantity of 90 units and a lead time for orders of 2 days. On which day was an incorrect quantity ordered?

- A Day 3.
- B Day 4.
- C Day 5.
- D Day 6.

☐☐☐☐

[1 mark]



0 6

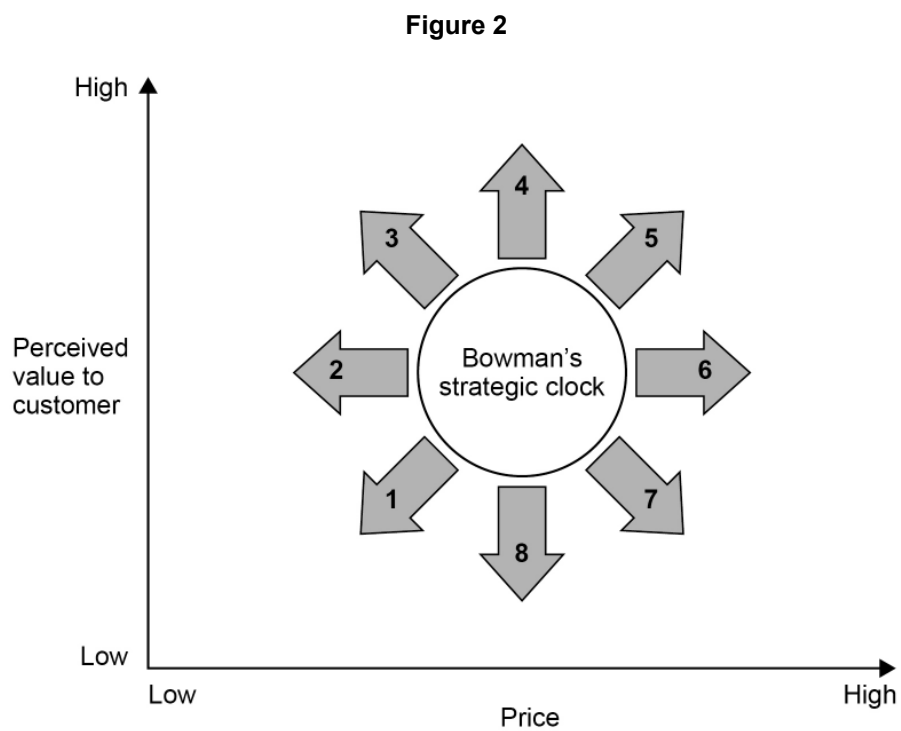
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6

0 8

Figure 2 shows Bowman's strategic clock.

Do not write
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boxWhich positions did Bowman consider to be **undesirable** strategies?

[1 mark]

A 1, 2 and 3

☐

B 1, 7 and 8

☐

C 4, 5 and 6

☐

D 6, 7 and 8

☐

2

Section A

Answer **all** questions in this section.Do not write
outside the
boxOnly **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0 1

'The process of transforming raw information into useful information that can support various activities of a business.'

Which term is described above?

[1 mark]

A Big data

☐

B Data mining

☐

C E-commerce

☐

D Scientific decision-making

☐

0 2

In Porter's generic strategies, which **one** of the following would help a business to achieve a differentiation strategy?

[1 mark]

A Achieving economies of scale

☐

B Advertising leading to higher added value

☐

C Finding cheaper suppliers

☐

D New production methods leading to higher labour productivity

☐

0 2

IB/G/Jun25/7132/1



8

1 3

QAQ plc measures performance in its four functional areas.

The table below summarises the 'target' and 'actual' levels of performance in 2024.

Measure of performance	Target level	Actual level
Capacity utilisation (%)	90%	90%
Labour turnover (%)	17%	17%
Market share (%)	13%	15%
ROCE (%)	15%	12%

Statement 1: 'The performance in operations is better than in marketing.'

Statement 2: 'The performance in finance is better than in human resources.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐
1 4

Statement 1: 'Low supplier power may encourage a retailer to use a cost leadership strategy.'

Statement 2: 'A market leader may use a low-price strategy in order to create a barrier to entry.'

Read statements 1 and 2 and select the correct option from the following:

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐


0 8

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0 2

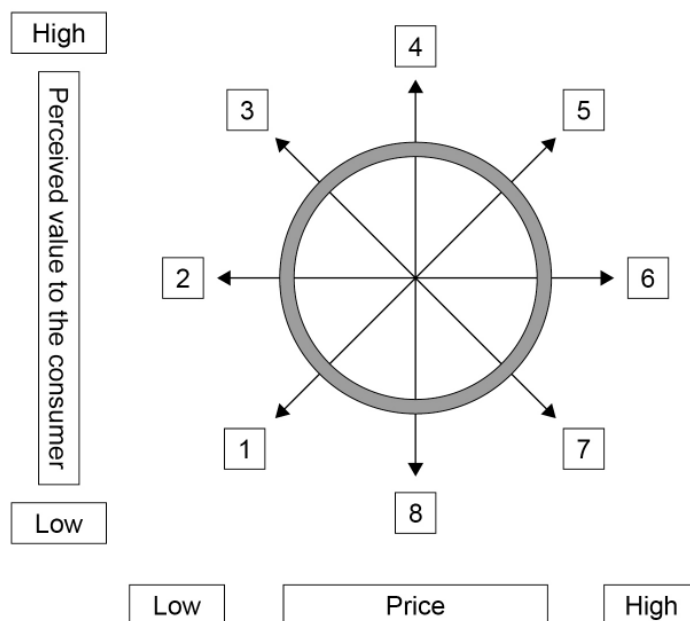
Read the information below and then answer the questions that follow.

