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AQA A LEVEL BUSINESS (7132): QUESTIONS BY TOPIC

Strategic methods: how to pursue strategies (3.9)

A Level Business (7132) · Section 3.9

39 questions · 422 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.

QUESTION	SOURCE	MARKS	PAGE
3.9.1 ASSESSING A CHANGE IN SCALE		18 Qs · 151 marks	3
1. Q1	A Level Paper 1 June 2017	1	3
2. Q9	A Level Paper 1 June 2017	1	4
3. Q10	A Level Paper 1 June 2018	1	6
4. Q7	A Level Paper 1 November 2020	1	7
5. Q11	A Level Paper 1 November 2020	1	8
6. Q13	A Level Paper 1 November 2021	1	9
7. Q2	A Level Paper 1 June 2022	1	10
8. Q15	A Level Paper 1 June 2023	1	11
9. Q8	A Level Paper 1 June 2024	1	12
10. Q8	A Level Paper 1 June 2025	1	13
11. Q2	A Level Paper 3 June 2023	12	14
12. Q2	A Level Paper 3 June 2025	12	21
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15. Q2.4	A Level Paper 2 June 2022	16	37
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17. Q6	A Level Paper 3 June 2018	24	48
18. Q22	A Level Paper 1 June 2023	25	54
3.9.2 ASSESSING METHODS AND TYPES OF INNOVATION		8 Qs · 114 marks	60
19. Q7	A Level Paper 1 June 2023	1	60
20. Q19	A Level Paper 1 June 2018	9	61
21. Q3.1	A Level Paper 2 June 2019	9	63
22. Q20	A Level Paper 1 June 2025	9	66
23. Q2	A Level Paper 3 June 2022	12	67
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26. Q23	A Level Paper 1 November 2020	25	85



QUESTION	SOURCE	MARKS	PAGE
3.9.3	ASSESSING METHODS OF ENTERING INTERNATIONAL MARKETS	7 Qs · 80 marks	86
27. Q13	A Level Paper 1 June 2018	1	86
28. Q11	A Level Paper 1 November 2021	1	87
29. Q2	A Level Paper 1 June 2024	1	88
30. Q2	A Level Paper 3 November 2020	12	89
31. Q3.3	A Level Paper 2 June 2017	16	95
32. Q6	A Level Paper 3 November 2021	24	100
33. Q21	A Level Paper 1 June 2025	25	111
3.9.4	ASSESSING GREATER USE OF DIGITAL TECHNOLOGY	6 Qs · 77 marks	112
34. Q1	A Level Paper 1 November 2020	1	112
35. Q1	A Level Paper 1 June 2025	1	113
36. Q20	A Level Paper 1 November 2020	9	114
37. Q4	A Level Paper 3 June 2018	16	115
38. Q25	A Level Paper 1 June 2017	25	121
39. Q23	A Level Paper 1 June 2022	25	125



QUESTIONS · 39 questions · 422 marks · 4 sub-topics

SUB-TOPIC 3.9.1 · 18 questions · 151 marks · lowest tariff first

ASSESSING A CHANGE IN SCALE

2

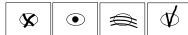
Do not write
outside the
box**Section A**Answer **all** questions in this section.Only **one** answer per question is allowed.

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

CORRECT METHOD



WRONG METHODS

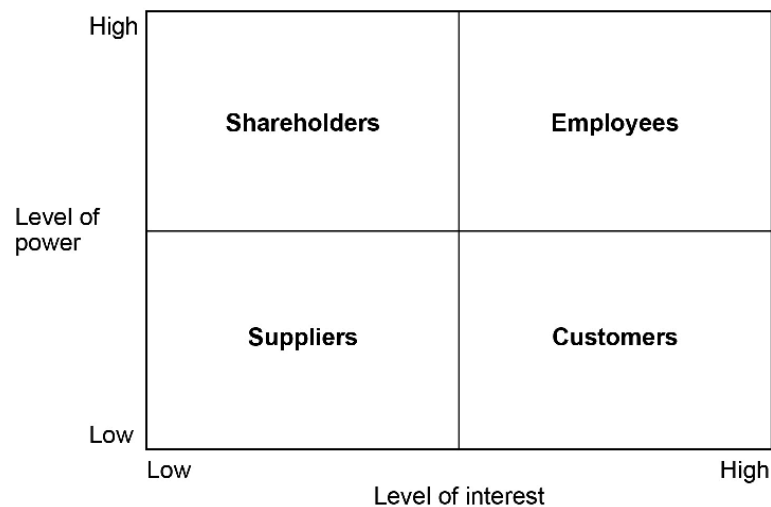


If you want to change your answer you must cross out your original answer as shown.

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

0 1

A farmer takes over a retailer in order to sell its produce. This is an example of

A horizontal integration.☐**B** backward vertical integration.☐**C** forward vertical integration.☐**D** conglomerate integration.☐**[1 mark]****0 2****Figure 1** below shows a stakeholder map.**Figure 1:** Stakeholder map

0 2

IB/G/Jun17/7132/1



5

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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

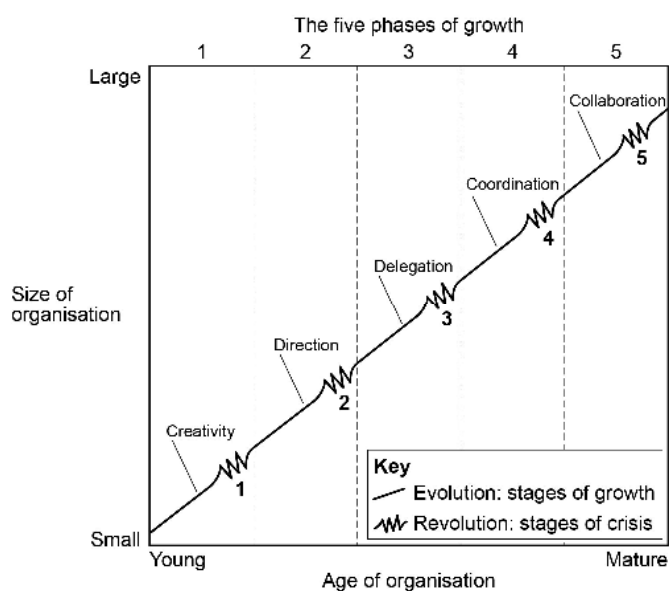
- A** diversification.
B market development.
C market penetration.
D product development.

☐☐☐☐

[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]



Turn over ►

IB/G/Jun17/7132/1



6

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1 0

Figure 2 below contains data on the costs of producing a given product.

Figure 2

Output (units)	Total costs (£)
0	40
1	80
2	110
3	150

Calculate the total variable costs of producing 3 units of output.

A £30

☐

B £40

☐

C £100

☐

D £110

☐

[1 mark]

1 1

Statement 1: 'According to Taylor, piece rate payments will **usually** motivate workers.'

Statement 2: 'According to Herzberg, piece rate payments will **usually** motivate workers.'

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

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 6

IB/G/Jun17/7132/1



6

1 0

Which **one** of the following statements is **true**?

A Backward vertical integration is impossible for a retailer.

☐

B Conglomerate integration narrows the product range.

☐

C Forward vertical integration allows a business better access to its raw materials.

☐

D Horizontal integration should give a business an immediate increase in market share.

☐

[1 mark]

1 1

The grid below refers to two of the factors that Hofstede included in his view of national cultures.

	Low UAI (Uncertainty Avoidance Index)	High UAI (Uncertainty Avoidance Index)
High LTO (Long-term Orientation)	A	B
Low LTO (Long-term Orientation)	C	D

A business locates in a country where people take risks and look for immediate results. According to Hofstede, the culture of this country is shown by segment

A A

☐

B B

☐

C C

☐

D D

☐

[1 mark]



0 6

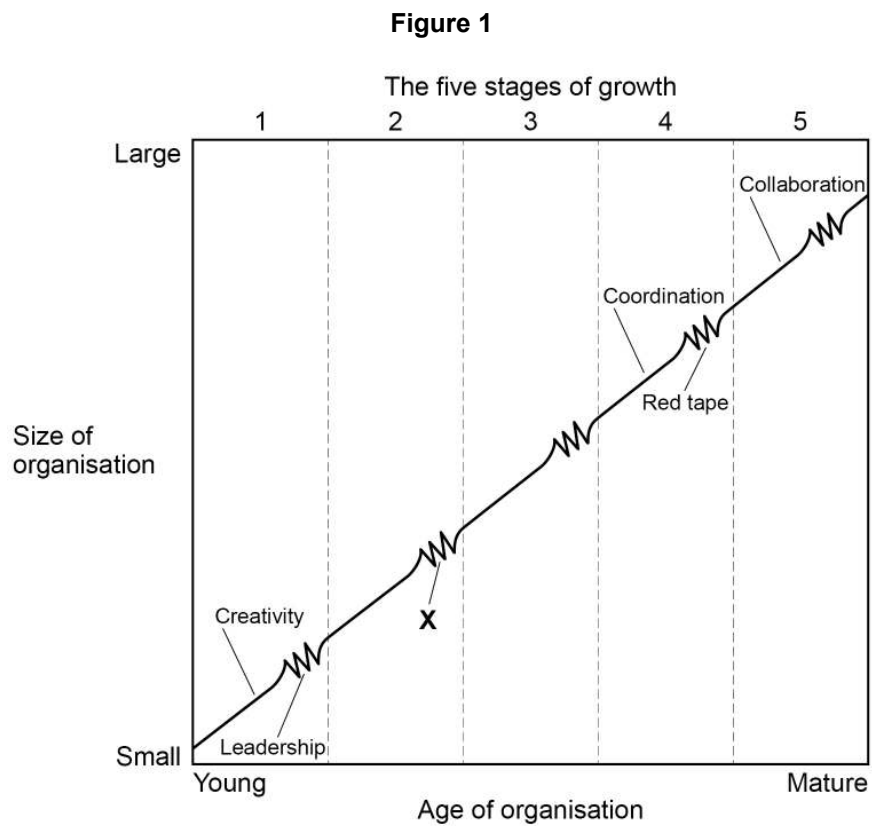
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5

07

Figure 1 shows Greiner's five stages of growth.