Do not write
outside the
box**Soundcheck plc**

Soundcheck plc offers a streaming service enabling users in more than 160 countries to play a variety of content, such as music and podcasts, on electronic devices. The company initially offered its services free to consumers and earned revenue from advertisers. An additional, paid service was introduced in 2022. Paying subscribers benefit from better quality audio, no adverts, and playlists made by celebrities. Exclusive podcast content also provides paying subscribers with an enhanced experience which justifies a paid subscription model.

Since its launch in 2006, Soundcheck plc has grown to become the market leader. It now employs nearly 4000 staff globally. A stock market flotation has funded huge investment in building a high-quality technology platform, strong brand and a skilled workforce. However, Soundcheck plc has not regularly made an operating profit. Its costs have been rising significantly in recent years and in 2023 it lost £26 million as a global economic slowdown began.

In 2023, Soundcheck plc reached an agreement with trade unions about pay rates and ways of working. The agreement guaranteed starting salaries of at least £36 000 to many staff. This is significantly higher than the industry average. However, there is a global shortage of skilled software engineers and marketing staff so labour turnover rates remain high. In addition to competition for staff, new competitors are attracted to the growing market, including large rivals who are well established in other streaming markets. Other new entrants have also targeted the 'free' sector of the market. Some of these rivals have a competitive advantage because they own the rights to music or other content and so have lower costs than Soundcheck plc.



1 0

IB/G/Jun24/7132/2



0	3
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Read the information below and then answer the questions that follow.

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Dodo

Dodo is a small, growing, low-cost airline offering flights between the UK and Europe. The airline is seeing high demand for its flights due to its competitive pricing. It is able to keep its prices low due to its low-cost business model. The business model includes:

- making effective use of its non-current assets by using quick turnaround times which allow its planes to fly more hours a day than traditional airlines
- flying to cheaper airports rather than larger, more expensive airports such as London Heathrow
- using its own website for customers to book directly, avoiding the need to pay commission to other businesses
- making food, baggage and choice of seat optional extras rather than including them in the basic product offering.

Dodo currently has around 5000 permanent staff and sees its staff as key to the quality of service that it offers. Airline staffing needs are complex with a variety of different roles required. Some roles such as pilots and aircraft engineers require significant training that can take many months to complete. In addition, many staff spend most of their working day away from the company offices. Dodo sets and regularly reviews HR objectives in relation to:

- number of employees
- employee engagement.

Measures of quality that Dodo focuses on are:

- punctuality, measured using percentage of flights on time
- customer complaints, measured by number of complaints per 1000 customers.



0	3	.	3
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Using non-current assets as fully as possible is the best way to gain low-cost advantage.

To what extent is this true for **all** low-cost businesses?

[16 marks]

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21

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16

END OF QUESTIONS



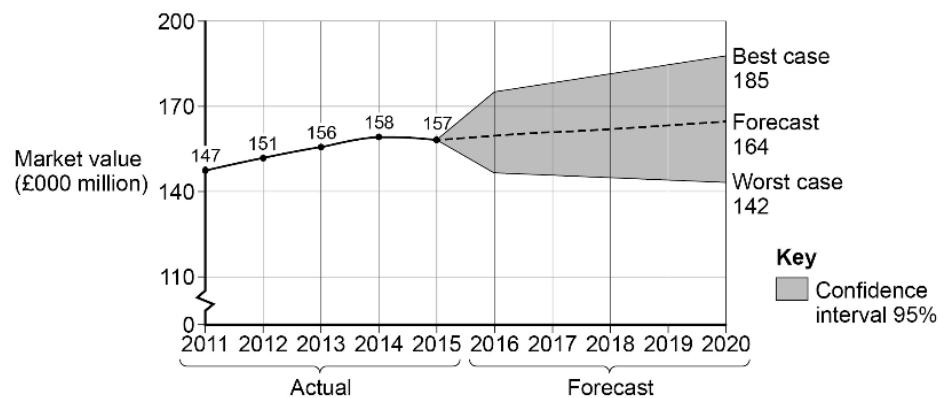
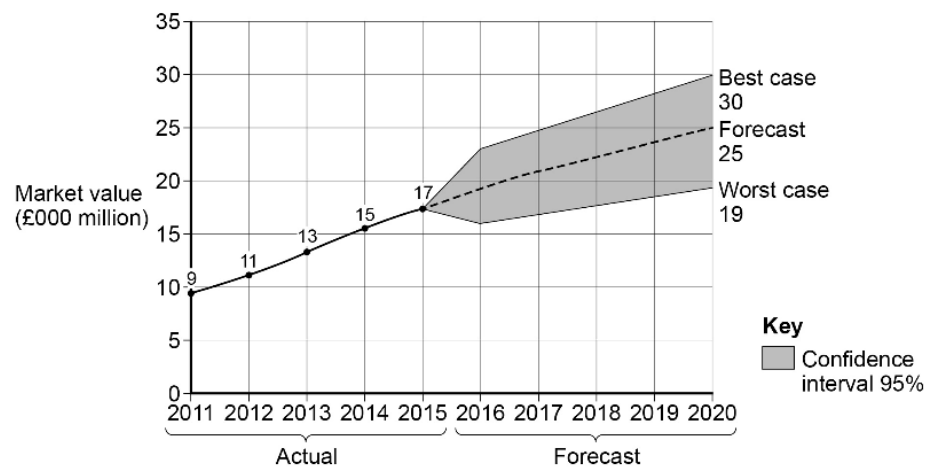
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Do not write
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boxAnswer **all** questions in the spaces provided.

0 1

The rise of the discount food retailers

For many years four companies have dominated food retailing sales in the UK: Asda, Morrisons, Sainsbury's and Tesco. However, these 'big four' retailers have faced growing competition from discount retailers such as Aldi and Lidl.

Figure 1: Total UK food retail sales**Figure 2: UK food retail sales of discount food retailers**

0 2

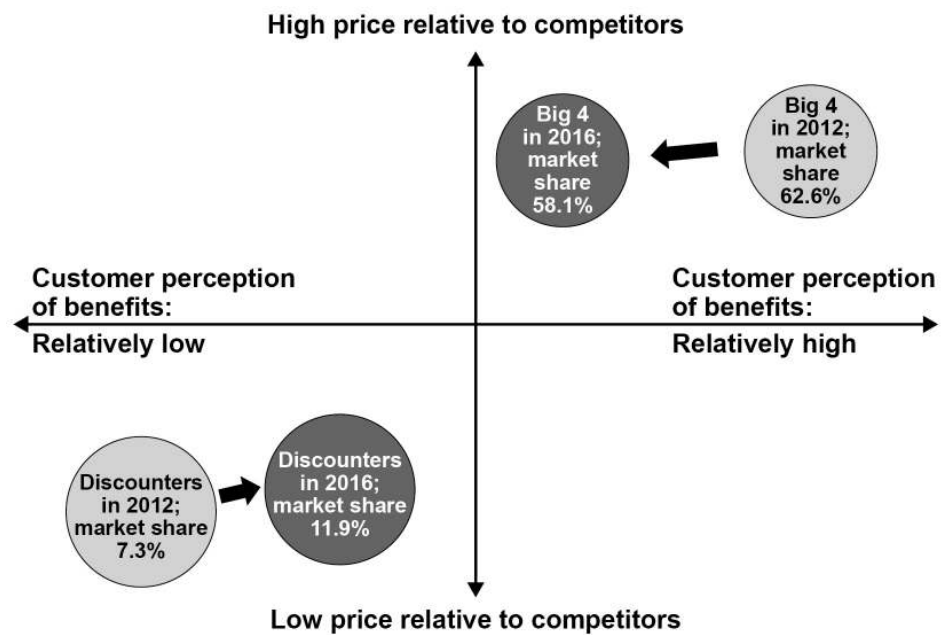
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3

Do not write
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	The typical discounter model eg Aldi, Lidl	'big four' model eg Tesco, Sainsbury's
Product range in stores	Relatively small eg 800 items	Large eg 50 000 items
Brands	Large proportion of own label products traditionally targeting low to medium income earners	Large proportion of well-known brands traditionally targeting high to medium income earners
Sales of food compared to non-food items (eg clothing and health and beauty products)	80%:20%	60%:40%
Administration costs and overheads as percentage of turnover	15%	20%
Typical profit margin	3%	2%

Figure 4: Market map of the UK food retail sector**Figure 5:** Extract from consumer survey:

"What benefit is most important in determining where you shop?"

Benefit	% of replies
I can rely on what I need being in stock	16
It has a good range of non-food products	17
It has well trained, helpful staff readily available	18
The stores are well designed and maintained	14



0 3

Turn over ►

IB/G/Jun17/132/2



4

Do not write
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	Aldi Stores Ltd (discount retailer) 2014	Tesco (one of the 'big four') 2014
Turnover	£6 893 million	£ 54 443 million
Profit for the year	£250 million	£162 million
Average salary per employee	£21 272	£14 452
Total employee costs	£507 million	£6 968 million
Number of employees	23 858	482 152

0 1 . 1

Calculate the market share of the discount retailers in the UK food retail market in 2015.

[3 marks]

Market share _____

Workings _____

3

0 1 . 2

With reference to **Figure 1**, explain the meaning of 95% confidence interval in the forecast for UK food retail market in 2020.

[3 marks]

3



0 4

IB/G/Jun17/7132/2



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To what extent do you think the 'big four' supermarkets should change their strategies and adopt the discounter model?

[20 marks]



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[illegible]

Extra space



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8

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20



IB/G/Jun17/7132/2



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Read the information below and then answer the questions that follow.

Daihatsu

Daihatsu is a Japanese manufacturer of small cars. Its customers are now able to customise their vehicles with car panels that they design for themselves online. Until recently customising cars was expensive because it required skilled craftsmen to produce individual parts.

With 3-D printing, panels can be produced quickly and cheaply. Customers ordering a Daihatsu car from their local dealership can design their own panels for the sides of the car to create exactly the look that they want. Offering more customisation is one way that car manufacturers are trying to gain a competitive advantage in a fiercely competitive environment.

Cars are a high value item for consumers and are usually bought on credit: the finance to buy the car is often provided by the manufacturer. In 2016 over 74 million cars were sold worldwide. This represents a global capacity utilisation in the car industry of only 78%. Some commentators predict global capacity utilisation in the industry will fall in the next few years and that many car manufacturers will respond to this situation by price cutting.

0	2
---	---

1

Explain how mass customisation benefits the shareholders of car manufacturers.

[6 marks]

[illegible]

Section C

Answer **either** Question 21 **or** Question 22.

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Shade the lozenge below to indicate which optional question you have answered.

Question **21** ○

Question 22

CORRECT METHOD ☒

WRONG METHODS    

2	1	Online sales have grown significantly in recent years.
---	---	--

To what extent has this led to distribution (place) decisions becoming a more important element of an effective marketing mix?

[25 marks]

OR

2 2 A competitive advantage can be achieved through low-cost or through differentiation.

Which of these types of competitive advantage is it easier for a UK business to maintain? Justify your view.