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Point 'X' shows the crisis of

[1 mark]

- A** autonomy at the end of the delegation stage.
- B** autonomy at the end of the direction stage.
- C** control at the end of the delegation stage.
- D** control at the end of the direction stage.

☐☐☐☐

Turn over ►



IB/G/Jun20/7132/1



7

1 0

The table below shows the two different management styles used by managers in four companies.

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Company	Management styles
A	'Country club' and 'Impoverished'
B	'Produce or perish' and 'Team leader'
C	'Produce or perish' and 'Impoverished'
D	'Country club' and 'Team leader'

Which company is **most** likely to use a soft human resource management approach?
[1 mark]

A Company A

☐

B Company B

☐

C Company C

☐

D Company D

☐

1 1

Statement 1: 'External growth requires a business to integrate with another business that is located in a different country.'

Statement 2: 'Organic growth requires a business to use its own resources to expand its size.'

Read statements 1 and 2 and select the correct option from the following options.
[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 7

IB/G/Jun20/7132/1



8

1 2

Table 2 below shows investment appraisal data for four projects.

Table 2 Investment appraisal data

Project	Initial cost (£m)	Net return (£m)		
	Year 0	Year 1	Year 2	Year 3
A	(12)	12	10	0
B	(15)	10	12	15
C	(16)	18	0	0
D	(20)	19	15	4

Which project has the best payback?

[1 mark]

A Project A

☐

B Project B

☐

C Project C

☐

D Project D

☐

1 3

The leadership crisis occurs at the end of which of Greiner's stages of growth?

[1 mark]

A Growth through collaboration

☐

B Growth through creativity

☐

C Growth through delegation

☐

D Growth through direction

☐

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0 8

IB/G/Jun21/7132/1



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 managers of a business propose to retain all of its profit to finance automation of its production. This is most likely to cause conflict with:

[1 mark]

A employees and lenders.

☐

B employees and shareholders.

☐

C lenders and suppliers.

☐

D shareholders and suppliers.

☐

0 2

A business is able to reduce unit costs because of lessons learned throughout the period in which it has existed. This is known as:

[1 mark]

A economies of scale.

☐

B economies of scope.

☐

C synergy.

☐

D the experience curve.

☐

0 2

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9

1 4

Which of the following actions would improve the ability of a manufacturer to respond to changes in consumer demand?

[1 mark]

- A** Ensuring workers are highly trained in one specialised role
- B** Maintaining high capacity utilisation levels
- C** Outsourcing more production to other manufacturers
- D** Reducing warehouse size in order to minimise levels of inventory

☐☐☐☐**1 5**

A food manufacturer buys two businesses: a direct competitor and a food wholesaler. What is this an example of?

[1 mark]

- A** Backward vertical integration and forward vertical integration
- B** Conglomerate integration
- C** Horizontal integration and backward vertical integration
- D** Horizontal integration and forward vertical integration

☐☐☐☐

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15**Turn over for Section B****Turn over ►**

0 9

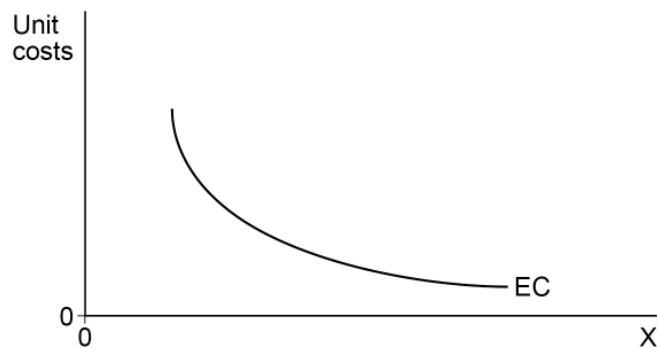
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5

0 8

The diagram below shows 'the experience curve' of a particular business.

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The x-axis for this diagram measures:

[1 mark]**A** annual output.☐**B** capacity utilisation (%).☐**C** cumulative output.☐**D** employee numbers.☐**0 9**

In a decision tree there are four possible outcomes of an action.

The probabilities of the 1st, 2nd and 3rd outcomes are 0.4, 0.32 and 0.24 respectively.

The probability of the 4th outcome is:

[1 mark]**A** 0.04☐**B** 0.16☐**C** 0.32☐**D** 0.4☐**Turn over ►**

0 5

IB/G/Jun24/7132/1



5

0 7

The data below applies to Bromley Apples Ltd for 2023–2024.

	£m
Sales revenue	20
Cost of sales	6
Operating expenses	4
Taxation	7

What is Bromley Apples Ltd's gross profit for 2023–2024?

[1 mark]

- A £3m ☐
- B £10m ☐
- C £14m ☐
- D £16m ☐

0 8

Statement 1: 'Retrenchment is less likely to be faced with organised resistance if the business has a low level of trade union membership.'

Statement 2: 'Retrenchment is likely to be easier to manage if a business has a high rate of labour turnover.'

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. ☐

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IB/G/Jun25/7132/1



Case study: Logger Boards Ltd (A Level Paper 3, June 2023 insert)

The full case study for Q2 (12 marks), which follows on the next pages. Read it before answering.

Bodhi Doyle started surfing when he was just 5 years old. Forty years later, he is the owner and manager of a successful company that specialises in manufacturing professional-quality surf boards using only recycled materials. Bodhi owns 100% of the shares of Logger Boards Ltd; a business which dominates its niche market.

Throughout the company's 25-year history, it has followed Bodhi's founding mission: 5

'Logger Boards Ltd exists to intensify the thrill of riding waves while helping nature recover in its battle with humanity.'

The business has grown from a one-man operation to fill a small workshop with five full-time highly skilled employees creating environmentally friendly, top-quality surfboards. 10

From the very beginning, Bodhi's products have been popular, while several mass-market UK-based surfboard manufacturers have struggled to survive. Logger Boards Ltd has had chances to buy these businesses cheaply in order to expand. Bodhi has declined these opportunities. He also recently turned down a chance to take over Logger Boards Ltd's specialist paint supplier. 15

Bodhi has worked tirelessly to seek out the very best recycled materials to ensure that his boards meet the demands of the world's best surfers. The workshop is now powered completely by renewable energy sources from an onsite wind turbine and a solar-panelled roof. Any waste-water generated is filtered onsite and reused wherever possible. However, with sales at a record high, Bodhi knows that the cramped conditions in the workshop, combined with a lack of storage space for materials, have reduced efficiency. 20

Demand for Logger Boards Ltd surfboards is expected to keep growing. Bodhi has conducted careful planning for a possible new production facility on the existing site that will allow the business to increase total capacity. This would enable the business to: 25

- keep all of its environmentally friendly systems
- create space for more output
- employ more workers if needed.

Bodhi's thorough research has generated forecast data, shown in **Appendix A**. The cost of building the new production facility is estimated to be £500 000. Logger Board's Ltd's bank has offered a long-term loan for this amount, at an annual interest rate of 5%. Further financial information for Logger Boards Ltd is provided in **Appendix B**. 30

Demand for Bodhi's surfboards has grown without the need for promotional expenditure. Bodhi's approach to promotion has been to rely solely on Logger Board's Ltd's social media account on Instagram. Bodhi posts pictures and videos on this account. He has become an 'accidental' influencer with 200 000 followers. The content focuses less on the business and more on Bodhi's surfing lifestyle and personal environmental beliefs. Details of Logger Boards Ltd's followers and customers are shown in **Appendix C**. 35

Bodhi remains undecided about his expansion plans – he has always aimed to minimise the level of risk involved in any business decision he has made. He is also concerned that a larger business may be harder to control, especially given his passion for ensuring that Logger Boards Ltd's mission remains central to the way the business 40



operates. Although his bank manager has suggested that communication and organisational structure will be vital to the success of the growth strategy, Bodhi feels that his leadership will be the most important aspect if the strategy is to succeed. 45

Appendix A Data for current workshop and forecast for new production facility

	Current workshop	Forecast for first year in new production facility
Productivity (units per worker per year)	500	600
Total cost per unit (£s)	350	350
Output (units per year)	2 500	3 000
Capacity (units per year)	2 500	7 500
Fixed costs	£125 000	£250 000
Percentage of waste that is recycled	98	95

Turn over for Appendix B



Appendix B Current financial data for Logger Boards Ltd (before new production facility)**Table 1** Balance sheet (statement of financial position) extracts

	£000s
Current assets	246
Current liabilities	120
Non-current liabilities	400
Total equity	1 000

Table 2 Income statement extracts

	£000s
Sales turnover	1 125
Cost of sales	750
Expenses	125
Finance cost (interest paid on loans)	20
Profit for the year	230

Appendix C Data on Logger Boards Ltd customers and social media followers

Figure 1 Age profile of Logger Boards Ltd customers and social media followers

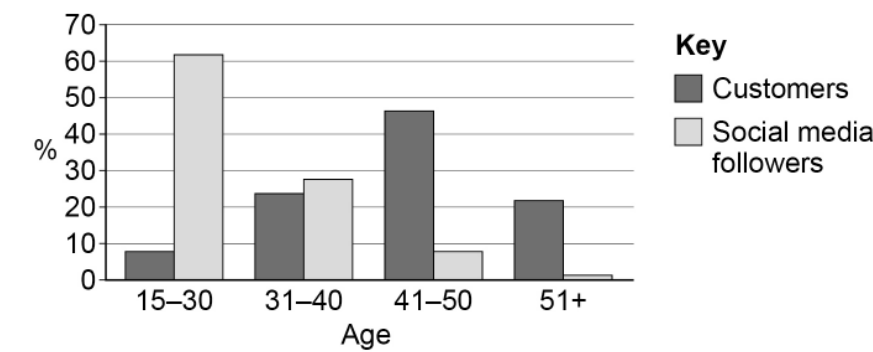
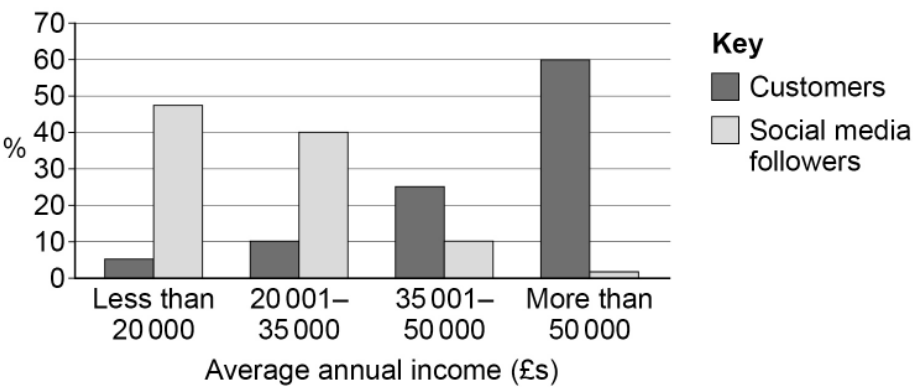


Figure 2 Average income of Logger Boards Ltd customers and social media followers



END OF SOURCES

This question is based on the case study: Logger Boards Ltd

A Level Paper 3, June 2023 insert. Printed in full on the pages just before this one (from page 14).

< CASE STUDY

5

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Logger Boards Ltd's growth has been organic rather than external.

Analyse why Bodhi may have preferred organic growth to external growth.

[12 marks]

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Case study: Vignal Babbel Motors (VBM) (A Level Paper 3, June 2025 insert)

The full case study for Q2 (12 marks), which follows on the next pages. Read it before answering.

Vignal Babbel Motors (VBM)

Background information

Vignal Babbel Motors (VBM) is a car manufacturer based in Europe, with roots dating back over 100 years.

The car industry has changed rapidly in the last 20 years and the business has struggled to keep up with the pace of external change. VBM's previous success was based on a core competence of designing and building extremely efficient, reliable and long-lasting diesel engines. 5

Over 100 European cities have now introduced legislation creating low emission zones. This means that most diesel-powered vehicles' owners have to pay a daily fee to enter these zones. In addition, several European countries have announced that sales of new petrol- and diesel-powered vehicles will be banned in the future (see **Appendix A**). As a result, sales of diesel-powered vehicles have begun to fall rapidly in VBM's traditional European markets (see **Appendix B**). 10

VBM only began work on developing electric vehicles five years ago. The company does not expect to launch an electric-powered vehicle until next year. Many competitors are already selling large volumes of electric vehicles. 15

VBM's sales in Europe have fallen due to increased environmental concerns. However, demand for VBM's traditional diesel-powered vehicles has been rising in some parts of South-East Asia, particularly Vietnam. The directors have started to discuss plans to build and operate a new factory in Vietnam to meet the rising demand in its South-East Asian markets. 20

Internal conflict

Meetings of the Board of Directors have been difficult for the last few years. Several directors have argued that the company must fight hard to maintain its share of the European market. They argue for the need to show loyalty to the company's employees and traditional customer base in Europe. They hope this will avoid the bad publicity caused by factory closures and the related redundancies. 25

However, another group of directors has stressed the need to better match capacity to changing global patterns of demand. This group proposes a strategy of retrenchment – closing three of VBM's four European factories. These closures would mean around 5000 redundancies. VBM would maintain just one European factory that would concentrate on producing electric vehicles for the European market. The capital released could be used to fund the construction of the proposed factory in Vietnam. 30

Major changes agreed

The proposals to retrench VBM's European operations and build the factory in Vietnam were approved at last month's annual shareholders' meeting. Since then, plans have been developed for the opening of the Vietnamese factory (see **Appendix C**). VBM's Operations Director is leading the project. He has drawn up a network diagram showing that the factory could be opened in a year. 35



The HR Director has warned that the diagram is based on some optimistic assumptions: 40

‘We have no experience of operating in Vietnam. We will need to understand recruitment systems and legislation plus train staff to operate the technology that we plan to use in the factory.’

The HR Director has advised that:

- the time allowed for recruitment should be increased by one month 45
- training the new workforce will take two months longer than initially predicted.

Retrenchment in Europe

Meanwhile, a retrenchment plan has been developed. This plan deals with:

- the process of closing three European factories
- adjusting VBM's marketing strategy to selling electric vehicles instead of petrol- and diesel-powered vehicles in Europe. 50

The plan also:

- outlines how and when announcements of factory closures plus 5000 redundancies will be made
- includes details of the redundancy settlements required for staff 55
- details the HR department's role in consulting with stakeholder groups on how to reduce the effects of the factory closures.

Appendix A

Table 1 Selected places where legislation has been passed, banning sales of new petrol- and diesel-powered vehicles, showing date when ban starts

Place	Start of ban
Norway	2025
UK	2030
EU	2035
California (USA)	2035
Quebec (Canada)	2035
China	2035

Turn over for Appendices B and C

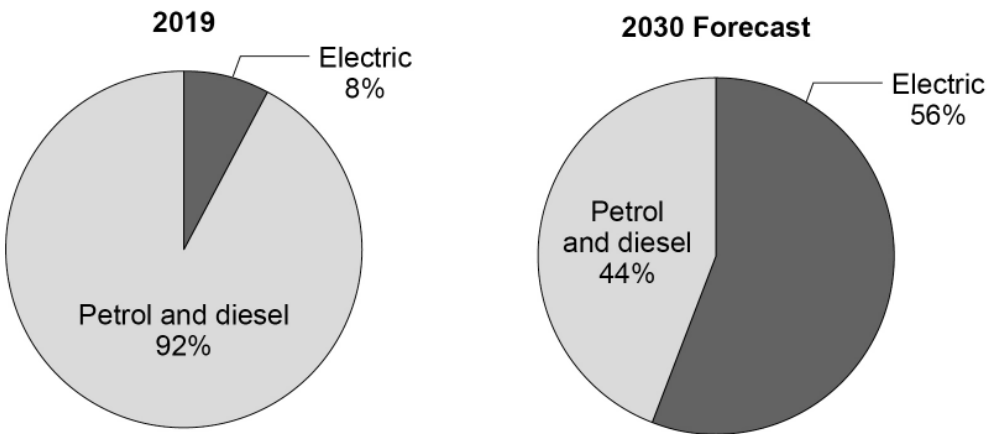


Appendix B Total car sales by power source

Table 2 Percentage of total car sales in the EU that use diesel engines

Year	Diesel-powered vehicles' share of European Union car market
2015	52%
2019	32%
2025 (forecast)	17%

Figure 1 Global car sales market share by power source

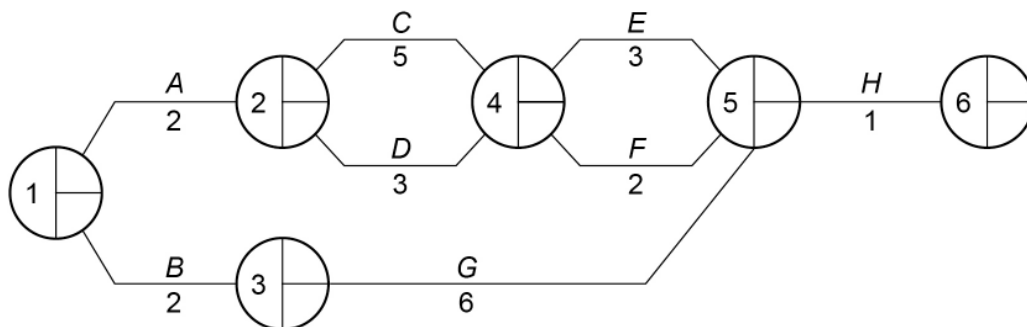


Appendix C

Table 3 Data used to construct network diagram in **Figure 2**

Activity		Operations Director's expected duration (Months)
A	Prepare site	2
B	Recruit workforce	2
C	Build factory building	5
D	Purchase production equipment	3
E	Find and contract suppliers	3
F	Install equipment	2
G	Train workforce	6
H	Test production line	1

Figure 2 Network diagram for new factory opening



END OF SOURCES



This question is based on the case study: Vignal Babbel Motors (VBM)

A Level Paper 3, June 2025 insert. Printed in full on the pages just before this one (from page 21).

< CASE STUDY

02

Analyse the impact of the proposed retrenchment on VBM's marketing activities in Europe.
[12 marks]

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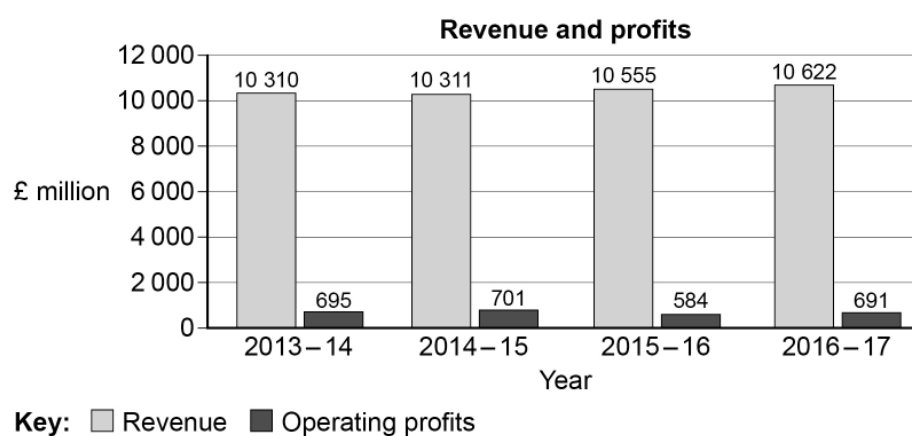
Marks and Spencer plc is one of the UK's leading retailers. It provides its own-brand food, clothing and home products in 1433 stores worldwide and online.