[25 marks]

[illegible]

Turn over ►



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21

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[illegible]

Turn over ►



22

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[illegible]

25



Section D

Answer **either** Question 23 **or** Question 24.

Do not write
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Shade the lozenge below to indicate which optional question you have answered.

Question

2	3	
---	---	---

Question

2	4	
---	---	---

CORRECT METHOD

WRONG METHODS



2	3
---	---

‘To achieve successful innovation, the level of spending on research and development is more important than the organisational culture of a business.’

Do you agree? Justify your view.

[25 marks]

OR

2	4
---	---

A business is changing from a strategic position of low cost to one of differentiation.

Will this lead to the business spending more on marketing and less on the operations function? Justify your view.

[25 marks]



2 2

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Extra space _____



25

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Turn over ►



[illegible]

Section D

Answer **either** Question 24 **or** Question 25.

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Shade the lozenge below to indicate which optional question you have answered.

Question

2	4	
---	---	---

Question

2	5	○
---	---	---

CORRECT METHOD ☒

WRONG METHODS

Either

2	4
---	---

Evaluate the extent to which the actions of the finance function of a business can help that business to achieve the lowest cost in its market.

[25 marks]

or

2	5
---	---

Businesses using flexible employment contracts can be criticised for being unethical.

To what extent should businesses avoid the use of flexible employment contracts?

[25 marks]



22

Section D

Answer **either** Question 23 **or** Question 24.Do not write
outside the
box

Shade the lozenge below to indicate which optional question you have answered.

Question **2** **3** ☐Question **2** **4** ☐CORRECT METHOD ☒

WRONG METHODS

**2** **3**

'The need to continue investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.'

To what extent do you agree?

Justify your view.

[25 marks]**OR****2** **4**

'A system of quality assurance will always lead to greater profits than a system of quality control.'

Do you agree?

Justify your view.

[25 marks]

IB/G/Jun25/7132/1



Question 08 · Section A objective test question

Correct answer: D

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 08 · Section A objective test question

Correct answer: D

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 07 · Section A objective test question

Correct answer: C

product development, resulting from qualitative market research

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 03 · Section A objective test question

Correct answer: D

product development

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 06 · Section A objective test question

Correct answer: C

Statement 1 is false. Statement 2 is true.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 05 · Section A objective test question

Correct answer: A

Statement 1 is true. Statement 2 is true.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

2	2	A UK business has experienced slow growth in sales in recent years. It has decided to achieve higher growth through new product development.
		Do you believe that this is a more risky strategy than market development? Justify your view.
[25 marks]		

25 mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are on:

- assessing the risk of trying to achieve sales growth through new product development
- contrasting this risk with the risk involved in market development as an alternative strategy
- evaluating the relative risks in the context of a business that has experienced slow growth in recent years.

Indicative content may include:

- moving away from existing products may lead to a loss of consumer loyalty
- new products may complement existing products and thus boost sales
- existing products may be losing their appeal, thus reducing the risk from changing products
- widening the product range may attract new market segments
- new market development may mean the business has less understanding of its target market
- it may be more costly to reach new markets, particularly if this involves overseas markets
- lower sales suggests that there is spare capacity and so this strategy may lower unit costs.

The extent to which new product development is more risky than market development will depend on:

- the cause of slow growth in recent years
- the impact on existing consumers
- the ease of attracting new customers
- the quality of the business's new product development relative to its marketing skills
- external factors, such as the actions of competitors, suppliers and customers
- obstacles to the development of new products and markets
- how "new" the new product is
- how "new" or different the market is under a market development strategy
- may be short term and long term issues, eg implementing a market development strategy may be less risky short term but unless the business has new products being developed this might cause problems long term.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

2	4	In terms of Ansoff's matrix, is market penetration always a better strategic direction than diversification?
		Justify your view.
		[25 marks]

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of the question are:

- understanding the meaning of market penetration (growth in existing markets with existing products) and diversification (growth in new markets with new products)
- assessing the merits and problems of choosing market penetration as a strategic direction
- assessing the merits and problems of choosing diversification as a strategic direction
- comparing these merits and problems in order to judge the relative benefits of the two strategic directions
- evaluating the view that market penetration is always best and providing relevant arguments.

Indicative content may include:

Analysing how market penetration might be achieved and the impact on the business.

- Improving brand loyalty is likely to require significant marketing expenditure and the introduction of new elements to the marketing mix which may increase risk.
- Cutting price can lead to market penetration but this may mean lower profit margins. It will be more effective if the business has a higher market share and good cash flow, in order to force some competitors out of the market.
- Attracting new market segments can achieve market penetration, but if these market segments have not been reached before then the product being offered could be unsuitable. In this case, market penetration would not succeed.
- Diversification will add costs, as new product development is expensive and risky and moving into new markets will require a lot of new market research and significant organisational change. These changes can damage cash flow and are high risk.
- New products can complement existing products and thus help to achieve synergy.
- New markets with new products may also lead to scope for expansion into the new markets with existing products.

Overall, the success of both strategies will be affected by both internal factors, such as the workforce and the business's financial strength, and by external factors, such as the competitiveness of the market(s) and economic factors, such as growth rates.

Evaluation

Overall, market penetration is considered to be low risk but, for a business trying to grow and increase profit, it can be limiting. In contrast, diversification is much more risky, but is likely to offer greater potential rewards, if carried out successfully.

Evaluation may be based on potential circumstances in which one strategy is more appropriate than the other and a critique of whether one strategy can **always** be better than another.