Appendix A Extracts from Marks and Spencer plc's published financial accounts

Balance sheet as at 1 April 2017

	£ million
Assets	
Non-current assets	6 569
Current assets	1 723
Liabilities	
Current liabilities	2 368
Non-current liabilities	2 774
Net assets	3 150
Equity	
Total equity	3 150

Appendix B Marks and Spencer plc's revenue and operating profit 2013–14 to 2016–17



0 2

IB/M/Jun18/7132/2



3

Appendix C Marks and Spencer plc customer data for financial year ending 1 April 2017

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	Total number of customers	Percentage change on previous year	Average number of times a year a customer buys from Marks & Spencer	Percentage change on previous year
Food	20.5 million	+2.0%	22.5	0%
Clothing and home	24.6 million	0%	7.2	−5.3%

Appendix D Marks and Spencer plc online data

	2016–17	Percentage change on previous year
Total online revenue	£836.3 million	+5.6%
Weekly site visits	8.3 million	+11%

Appendix E Information on Marks and Spencer plc's Board of Directors in 2017

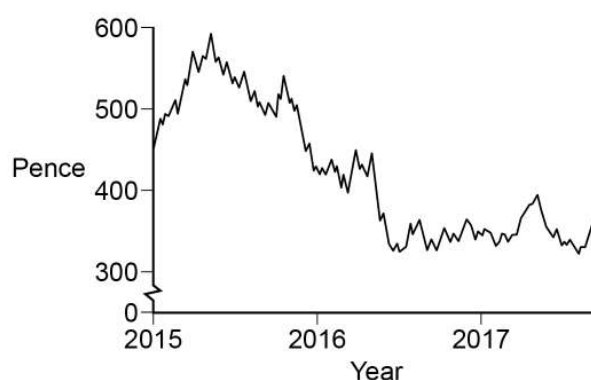
International experience: directors come from the following countries

China Germany Hong Kong India Japan Italy
UK Spain Netherlands Poland South Africa USA

Gender diversity: 70% of directors are male, 30% female

Industry sector experience of directors: retail 90%, consumer 100%, finance 60%, e-commerce and technology 40%

Appendix F Marks and Spencer plc's share price



Turn over ►



0 3

IB/M/Jun18/7132/2



7

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In April 2017 a rival business was considering taking over Marks and Spencer plc. How useful do you think the data provided in **Appendices A to F** might have been to this rival business when deciding whether to make a take-over bid? Justify your answer.

[16 marks]

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32

14

03

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

Do not write
outside the
box**Zani**

Zani PLC is a jewellery retailer. Its products include rings, necklaces and bracelets that are made with precious metals and gemstones. Zani PLC has a strong brand reputation for unique designs. The company targets high-income earners. The price elasticity of demand for Zani PLC's products is estimated to be -0.4 .

Zani PLC was established in 2005 by Ted Zani. Ted had previously worked for a big multinational jewellery business but left because he wanted to be his own boss. He set up the business with venture capital. In its early years, with Ted in charge, the company had a power culture (according to Handy's model). Shareholders felt a change of culture was necessary as the business got bigger and so Ted was replaced as Chief Executive in 2013.

Zani PLC set up 16 of its own stores in its first eight years. The company has continued to grow since then by selling 150 franchises around the world.

03.1

What is meant by venture capital?

[2 marks]

2



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16



0 2

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

Do not write
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box**Ocado venture with M&S**

Marks & Spencer (M&S) started to sell its popular food range online for the first time in September 2020, by forming a venture (also known as a joint venture) with Ocado. Ocado is a solely online supermarket that has well-established distribution networks and market-leading advanced technology.

M&S funded its part of the £1.5bn venture by selling £600m of shares to existing shareholders and by cutting shareholder dividends by 40%.

M&S stated that it had always believed M&S branded food should be available online and combining with Ocado was a 'win-win' situation that would drive long-term growth of both businesses.

Following the announcement of the venture, Ocado's share price rose by 3%.

The launch of the venture followed over a year of hard work and required senior managers from both businesses to work together to make it happen.

0 2 . 1

What is meant by the term shareholder dividend?

[2 marks]

2

0 2 . 2

Explain why the Ocado share price rose following the announcement of the venture.

[4 marks]

Turn over ►

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Are ventures a good way for **all** businesses to grow?

Justify your view.

[16 marks]

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Case study: Speed-e-Puds Ltd (A Level Paper 3, June 2024 insert)

The full case study for Q5 (20 marks), which follows on the next pages. Read it before answering.

Sanjay opened the first branch of Speed-e-Puds Ltd after seeing the huge growth in the dessert parlour market during the last 10 years. Driven by franchise brands such as Creams and Treatz, there are now just over 500 dessert parlours in the UK, serving waffles, pancakes and ice cream in eat-in restaurants.

Sanjay has developed a patented waffle maker, the 'SuperWaffler', which cooks perfect waffles in less than half the time of other waffle makers. This innovation is central to Speed-e-Puds Ltd's customer offer – 'desserts as tasty as anywhere, served twice as fast' – a unique selling point that appeals to its target market of young families and teenagers. 5

Despite his engineering background, Sanjay sees himself primarily as an entrepreneur. Sanjay now owns three successful Speed-e-Puds Ltd branches just one year after he opened his first. All three branches are very busy throughout the day, operating at high levels of capacity utilisation. This success has made Sanjay impatient to grow the business further. He believes that a Speed-e-Puds Ltd outlet in 75 cities in the UK would enable him to achieve the marketing objective he has set: 10

Achieve a 15% share of the UK dessert parlour market in the next three years

A new product?

Sanjay is considering offering a new product through his Speed-e-Puds Ltd branches – slushies. These flavoured, crushed-ice drinks are served from a large machine that would take up a significant proportion of the counter in each Speed-e-Puds Ltd branch. Detailed financial information on the slushy machines has been provided by the slushy machine supplier and is shown in **Appendix B**. 20

Sanjay's personal financial objective is to achieve a return on investment of 25% on any money invested in his business.

Growth 25

Sanjay knows that opening new branches is critical to achieve his marketing objective. He faces a choice over which method of growth to use:

Option 1

Sanjay could retain tight control over Speed-e-Puds Ltd by growing purely organically. All new branches would be part of the Speed-e-Puds Ltd organisation, with Sanjay frequently meeting the managers that he appoints to run these branches. 30

Option 2

Sanjay could sell Speed-e-Puds Ltd franchises to entrepreneurs who are interested in owning their own Speed-e-Puds Ltd franchised outlet. In return for an initial franchise fee and a monthly payment of 10% of revenue, franchisees would be allowed to use Sanjay's patented 'SuperWaffler'. Franchisees would also receive training and support for running their business and Speed-e-Puds Ltd would provide national advertising of the brand. 35

Sanjay produced a SWOT analysis for his business to help him with the decision provided in **Appendix C**. 40



Appendix A Speed-e-Puds Ltd financial data for last year (three branches)

Revenue	£750 000
Operating profit	£200 000
Cash	£20 000
Current ratio	0.2 : 1
Gearing ratio	90%
Total equity	£100 000
Average start-up cost per branch	£100 000

Appendix B Slushy machines

Initial cost of buying each slushy machine	£750
Contribution per slushy	95p
Slushy machine supplier's forecast of number of slushies sold per branch per year	3600
Increased electricity usage each year per branch	£3000

The machines are expected to have a useful life of five years.

Turn over for Appendix C



Appendix C Sanjay’s SWOT analysis of Speed-e-Puds Ltd:

Strengths: • strong branding • faster cooking and service times than rivals due to ‘SuperWaffler’.	Weaknesses: • reliance on Sanjay’s hands-on management style • lower gross profit margins than rivals.
Opportunities: • the dessert parlour market has grown by an average of 20% per year over the last five years • many cities have no specialist dessert parlour.	Threats: • healthy eating concerns remain a threat for all dessert parlours • demand is highly income elastic.

END OF SOURCES

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This question is based on the case study: Speed-e-Puds Ltd

A Level Paper 3, June 2024 insert. Printed in full on the pages just before this one (from page 41).

< CASE STUDY

14

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Sanjay is considering two options for the growth of Speed-e-Puds Ltd.

Would you advise him to choose Option 1 **or** Option 2?

Justify your answer.

[20 marks]

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Case study: Hopps London (A Level Paper 3, June 2018 insert)

The full case study for Q6 (24 marks), which follows on the next pages. Read it before answering.

Source 1**Hopps London**

Jack Hopper started his business, Hopps Clothing Ltd, a year ago. Although he enjoyed the £25 000 salary he was earning working for a bank, he was frustrated by the routine work and was eager to test his entrepreneurial skills. With an eye for an opportunity, Jack took his interest in fashion and turned it into a business which he would run in his spare time. Hopps Clothing Ltd produces a small range of clothing, reflecting Jack's interest in 'urban style' clothing and accessories.

5

Jack's first attempt at a range of clothing consisted of three items – caps, beanie hats and T-shirts featuring his own Hopps London logo. Information on the costs and prices of these items is shown in **Appendix A**. Still living with his parents, Jack used their house and garage as his storage space and his bedroom as an office. This kept his fixed costs to a minimum.

10

As a new, small clothing brand, Jack had two distribution options:

- sell online only through his own website
- sell through retailers.

Jack needed to find a way to distribute his clothing to consumers. Finding a retailer that was interested in selling his clothes was difficult. He did receive a proposal from Debenhams, who demanded exclusive distribution rights and expected high retail margins, as shown in **Appendix A**. Jack felt that selling through his own website allowed better targeting of the 15–30 year-olds that made up his target market.

15

As a start-up business Jack found it hard to find manufacturers willing to produce the small batches he wanted to order. He did find a supplier who was willing to produce his designs in batches of no fewer than 200 units for each design. For the T-shirts, Jack ordered a total of 200 in a range of sizes, following advice from the supplier on which would be likely to sell best. As Jack's was a new business, the supplier was unwilling to offer credit, so Jack had to use his savings and an overdraft to pay for all the stock in advance. Once his supplier had delivered, Jack's parents' house was suddenly full of cardboard boxes containing products that Jack now had to sell. Jack's parents were not happy.

20

25

Jack knew that in order to build his brand, promotion would be critical in such a crowded market. His strategy used social media. Instagram was his preferred platform. He initially used friends, and even himself, to model his clothing. Sales did not happen as quickly as he had hoped. Chatting to other entrepreneurs, Jack found that celebrity endorsement can be critical if using social media. Jack used several 'lesser known' celebrity endorsements to generate sales – as major stars with thousands of followers charged too much for an endorsement. In his first year Jack spent a total of £1000 on social media. The items shown in the Instagram posts sold well. Jack had sold out of the most popular sizes and colours within a couple of weeks of each post. It took the rest of the year to sell the rest of his stock – and therefore return Jack's bank balance to positive figures.

30

35



Planning a new range

40

For his next range of clothing, Jack has decided to only produce T-shirts, themed around famous brands of his childhood. He plans to have the full range of designs manufactured and ready to sell at Crepe City, a major urban footwear and fashion fair in London, which takes place in 25 weeks' time. Jack plans to use network analysis to help him manage the process of getting everything ready in time for the launch.

45

Appendix B shows the activities Jack needs to complete before launching the new range, and the network diagram he constructed. Since constructing the diagram, Jack's designer has told him it will probably take 5 weeks to digitalise his new designs, while the website re-design is likely to take 14 weeks.

The future

50

Jack has really enjoyed starting his own business. He would love to turn it into a full-time job. However, he is not willing to do so unless he can earn the same amount of profit from the business as his salary at the bank.

If Jack quits his job, he plans to pursue a 3-year growth strategy involving:

- recruiting eight regional salespeople covering the whole of the UK to visit retailers
- recruiting a full-time website administrator
- recruiting a specialist digital marketing director
- renting a storage unit for inventory
- increasing his annual marketing budget.

55

60

In addition to carefully monitoring the work of his new recruits, Jack would spend time visiting potential suppliers, as well as working on new designs for clothing and managing the business's inventory and finances.

Jack recognises that the business would need to grow rapidly to achieve his objective of £25 000 profit but is concerned by the problems that growth would bring. However, he has unshakeable faith in the brand, and his designs, and his bank job is not getting any more interesting.

65

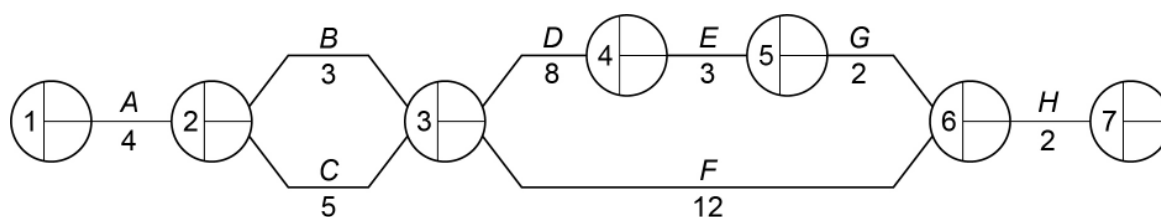
Appendix A Financial data for Hopps Clothing Ltd last year

	Cost per unit – paid by Jack to his supplier (£)	Price that Debenhams offered to pay Hopps Clothing Ltd (£)	Retail selling price (£)
T-shirts	9	15	24
Caps	7	12	20
Beanie hats	7	10	16

Other costs incurred:

- marketing costs of £1000
- £10 per month website fee
- bank account fee £10 per month.



Appendix B

Activity		Jack's original estimated duration (weeks)
A	Jack produces designs	4
B	Designer digitalises designs	3
C	Jack arranges a supplier	5
D	Manufacturing	8
E	Arrange and execute photoshoot for social media campaign	3
F	Website re-design	12
G	Social media campaign runs	2
H	Final preparations for product launch event at Crepe City	2

Source: Jack's own estimates

Appendix C

Forecasts for next year if Jack runs the business full time

Item	Expected annual online sales volume	Expected online selling price (£)	Expected annual sales volume through retailers	Expected price retailers will pay Jack (£)
T-shirts	2000	24	33 000	15

Additional information for next year if Jack runs the business full time:

Total fixed costs = £200,000

Variable cost per unit = £9

END OF SOURCES

This question is based on the case study: Hopps London

A Level Paper 3, June 2018 insert. Printed in full on the pages just before this one (from page 48).

< CASE STUDY

13

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Jack plans to grow his business rapidly over the next few years.
To what extent is it possible for businesses to overcome the problems caused by rapid growth?

[24 marks]

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IB/G/Jun18/7132/3



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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

2	1	
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Question

2	2	
---	---	---

CORRECT METHOD

WRONG METHODS



2	1
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Many businesses use contingency planning to prepare for major threats. Some of these contingency plans work well, but others fail to protect the business.

To what extent is the success of a contingency plan for a major threat more dependent on internal factors than external factors?

[25 marks]

OR

2	2
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Is it inevitable that large, growing businesses will eventually experience rising unit costs? Justify your view.

[25 marks]

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IB/G/Jun23/7132/1



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25



SUB-TOPIC 3.9.2 • 8 questions • 114 marks • lowest tariff first
ASSESSING METHODS AND TYPES OF INNOVATION

5

0 5

Statement 1: 'According to Blake Mouton, a country club leader has a greater concern for production than a produce or perish leader.'

Statement 2: 'According to Blake Mouton, a team leader has a greater concern for production than a middle of the road leader.'

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 6

Which government policy is most likely to increase **both** GDP and inflation?

[1 mark]

A Higher interest rates

☐

B Higher tax on goods

☐

C Lower income taxes

☐

D More open trade

☐

0 7

A business starts to use 'kaizen'.

This should lead to

[1 mark]

A external, disruptive change.

☐

B external, incremental change.

☐

C internal, disruptive change.

☐

D internal, incremental change.

☐

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9**1 9**

Analyse how introducing intrapreneurship can improve the financial performance of a business.

[9 marks]

1 2

IB/G/Jun18/7132/1



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9**2 0**

Analyse how delayering might affect the level of profit of a business.

[9 marks]

1 3

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18

0 3

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

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

Galin is a large multinational company that sells products in 10 different categories, including fabric care (eg washing powder), home care (eg furniture polish) and hair care (eg shampoo) products. It has 50 different brands and in 2018 achieved global sales of \$60 billion.

Galin has chosen to have a regional organisational structure, dividing the world into six regions: North America, Europe, Asia, Latin America, the Middle East and Africa. There are major differences between these regions: for example, in terms of market conditions, labour markets and economic factors.

In 2018 Galin invested 3% of its sales revenue into research and development (compared with an industry average of 1%) and owned 55 000 patents. Its new products achieve high profit margins. When developing products, Galin encourages collaboration between people in different jobs.

An objective of the company for 2019 is to increase labour productivity.



1 8

IB/G/Jun19/7132/2



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Analyse how adopting an innovation strategy might affect the human resources function of a business.

[9 marks]

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IB/G/Jun25/7132/1



Case study: SSN Ltd (A Level Paper 3, June 2022 insert)

The full case study for Q2 (12 marks), which follows on the next pages. Read it before answering.

Rapid early success

Ten years ago, Bemí Agboola perfected her first commercial cybersecurity system. The innovative software used a totally new approach to protect against hackers' attempts to steal customer data from retailers' e-commerce websites. Though others have produced similar systems, Bemí's business (SSN Ltd) is now well established in the cybersecurity market. The company has branched out into other aspects of cybersecurity by designing and installing tailor-made security systems for large businesses. At the heart of the business remains Bemí's programming – protected, like any piece of software code, by copyright. 5

Bemí has shown a fearless approach to making major decisions quickly. She does not see the need for strategic planning, preferring to seize opportunities as they arise. As a result, SSN Ltd has kept up with the high rate of technological change that characterises the cybersecurity industry. Bemí's approach to decision-making has enabled SSN Ltd to experience a phenomenal growth in sales (**Appendix A**). One consequence of this growth has been the need to expand its workforce. Bemí has hired programmers, administration, marketing and sales teams, many straight from university. From simple beginnings, the business now rents an expensive head office in London and regional offices in New York and Beijing. With over 100 employees across its three offices, Bemí feels it is increasingly hard to monitor what is happening within the business. 10 15

Bemí remains determined to keep increasing the company's share of the highly competitive cybersecurity market and therefore spends heavily on promoting the business and its products. The objective is to raise SSN Ltd's profile among global business leaders who are her potential customers, as a complement to more direct methods of targeting them (see **Appendix B**). 20

Problems emerging

Despite its growth in revenue, the company has always had a very low operating profit margin. Cash flow has been a major problem in the last few months. In the past, SSN Ltd had found it easy to borrow money. Now its bank has stated that it is no longer willing to increase SSN Ltd's overdraft. Part of SSN Ltd's problem has been slow payment from its customers. Bemí is considering the use of debt factoring to improve its cash flow. The debt factor would charge a fee of 5% of any debt that is factored. 25 30

Everybody working for SSN Ltd knows that the business is very much controlled by Bemí. She owns 51% of the shares and makes all major decisions. Managers who want to succeed within the company tend to be those who can anticipate Bemí's wishes and implement her ideas. Within this power culture, Bemí uses a very 'hands-on' approach, taking a keen interest in the work of her programmers. Bemí tries to drop into each office frequently. This is a habit that some managers feel is based on an unwillingness to fully delegate decision-making to them. This has created an environment where some staff expect Bemí to check or even reverse decisions they make. 35