Question 04 · Section A objective test question

Correct answer: B

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 10 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 08 · Section A objective test question

Correct answer: D

6, 7 and 8

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 02 · Section A objective test question

Correct answer: B

Advertising leading to higher added value

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 14 · Section A objective test question

Correct answer: A

Statement 1 is true. Statement 2 is true.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2024

0	2	1	When introducing its paid service, Soundcheck plc changed its positioning strategy from position 1 to position 4 on Bowman's strategic clock.
			Analyse why Soundcheck plc decided to change its positioning strategy.
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- to understand the strategic change associated with the movement from 'low price/low value added' to 'differentiation'
- to analyse why Soundcheck plc decided to change its positioning strategy.

Indicative content:

- position 1 represents 'low price/low value added' and position 4 is 'differentiation'
- the business does not regularly make a profit and so a differentiation strategy should help to improve margins and become a (more) profitable organisation
- a change to position 4 should provide a high degree of consumer satisfaction and still be viewed as a 'value for money' proposition, given the mid-price point
- the streaming market is becoming more competitive and as it matures it is likely to be increasingly necessary to establish a unique brand identity in consumers' minds
- the subscription model, which is key to providing increased consumer perceptions of added value, allows Soundcheck plc to open up a new revenue stream which should significantly increase income and contribute to profitability
- there is a need to finance the additional, differentiated content and this can justify the change from a 'free' to 'paid' service



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2024

- its market-leader status implies a degree of brand loyalty which could allow the firm to transition a significant proportion of its current customers to a paid version of its service
- customers do not place high value on a firm that operates in position 1 and therefore, the position is unlikely to be defensible in the long run given rising competition.

Accept all relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2025

0	3	3	Using non-current assets as fully as possible is the best way to gain low-cost advantage.
			To what extent is this true for all low-cost businesses?
			[16 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question - demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of the issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1–4



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2025

The demands of the question are:

- show understanding of non-current assets
- analyse how different businesses can achieve cost advantage
- make a judgement over whether fully using non-current assets is always central to operating with low cost.

Non-current assets are assets that the business is likely to keep for over a year such as buildings, machinery and vehicles.

Arguments may include:

Efficient use of non-current assets can be a key part of the low-cost business model.

Using non-current assets (eg planes, buildings) as fully as possible reduces the fixed cost per unit, as the cost is spread across more units:

- efficient use of planes – such as making more flights during a day can spread fixed costs across more passengers
- this is magnified by smaller seat pitches meaning a plane can seat more customers and high customer uptake so this factor can be important to achieve low cost for airlines
- drive-thru options for fast food meaning an outlet can serve more customers than seating capacity would suggest
- long opening hours with products to appeal to customers at different times of day (eg at McDonalds mean making the most of the investment in the bricks and mortar).

However, there may be factors that limit how much use can be made of non-current assets:

- bricks and mortar retailers may be limited as to what extent they can make use of their non-current assets eg, opening times may be limited by the 'norms' on the high street they operate on or laws such as Sunday trading laws
- airline turnaround times may be constrained by the time taken to refuel a plane or flying limited by regulations around noise at airport.

Factors other than efficient use of non-current assets can be a key part of a low-cost business model:

- innovation – innovative design may enable cost savings by reducing the number of components or reducing the raw materials used (eg Ikea)
- alternatively innovative processes, eg online selling may eliminate the need for high levels of non-current assets (eg dark kitchens, online prescription glasses)
- relationship with suppliers may be key to achieving low cost (eg Primark supplier relationship based on ever reducing costs) or vertical integration may cut out middlemen and able direct control over costs
- economies of scale may be important – volume may enable bulk buy discounts (eg IKEA, McDonalds)
- removing aspects of the offering that are not valued by customers may be key in some situations:
 - low-cost airlines (direct online sales, self-check-in, charge extra for baggage and food)
 - Aldi/Lidl offer a smaller range, no expectation customer will be able to get everything, products in pallets
- specialisation and standardisation can reduce complexity and mean workers don't need to be as skilled, they can be trained quickly and paid less (eg McDonalds offer a small range of standardised products, their 'chefs' are paid close to minimum wage)
- offering lower costs than competitors can lead to a virtuous cycle where customer satisfaction leads to lower costs related to complaints and higher sales volumes which increases economies of scale and can lead to high-capacity utilisation.

Accept all relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2025

Judgement may depend on:

- the significance of NCAs to a business:
 - for a business with relatively high levels of NCAs (ie they own lots of buildings, machinery or planes) effective use of NCAs is likely to be important to achieving low-cost advantage
 - a business using a business model allowing them to operate with lower levels of NCAs may not find it so important (eg a business that subcontracts manufacturing rather than operating their own factories)
- the extent to which cost savings can be achieved in other ways (eg How willing is the customer to accept lower levels of service? Is the business able to achieve significant economies of scale?)
- low-cost 'winners' are often those that take advantage of more than one way of lowering costs, there might not be a single 'best' way.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2017

0	1	.	4	To what extent do you think the 'big four' supermarkets should change their strategies and adopt the discounter model?
[20 marks]				

Marks for this question: AO1 = 4, AO2 = 3, AO3 = 5, AO4 = 8

Level	The candidate will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgments or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.	17-20
4	An good response overall that is fully focused on many of the demands of the question Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question. - demonstrates analysis which is well developed, applied effectively to the context and considers a range of the issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	13-16
3	A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - Makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole	9-12
2	A limited response overall with little focus on the demands of the question Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question. - makes judgment or proposes solutions which have limited links to analysis or limited focus on the question as a whole	5-8
1	A weak response overall lacking focus on the demands of the question Provides an answer to the question set that: - demonstrates isolated or imprecise knowledge and understanding. - demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question.	1-4