The future

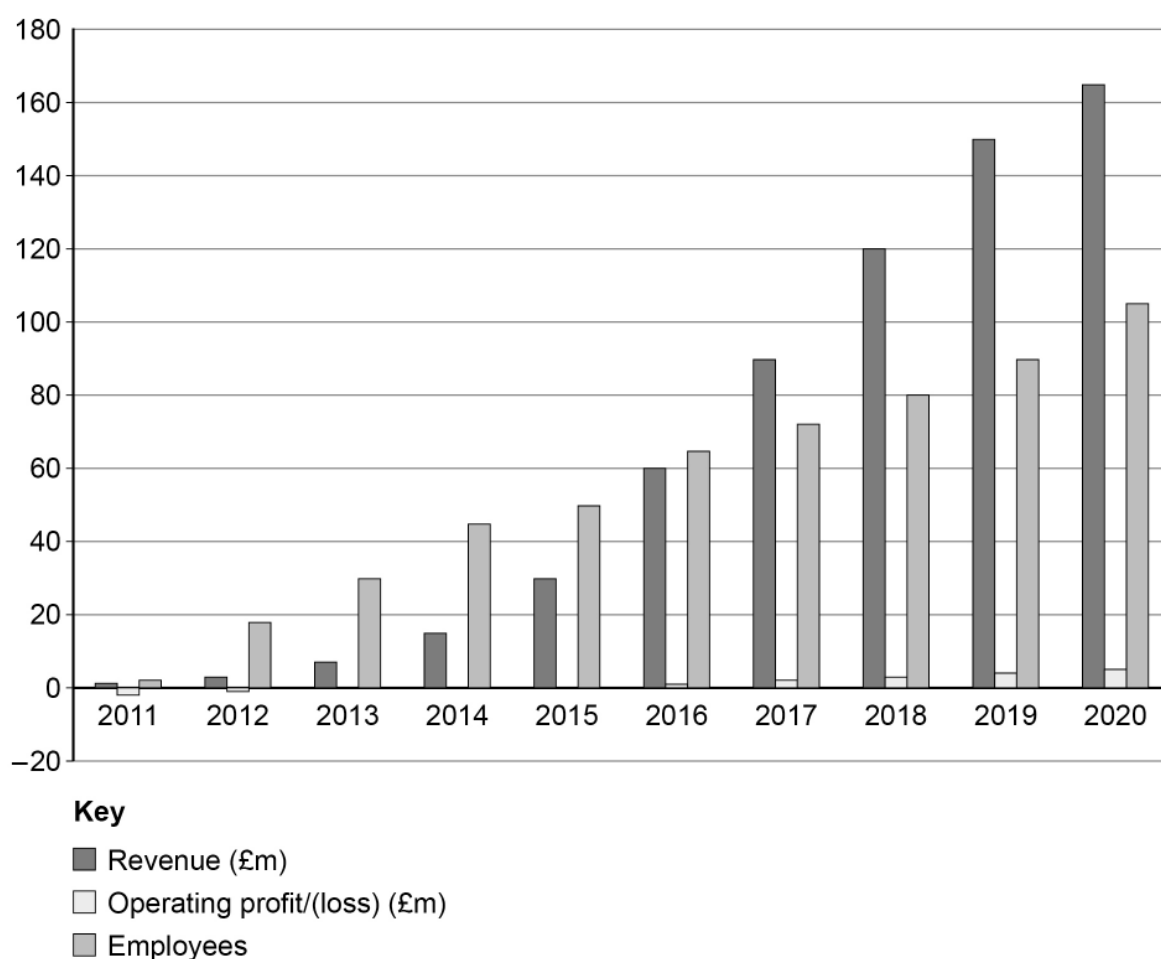
The business media often features stories about SSN Ltd. Its expansion has been exceptional, even in a market which continues to grow rapidly. During the last year, Bemí has been increasingly criticised for the way she has been running the business. 40

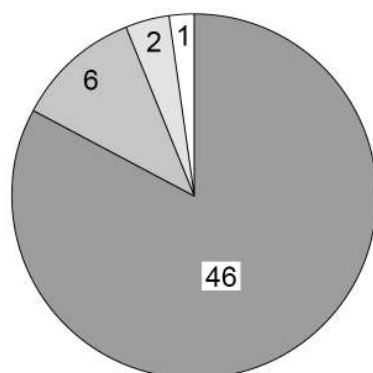


This has centred on what some consider to be excessive risk-taking. In recent days, several sources have suggested that a major competitor is preparing a takeover offer for SSN Ltd. These rumours have suggested that the competitor may be prepared to pay £50m for SSN Ltd, primarily to acquire the copyright to SSN Ltd's software. Analysts say that this competitor is likely to shut down SSN Ltd, terminating the contracts of all staff but preserving the brand name and the software. 45

Detailed examination of SSN Ltd's financial information (**Appendix C**) suggests that the business may be close to failure. 50

Appendix A SSN Ltd historic data



Appendix B SSN Ltd breakdown of 2020 promotional expenditure (£m)**Key**

- Sponsorship of sporting and arts events
- Advertising in trade magazines and on websites
- Face to face personal selling
- Direct electronic communications

Appendix C**Table 1 SSN Ltd balance sheet (statement of financial position) as at 31/5/21**

	£m
Non-current assets	25
Inventories	0.5
Receivables	16.5
Payables	(18)
Overdraft	(5)
Non-current liabilities	(18)
Net assets	1
Total equity	1



Table 2 SSN Ltd income statement for year ended 31/5/21

	£m
Sales turnover (revenue)	165
Cost of sales	(50)
Expenses	(110)
Operating profit	5
Net finance cost	(4)
Profit for the year	1
Dividends	(3)
Retained profit/(loss)	(2)

END OF SOURCE

This question is based on the case study: SSN Ltd

A Level Paper 3, June 2022 insert. Printed in full on the pages just before this one (from page 67).

< CASE STUDY

02

Analyse how copyright may have been important to the growth of SSN Ltd.

[12 marks]

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Case study: Speed-e-Puds Ltd (A Level Paper 3, June 2024 insert)

The full case study for Q6 (24 marks), which follows on the next pages. Read it before answering.

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Achieve a 15% share of the UK dessert parlour market in the next three years 15

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Turn over for Appendix C



Appendix C Sanjay’s SWOT analysis of Speed-e-Puds Ltd:

Strengths: • strong branding • faster cooking and service times than rivals due to ‘SuperWaffler’.	Weaknesses: • reliance on Sanjay’s hands-on management style • lower gross profit margins than rivals.
Opportunities: • the dessert parlour market has grown by an average of 20% per year over the last five years • many cities have no specialist dessert parlour.	Threats: • healthy eating concerns remain a threat for all dessert parlours • demand is highly income elastic.

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END OF QUESTIONS



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Section D

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

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

Question

2	4	
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Question

2	5	○
---	---	---

CORRECT METHOD



WRONG METHODS



2	4
---	---

A business has had a record of poor innovation for many years.

To what extent do you think that if the business increases its investment spending on innovation this will lead to more success in this area?

[25 marks]

OR

2	5
---	---

A business is experiencing a fall in its market share.

To what extent might the greater use of digital technology enable the business to increase its market share?

[25 marks]

[illegible]

SUB-TOPIC 3.9.3 · 7 questions · 80 marks · lowest tariff first
ASSESSING METHODS OF ENTERING INTERNATIONAL MARKETS

7

1 2

A business overcomes resistance to change by giving a highly rewarded role in the process to the trade union leader.

According to Kotter & Schlesinger, this method is

A education and communication.

☐

B explicit coercion.

☐

C facilitation and support.

☐

D manipulation and co-option.

☐**[1 mark]****1 3**

A UK-based manufacturer plans to enter international markets.

In order to keep control of production and reduce the risks of future currency fluctuations affecting the prices of its goods and services sold abroad, its best option is

A direct investment.

☐

B exporting.

☐

C forming alliances.

☐

D licensing.

☐**[1 mark]**

Turn over for the next question

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IB/G/Jun18/7132/1



7

1 0

The two statements below refer to Hackman and Oldham's model of job design. According to this model, employee performance will be improved by:

Statement 1: 'constant feedback on performance.'

Statement 2: 'each employee focusing on the task in which they excel most.'

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

[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 1

A business that trades abroad changes its strategy because:

1. The pressure for global integration changes from low to high.
2. The pressure for local responsiveness changes from low to high.

Based on Bartlett and Ghoshal's model, the business should change its strategy:

[1 mark]

A from a global strategy to a multi-domestic strategy.

☐

B from a global strategy to a transnational strategy.

☐

C from an international strategy to a multi-domestic strategy.

☐

D from an international strategy to a transnational strategy.

☐

Turn over for the next question

Turn over ►



0 7

IB/G/Jun21/7132/1



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

In which of these business forms could the owner/owners be required to sell personal assets to pay for business liabilities?

[1 mark]

A Private limited companies and public limited companies

☐

B Private limited companies and sole traders

☐

C Public limited companies only

☐

D Sole traders only

☐

0 2

Statement 1: 'Cheaper resources overseas would discourage a UK business which has a low-cost positioning strategy from re-shoring production.'**Statement 2:** 'Political instability overseas would discourage a UK business from re-shoring production.'**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 2

IB/G/Jun24/7132/1



Case study: Sunport PLC (A Level Paper 3, November 2020 insert)

The full case study for Q2 (12 marks), which follows on the next pages. Read it before answering.

Background

Sunport PLC is a multinational company, manufacturing and selling various consumer goods, focused on household cleaning, personal care and foods. The business has manufacturing facilities in 85 countries and it sells in nearly 200 international markets, with its Head Office in the UK. The business has seen great success under Chief Executive Martin Smith. This included fighting off a takeover bid from a major rival. Success was recognised with substantial bonus payments to the senior managers in the form of shares in the business.