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2017

	• makes judgements or proposes solutions based on assertions.	
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The focus of the question is on:

- the extent to which the big four supermarkets should change their medium to long term actions in the future to achieve their corporate objectives by adopting the discounter model

Indicative content may include:

- Discounters have been gaining in terms of market share and this is expected to rise by 2020 so the big four may well lose ground if they don't change their approach. However, the discounters' market shares remain relatively small compared to the big four
- The big four may want to explore other strategies such as wanting to develop its non-food lines. Do they want to compete head on with the discounters or is it better to differentiate further? The big four have a much greater product range and may want to build on this.
- The discounter model seems to be more effective in terms of net profit margin. Aldi 3.6%, Tesco 0.29%. This is an attractive position in terms of future funds to meet corporate objectives. But could it be sustained over a wider product range?. Discounters have the advantage of potentially achieving large economies of scale through bulk ordering a narrower range of goods. Would the big four need to reduce the product range and if so what would the impact of this be on existing customers?
- The shift in market share values and the customer perception of benefits to market shares would certainly suggest that the big four are under threat from the discounter model.
- However, the big four have other advantages in terms of product range, especially non-food and providing goods for a range of consumer incomes and so would it be right to move to a narrower product base.
- This may depend on how accurate the forecasts are and whether the rise of the discounter model continues to be a long term trend.
- May want to adopt some aspects of the approach e.g. have some discount lines, focus on narrower product lines, become leaner, reduce administration costs, especially if profitability is the key focus of corporate objectives.
They may make different decisions depending on their view of their own strengths and weaknesses and the opportunities and threats ahead

Evaluation may consider

- Whether the big four think the rewards of changing strategy justify the risks
- Whether the big four may change some aspects of their strategies
- The extent to which the discounters are perceived as significant long term threats



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2019

2	2	A competitive advantage can be achieved through low-cost or through differentiation. Which of these types of competitive advantage is it easier for a UK business to maintain? Justify your view. [25 marks]
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25 mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2019

2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: - demonstrates isolated or imprecise knowledge and understanding - demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question - makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are:

- explaining how a business can achieve or maintain a competitive advantage for its products through cost advantage and differentiation
- assessing the ease/difficulties of maintaining competitive advantage through cost advantage
- assessing the ease/difficulties of maintaining competitive advantage through differentiation
- comparing and evaluating the relative ease/difficulties of maintaining competitive advantage from cost advantage and differentiation
- arguments in the context of a UK business.

Indicative content may include:

- showing an understanding of competitive advantage
- analysing different ways in which a competitive advantage may be retained and the ease/difficulties of maintaining this advantage, such as:
 - cost advantage may depend on:
 - the level of economies of scale achieved and whether other businesses can match these economies
 - whether there are diseconomies of scale for the business if it grows further
 - the costs of equipment that allow the business to achieve low costs and whether this equipment or methods are protected from copying
 - the ease with which other businesses can replicate the methods used by the business to achieve low cost.
 - differentiation may depend on:
 - investment in capital and technology which cannot be surpassed by competitors
 - innovation and patents, which can be expensive to maintain and protect and which can be eradicated by a competitor getting a patent for a newer product but which can restrict competition
 - the position of the product in terms of its stage of the product life cycle
 - possessing a superior workforce, but facing other businesses whose workforces can become more qualified or better trained
 - higher quality products that can be surpassed by competitors using improved quality assurance approaches
 - more effective marketing and greater brand loyalty, which can become ineffective because customer tastes change



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2019

Evaluation may consider:

The relative ease/difficulty will depend on certain factors, such as:

- the nature of the economy – is the business located in a low-cost economy or one with high levels of innovation; with which other countries does it compete?
- ease of entry/barriers to entry into the market
- levels of profitability of existing firms, which may encourage competition but make it harder for new entrants to compete
- growth prospects for that market/product
- the current level of competitive advantage enjoyed by the business.

Overall, UK businesses tend to achieve competitive advantage in international markets through differentiation, but within the UK there are businesses that compete on low cost. This latter factor may increase if the UK adopts more protection but may fall if industries such as agriculture are no longer within the protection of EU regulations and restrictions.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2020

2	4	A business is changing from a strategic position of low cost to one of differentiation.
		Will this lead to the business spending more on marketing and less on the operations function? Justify your view.
		[25 marks]

25 mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2020

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of the question are on:

- understanding the features and implications of strategic positioning and a change from low cost to differentiation
- analysing how low cost positioning is likely to impact on levels of spending on the operations and marketing functions
- analysing how differentiation is likely to impact on levels of spending on the operations and marketing functions
- assessing the extent to which there will need to be changes to these two functions and the overall implications for spending
- evaluating whether it is inevitable that spending will need to be shifted from operations management to marketing.

Indicative content may include:

Analysing how low cost positioning might be achieved and the impact on relevant functional budgets. If low cost is achieved through:

- new methods of production then the operations spending will need to be high
- new low-cost sources of supply or distribution, then this will influence the operations management spending (although it should lower it)
- new technology then operations spending is likely to be high initially and require higher costs for maintenance
- improvements in labour productivity then there may be lower spending on operations.

BUT

- if it is achieved through economies of scale this might require more extensive spending on marketing in order to increase customer numbers
- if it is achieved through barriers to entry this might be based on high marketing expenditure to create USPs etc.

Changing to differentiation will affect the functional areas in different ways, depending on how it is achieved:

- new product development can involve higher operations spending if it arises from R&D or higher marketing spending if it arises from market research
- after-sales service may require more operations spending and more customer support and so both functions may be affected, depending on the nature of the product
- better quality products will have implications for operations, if the product needs improvement, but will require more marketing if 'quality' is based on better image and brand awareness
- better design can also emanate from operations or marketing
- advertising and promotion can be the key driving forces behind differentiation and are thus likely to require larger spending on marketing.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2020

Evaluation

The quality of evaluation will be assessed according to the balance of arguments used by the student. On balance, low cost strategies are more likely to focus on operations management with a much lower requirement for marketing spending, except where it is necessary to ensure that customers are aware of the low costs. In contrast, differentiation is more likely to require heavier expenditure on marketing (although without necessarily cutting the operations budget). However, the impact is very much dependent on the ways in which the two positions are attained by the business. The balance of probability suggests a shift of resources from operations to marketing.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2022

Section D

2	4	Evaluate the extent to which the actions of the finance function of a business can help that business to achieve the lowest cost in its market.
[25 marks]		

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10

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2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are:

- showing an understanding of low cost
- analysing different ways in which the finance function can help a business to achieve cost leadership
- assessing the overall impact of these ways of achieving cost leadership
- evaluating the extent to which decision-making by the finance function can help a business to achieve cost leadership.

Indicative content may include:

The finance function may help the business achieve cost leadership by:

- setting cost minimisation objectives
- achieving better budgetary control of cost budgets
- using investment appraisal to assess better ways of cutting costs in a way that increases profitability
- choosing sources of finance that minimise costs
- using ratio analysis, such as efficiency ratios, in order to minimise costs of inventory and debt collection
- analysing different methods of achieving cost leadership.

Evaluation might include:

- assessing the extent to which individual approaches can cut costs
- evaluating the relative merits of different strategies used by the finance function
- recognising the influence of external factors, such as competitors and consumer tastes, on these strategies
- examining how other functional areas can help towards cost minimisation and assessing their relative importance in comparison to the finance function.

Evaluation

Good evaluation should be based on analysis of the relative impact of the finance function in achieving cost minimisation across the business as a whole.



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Section D

2	3	'The need to continue investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.' To what extent do you agree? Justify your view. [25 marks]
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25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15



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2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are:

- showing an understanding of competitive advantage and its main sources
- understanding the various factors, such as investment, that can influence competitive advantage
- analysing the various factors, both internal and external, that can influence a business's ability to maintain its competitive advantage
- assessing the extent to which the need to increase investment is likely to be the most significant difficulty facing a business trying to maintain a competitive advantage.

Indicative content may include:

- understanding that competitive advantage usually derives from a comparative (or cost) advantage or a differential advantage (from differentiation of products)
- recognising why increasing investment can be difficult – for example, increased gearing and interest costs, potential negative impact on shareholders' dividends in the short-run, difficulties in accessing sources of finance
- recognising the possible factors that can make it difficult to maintain a competitive advantage, such as:
 - the quality and vision of leadership
 - the need to find finance for continual investment in capital resources
 - the level of and adaptability of management skills in the business
 - the level of both job specific and general skills in the workforce
 - ability of the business to maintain competitive advantage through its marketing
 - the efficiency of the other functional areas, such as operations management
- analysing how the factors above might cause difficulties in the business' attempts to maintain competitive advantage
- analysing how external factors can also contribute to difficulties, such as greater competition overseas, potential for lower costs amongst rivals, additional transportation costs.

Evaluation

- assessing how crucial investment is as a difficulty in maintaining a competitive advantage
- contrasting this difficulty with the other factors analysed
- evaluating the impact of external factors, such as circumstances in which they might affect one business more than another
- providing an overall judgement on whether the need to increase investment is the most significant difficulty facing a business which is trying to maintain a competitive advantage.

*Marker's Note: Answers that focus on factors that can influence competitive advantage, but with **no** reference to investment, can be credited up to 9 marks (L2).*



WHAT THE EXAMINERS SAID · comments from AQA's Reports on the Examination

Quoted word for word, in the same order as the questions. Not every question has a comment.

2. Q8 · A Level Paper 1 · June 2019 · 1 mark · 3.8.1

< MARK SCHEME

This double statement test of students' understanding of Ansoff's matrix proved to be quite difficult, with fewer than half of all the students showing understanding of both market penetration and diversification.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

7. Q22 · A Level Paper 1 · June 2018 · 25 marks · 3.8.1

< MARK SCHEME

This was the most popular essay choice. Many students provided well-developed arguments which incorporated balanced and well-reasoned analysis of both product development and market development. There was some excellent evaluation and effective use of the context in these responses. Strong responses had a clear focus on the degree of risk in the different strategies; often this was discussed by considering different situations and evaluating whether one was more risky than another.

However, there were some students who introduced examples that were not explained in the context of the risk of these two strategies. Weaker answers tended to provide a lack of balance, sometimes with a focus only on one strategy and there were a number of responses that confused market development and market penetration.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

9. Q4 · A Level Paper 1 · June 2018 · 1 mark · 3.8.2

< MARK SCHEME

This question used a matrix in order to ask a question on Bowman's strategic clock – a new concept. Students responded well to the challenge with over 80% able to identify the segment of a market map into which a product with 'focused differentiation' would be placed. The incorrect answers indicated that the quality element of focused differentiation was understood better than the price element.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

10. Q10 · A Level Paper 1 · June 2019 · 1 mark · 3.8.2

< MARK SCHEME

This question on Bowman's strategic clock was quite challenging, with three of the four answers proving to be popular. However, the correct response was significantly more popular than the other choices.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

14. Q2.1 · A Level Paper 2 · June 2024 · 9 marks · 3.8.2

< MARK SCHEME

Overall this was a well answered question. Most students could apply their knowledge of Bowman's Strategic Clock to the case study in how the business had moved from position 1 to 4. Higher scoring responses were able to elaborate and fully analyse why the business changed their strategy in relation to reasons such as competition and increased costs. In lower scoring responses there was often quite a lot of description of the change with some reasoning mixed in, rather than a clear focus on why. There were a few instances of students who clearly did not know the model.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2024.