5

A socially responsible PLC

During his 10 years in charge, Martin committed the business to a socially responsible approach. He championed the need to act responsibly to all stakeholder groups, arguing that forming effective long-term relationships would increase profits. Martin was particularly keen to encourage relationships with suppliers who shared Sunport PLC's values. This allowed a joint approach to new product development and reliable deliveries from loyal suppliers.

10

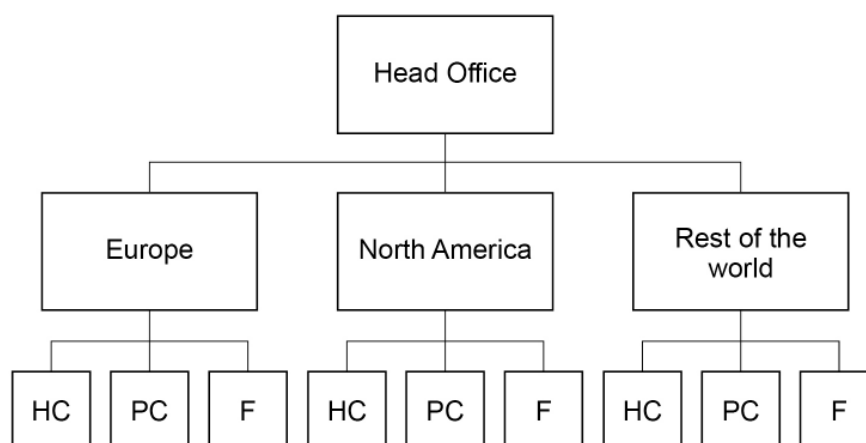
Some shareholders questioned Martin's approach, claiming he spent more time attending conferences about climate change than increasing profit for the business. Although dividend payments fluctuated, the company's share price rose consistently. Recent financial results are shown in **Appendix A**.

15

Organisational structure

The company's organisational structure is split into three regions. Each of these regions is then split according to three product-based divisions of Household Cleaning (HC), Personal Care (PC) and Food (F).

20



This structure is designed to allow regional variations to be addressed as the company's market research (see **Appendix B**) has shown major differences between the global regions. Martin's leadership style involved delegating decision-making to a local level. This allowed staff, within each region, to select the right suppliers and develop their own marketing mix. Head Office has always provided a clear mission for the company as a whole, allowing Martin to spread his vision of a socially responsible business throughout the organisation.

25



Balanced Scorecard

The company's use of Kaplan and Norton's Balanced Scorecard has been credited with contributing to its success. The performance of every business division is assessed from four perspectives (see **Appendix D**). This has allowed the business to avoid short-termism in its approach to decision-making.

30

A new boss

Martin Smith retired at the end of 2019. He has been replaced by Elaine Filer, Sunport PLC's former Chief Finance Officer. Elaine has a reputation as a leader who makes decisions herself and then tells managers what to do. She is expected to drive through a strategic change focused on increasing profit margins throughout the business. Her view is that personal care is the most successful division in Europe. Elaine wants every division in the business to achieve an operating profit margin of 12%. This should help to please a small group of unhappy shareholders who are concerned that the company's returns could be higher if the senior managers prioritised profit over other social responsibilities.

35

40

A strategy for the future

Although the company is not expected to abandon its socially responsible approach, Elaine has announced her intention to introduce cost reduction measures including:

- centralising decision-making at Head Office, which would remove some duplicated activities, such as the selection of suppliers
- changing to cheaper suppliers
- reducing spending on initiatives designed to improve the company's environmental performance, including abandoning the company's current aim of only using recyclable materials in its packaging.

45

Appendix A Sunport PLC selected financial results

	2016	2017	2018	2019
Sales turnover (£bn)	48	51	52	54
Operating profit (£bn)	4.6	4.5	4.8	5.1

Average operating profit margin of major rivals in 2019 = 12%



Appendix B Sunport PLC market research data on food buying in various regions (2020)

	Three most important issues for food shoppers			Index of Sunport PLC's food prices (Europe = 100)
	First	Second	Third	
Europe	Taste	Recyclable packaging	Value for money	100
North America	Branding	Speed of preparation	Taste	118
Rest of the world	Value for money	Taste	Branding	84

Appendix C Quotes from a recent article on the global food industry in a business magazine

'food manufacturers who have centralised manufacturing facilities have found any economies of scale in production are cancelled out by increased transport costs'

'transporting food products long distances is very expensive as products can be bulky, fragile, perishable or require refrigeration'

Appendix D Selected data for Sunport PLC – European region, 2019

Perspective	Measure	Household cleaning	Personal care	Food
Financial	Operating profit margin (%)	9.7	12.2	8.8
Learning and growth	Staff retention (%)	88	74	76
	% of employees who are proud to work for Sunport PLC	90	65	85
Internal processes	% of recyclable materials used in packaging	100	55	85
	New products in development	12	10	12
Customers	% of customers who would recommend Sunport PLC products to a friend	90	80	75

END OF SOURCE

This question is based on the case study: Sunport PLC

A Level Paper 3, November 2020 insert. Printed in full on the pages just before this one (from page 89).

< CASE STUDY

5

0	2
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Using **Appendix B** and **Appendix C**, analyse why Sunport PLC chose a multi-domestic strategy for its food divisions.

[12 marks]

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0 3

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

Kento Cola

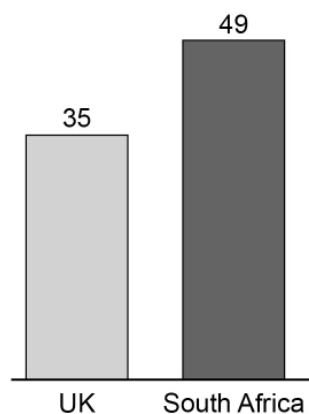
Carbonated soft drinks (CSDs), such as cola, are non-alcoholic, fizzy beverages containing flavourings, sweeteners and other ingredients. CSDs have been criticised by some commentators for contributing to an obesity crisis. The World Health Organisation is encouraging more governments to place a tax on CSDs.

Kento Cola is a drinks manufacturer based in the UK. It is presently reviewing its portfolio within Europe, which traditionally has been its biggest market. Recently the company has also been investing more money into markets outside of Europe. For example, it is set to invest £2.4 billion in Africa by 2020. Last month Kento announced a planned merger with one of South Africa's largest bottled water and still drinks producers.

Whilst other economies are in decline or experiencing slow growth, Africa is continuing to achieve high growth rates. Consumer spending, already rising, is expected to boom between now and 2024 reaching £1.7 trillion per year in 2030. However, trying to grow in any international market brings its challenges and the many countries within Africa differ significantly – for example, socially, politically, culturally and economically as well as in terms of their competitive environment.

Figure 7: A comparison of Power Distance index, one of Hofstede's cultural dimensions, between the UK and South Africa.

The rating is an index number out of 100.



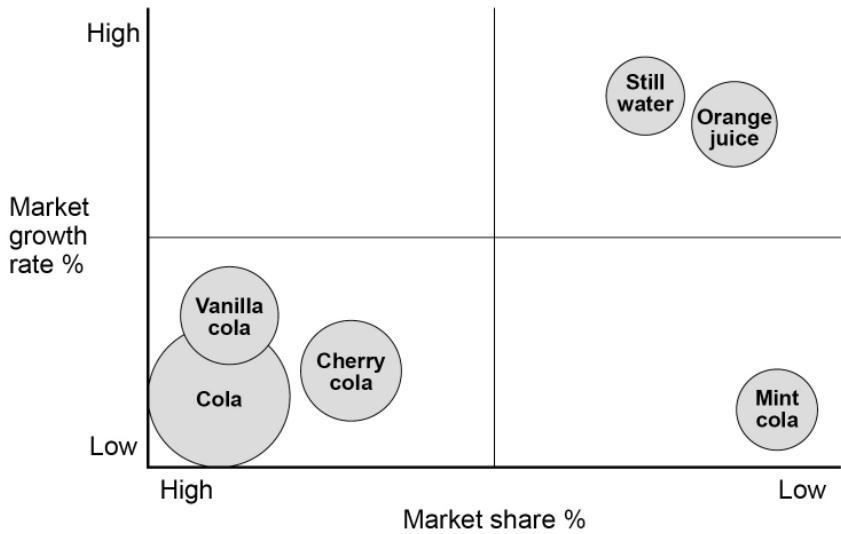
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Figure 8: Kento's products in Europe



The area of the circle represents the product's revenue.

Figure 9: A comparison of Africa and Europe in 2016

	Africa	Europe
Population	1 218 million	738 million
Annual population growth	2.53%	0.06%
% population that is urban	40%	74%
Average age	19.5 years old	41.9 years old
Average annual income per person	£1 400	£29 200

Question 3 continues on the next page



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A manager from the UK is moving to South Africa to lead a team of local staff. Explain how the difference in Hofstede's cultural dimension of 'Power Distance' shown in **Figure 7** might affect her management style.

[9 marks]

[illegible]

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3

To what extent is Africa an attractive market for **all** businesses wanting to sell their products internationally?

[16 marks]

[illegible]

Turn over ►

IB/G/Jun17/7132/2



22

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16

END OF QUESTIONS



2 2

IB/G/Jun17/7132/2



Case study: AM plc (Aerial Manufacturing plc) (A Level Paper 3, November 2021 insert)

The full case study for Q6 (24 marks), which follows on the next pages. Read it before answering.

The past

Aerial Manufacturing plc (AM plc) manufactures toys. For 20 years the business has made remote-controlled toy aircraft, drones and helicopters. These have been sold through retailers in the UK. Shortly after the company was founded, it moved all its manufacturing operations to a factory in China. This allowed AM plc to take advantage of cheap manufacturing costs – primarily due to the low wages paid to factory workers in China at the time. The company's headquarters – including its product design department – stayed in the UK. 5

A new boss

A new Chief Executive, Roger Hicks, was appointed a few months ago. Prompted by shareholder dissatisfaction over low profitability, he was given two main objectives:

- increase sales turnover quickly 10
- increase dividend payments to shareholders by 2025.