15. Q3.3 · A Level Paper 2 · June 2025 · 16 marks · 3.8.2

< MARK SCHEME

Overall, this was question was one of more the difficult questions for students to access, as a number were unable to effectively demonstrate understanding of non-current assets. Alternatively, students could define and give examples but then struggled to develop the argument effectively to clearly show how a low-cost advantage is generated by using the non current assets fully. Other students developed a response along the lines of capital v labour intensive. A few students could not distinguish between current and non-current assets.

For students who demonstrated a knowledge of what non-current assets are, this was an accessible question. Many were able to use the case to support their response. There was good balance and use of a wider context, bringing in examples of alternative methods such as outsourcing, purchasing economies of scale or lean production.

Unfortunately, for this question some issues of time management seem to be apparent with students sometimes giving brief or one-sided responses and a few not attempting the question at all.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2025.



16. Q1.4 · A Level Paper 2 · June 2017 · 20 marks · 3.8.2[< MARK SCHEME](#)

There were some very good answers to this question in which students demonstrated their knowledge of theory and where selected and used appropriate data to support their lines of argument. When the data was used students were often very able to develop good responses. Better responses considered the scale of the two companies, concluding that while the discounters had much to offer, the scale of the big four, the brand loyalty, scope of products and target market might make being a discounter unnecessary. Those who did well on this question selected their facts and built cohesive chains of argument, combining data and providing balance. Some students scored very highly with just a few pieces of really relevant and well analysed points supported by data. There were some good conclusions which drew the preceding arguments together well and gave weighted and considered judgements.

Many students failed to get to grips with the requirements of this question. Many listed data and made a number of points but there was little or no development. Weak answers lacked focus and discussed irrelevant material on motivation theory or shareholders investing more. Too many students wasted time by copying out information from the data instead of spending a couple of minutes planning their answer and combining data effectively to develop it into a coherent (and more succinct) paragraph.

Key words like “change”, “strategies” and “adopt” triggered many students to describe theory that they had learned, such as Bowman’s Strategic Clock, Kotter & Schlesinger’s Resistance and Methods to overcome change, carrying out audits of Strengths, Weaknesses, Opportunities and Threats and Strategic Drift and Economies of Scale that were thrown into responses in various degrees of detail without any application to the focus of the question. Many judgements did not follow logically from the preceding analysis,

introduced new issues or threw in generic comments such as ‘should do a SWOT analysis’ or “it depends on the CEO’s attitude to risk”.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2017.

17. Q22 · A Level Paper 1 · June 2019 · 25 marks · 3.8.2[< MARK SCHEME](#)

On the whole, this essay produced the most successful set of answers. More effective responses were based on Porter’s generic strategies, which gave a framework for the discussion. As with Question 21, it was pleasing to see the relevant and effective use of real-life businesses to support and enhance arguments. However, there was often a description of low-cost as a strategy, with no accompanying explanations of how this advantage was achieved in the first place or could be retained in the future. More effective responses discussed economies of scale, buyer power, outsourcing and free trade as reasons for achieving and maintaining low cost, with references to the external environment to further evaluate these ideas. With differentiation there was a greater tendency to explain how it was achieved, with a focus on R&D and branding, although the use of patents featured much less than expected. Some responses confused differentiation and diversification.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

18. Q24 · A Level Paper 1 · November 2020 · 25 marks · 3.8.2[< MARK SCHEME](#)

This question was the least popular choice of essay title, the likely result of it being a title that required an understanding of two strategic positions and their impact on two separate functions of the business. However, for the students who were not daunted by this challenge, it proved to be a very accessible question and many scored well on it. Most answers showed a clear understanding of strategic positioning and its impact on marketing spending, with many also showing good insight into the impact on spending on the operations function.

Concluding Remarks

The overall demands of this paper, expectations from students and the type and range of questions asked were entirely comparable to those of previous series. The paper was accessible and students were able to respond well to the questions set in all three sections and there was no evidence of issues with timing.

At times there was evidence of gaps in students’ knowledge and understanding. There was some evidence to suggest that students’ essays showed less depth across all four titles, but good responses showed very tight focus on the question.

Source: AQA Report on the Examination, A Level Business 7132/1, November 2020.

19. Q24 · A Level Paper 1 · June 2022 · 25 marks · 3.8.2[< MARK SCHEME](#)

A lack of clarity in students’ understanding of the finance function undermined many answers. Where understanding was good, students were able to show how the finance function could help a business to achieve cost leadership, although many answers focused only on the budgeting process. As with Q22, there was a tendency to re-interpret the question, with students focusing on how to achieve cost leadership with little reference to the finance function.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2022.



20. Q23 · A Level Paper 1 · June 2025 · 25 marks · 3.8.2[< MARK SCHEME](#)

Answers often showed uncertainty of the meaning of investment, but in general students were able to demonstrate the link between continued investment and maintaining a competitive advantage. There were some excellent examples, such as the pharmaceutical and automotive industries, that enabled students to demonstrate analytical and evaluative skills in context. Overall, students showed a very clear understanding of competitive advantage but were less confident in their understanding of investment.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2025.