Roger immediately analysed the existing strategic position of the business. He knew that recent rises in wage rates in Chinese factories meant that wage rates there are now closer to those in the UK. He analysed performance data from the AM plc factory (Appendix A) and visited the factory. He found what Blake and Mouton would describe as a 'produce or perish' style of management. Unlike similar factories in China, which use a 'middle of the road' style, AM plc's factory relied on a high division of labour where each worker completed one small repetitive task. Supervisors were paid a bonus according to the output per worker for their section. As a result, rest breaks had been shortened and shifts extended by supervisors desperate to achieve bonuses for themselves. Following his review, Roger knew things had to change and introduced a new corporate strategy. 15 20

A new corporate strategy

AM plc will no longer make toys or sell through retailers. Roger's new strategy will build on the company's existing expertise in manufacturing remote-controlled aircraft and drones but targeting different customers. AM plc will design and manufacture sophisticated drones to be used by businesses which need an aerial capability as part of their operations. Drones are used in many industries including agriculture, construction and distribution. Roger intends to produce a range of drones specialising in inspection, high-quality video footage and parcel delivery. 25

AM plc will be selling directly to businesses. Roger is confident that this strategy offers opportunities for huge growth as it is founded on the company's core competence of designing and manufacturing drones. Instead of trying to be a cheap supplier in the mass market for toys, the business will switch to a strategy of focused differentiation. Differentiation will come from being a long-established business in the industry with exceptionally high-performing and durable products. Market research is encouraging, with sales forecasts shown in Appendix B. 30 35



A new site

Roger believes he must move AM plc's manufacturing back to the UK. His operations director has identified two possible sites for a new factory. Site A is 30 miles from London. The area offers an attractive place to live and work, easy access to many potential customers' headquarters and good transport links to the rest of the UK. Site B is in the North West of England. After the recent closure of a nearby car factory, local unemployment is high. Site B is £2m cheaper than Site A and close to a port, therefore offering easy shipping for exports. Further data about each site is in Appendix C. 40

A new factory

Roger's vision of the new factory focuses on highly skilled workers using advanced robotics. Output will be of exceptionally high levels of quality, but with the flexibility to adjust the products being made to suit individual customers' specific requirements. Roger will use a 'Just in Time' system at the new factory. This will have implications for the frequency and size of deliveries, cash flow and the inventory turnover ratio. 45

Building a factory will be a complex process involving thousands of different activities. Roger understands the challenges involved in planning and managing a project of this size. In a former job as project manager for a multinational manufacturer, he had supervised the construction of several factories. He intends to use network analysis to identify the critical path. The existing factory in China will be closed in ten months and Roger is confident the new factory will be operational by then. 50

Finances

Roger has allocated a total budget for the change in strategy of £10m. Much of that will be spent on the new site, factory and production equipment, with the rest available for marketing. He has a bank loan arranged to borrow up to the full £10m. 55

Roger is confident that his decisions will lead to success in meeting his two objectives.



Appendix A 2020 performance data on AM plc's Chinese factory and similar factories in China

	AM plc Chinese factory	Average for similar factories in China
Unit cost	£23	£25
Productivity (units of output per worker per month)	240	200
Labour turnover	40%	15%
Defect rate per 1000 products	80	10

Appendix B Sales forecasts for AM plc based on quantitative market research

Years after change of strategy	Sales volume (units sold)	Sales value (£m)
Year 1	2300	11.5
Year 2	2800	14
Year 3	4000	20
Year 4	6000	30

Appendix C Information on possible sites for AM plc's new factory

	Site A	Site B
Initial investment (purchase of land plus factory construction and production equipment)	£8m	£6m
Average selling price per unit	£5000	£5000
Fixed costs per year	£6m	£4.5m
Variable costs per unit	£2500	£3000
Maximum capacity (units per year)	10 000	8000



Appendix D Extracts from latest annual accounts for AM plc

	£m
Sales turnover	22
Cost of sales	20
Inventories	5
Other current assets	1
Current liabilities	6
Non-current liabilities	5
Total equity	15

END OF SOURCE



This question is based on the case study: AM plc (Aerial Manufacturing plc)

A Level Paper 3, November 2021 insert. Printed in full on the pages just before this one (from page 100).

< CASE STUDY

18

0	6
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In recent years many businesses that off-shored manufacturing have reviewed their decision to produce abroad and are re-shoring production.

To what extent do you agree that all businesses that moved manufacturing abroad should now move production back to the UK?

[24 marks]

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23

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24

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24

END OF QUESTIONS



Section C

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

Do not write
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box

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

Question **21** ○

Question

2	2	0
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CORRECT METHOD 

WRONG METHODS

			
---	---	---	---

2	1
---	---

A UK business's domestic market has stopped growing. The business has decided to become a multinational corporation.

To what extent is this decision likely to increase profits?

[25 marks]

OR

2	2
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The marketing department of a business wishes to increase its market share in a growing market.

To what extent is market research the most important activity of the marketing department in order to achieve this objective?

[25 marks]

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SUB-TOPIC 3.9.4 · 6 questions · 77 marks · lowest tariff first

ASSESSING GREATER USE OF DIGITAL TECHNOLOGY

2

Section AAnswer **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'.

The definition above most accurately describes

[1 mark]**A** data mining.☐**B** e-commerce.☐**C** enterprise resource planning.☐**D** gathering big data.☐**0 2**

Despite a significant increase in its sales revenue, a product's market share falls from 60% to 50%.

This product is a

[1 mark]**A** cash cow.☐**B** dog.☐**C** problem child/question mark.☐**D** star.☐

0 2

IB/G/Jun20/7132/1



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

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2	0
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Analyse the problems that might arise for a small business from the growth of digital technology.

[9 marks]

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Case study: Hopps London (A Level Paper 3, June 2018 insert)

The full case study for Q4 (16 marks), which follows on the next pages. Read it before answering.

Source 1**Hopps London**

Jack Hopper started his business, Hopps Clothing Ltd, a year ago. Although he enjoyed the £25 000 salary he was earning working for a bank, he was frustrated by the routine work and was eager to test his entrepreneurial skills. With an eye for an opportunity, Jack took his interest in fashion and turned it into a business which he would run in his spare time. Hopps Clothing Ltd produces a small range of clothing, reflecting Jack's interest in 'urban style' clothing and accessories.

5

Jack's first attempt at a range of clothing consisted of three items – caps, beanie hats and T-shirts featuring his own Hopps London logo. Information on the costs and prices of these items is shown in **Appendix A**. Still living with his parents, Jack used their house and garage as his storage space and his bedroom as an office. This kept his fixed costs to a minimum.

10

As a new, small clothing brand, Jack had two distribution options:

- sell online only through his own website
- sell through retailers.

Jack needed to find a way to distribute his clothing to consumers. Finding a retailer that was interested in selling his clothes was difficult. He did receive a proposal from Debenhams, who demanded exclusive distribution rights and expected high retail margins, as shown in **Appendix A**. Jack felt that selling through his own website allowed better targeting of the 15–30 year-olds that made up his target market.

15

As a start-up business Jack found it hard to find manufacturers willing to produce the small batches he wanted to order. He did find a supplier who was willing to produce his designs in batches of no fewer than 200 units for each design. For the T-shirts, Jack ordered a total of 200 in a range of sizes, following advice from the supplier on which would be likely to sell best. As Jack's was a new business, the supplier was unwilling to offer credit, so Jack had to use his savings and an overdraft to pay for all the stock in advance. Once his supplier had delivered, Jack's parents' house was suddenly full of cardboard boxes containing products that Jack now had to sell. Jack's parents were not happy.

20

25

Jack knew that in order to build his brand, promotion would be critical in such a crowded market. His strategy used social media. Instagram was his preferred platform. He initially used friends, and even himself, to model his clothing. Sales did not happen as quickly as he had hoped. Chatting to other entrepreneurs, Jack found that celebrity endorsement can be critical if using social media. Jack used several 'lesser known' celebrity endorsements to generate sales – as major stars with thousands of followers charged too much for an endorsement. In his first year Jack spent a total of £1000 on social media. The items shown in the Instagram posts sold well. Jack had sold out of the most popular sizes and colours within a couple of weeks of each post. It took the rest of the year to sell the rest of his stock – and therefore return Jack's bank balance to positive figures.

30

35



Planning a new range

For his next range of clothing, Jack has decided to only produce T-shirts, themed around famous brands of his childhood. He plans to have the full range of designs manufactured and ready to sell at Crepe City, a major urban footwear and fashion fair in London, which takes place in 25 weeks' time. Jack plans to use network analysis to help him manage the process of getting everything ready in time for the launch.

Appendix B shows the activities Jack needs to complete before launching the new range, and the network diagram he constructed. Since constructing the diagram, Jack's designer has told him it will probably take 5 weeks to digitalise his new designs, while the website re-design is likely to take 14 weeks.

The future

Jack has really enjoyed starting his own business. He would love to turn it into a full-time job. However, he is not willing to do so unless he can earn the same amount of profit from the business as his salary at the bank.

If Jack quits his job, he plans to pursue a 3-year growth strategy involving:

- recruiting eight regional salespeople covering the whole of the UK to visit retailers
- recruiting a full-time website administrator
- recruiting a specialist digital marketing director
- renting a storage unit for inventory
- increasing his annual marketing budget.

In addition to carefully monitoring the work of his new recruits, Jack would spend time visiting potential suppliers, as well as working on new designs for clothing and managing the business's inventory and finances.

Jack recognises that the business would need to grow rapidly to achieve his objective of £25 000 profit but is concerned by the problems that growth would bring. However, he has unshakeable faith in the brand, and his designs, and his bank job is not getting any more interesting.

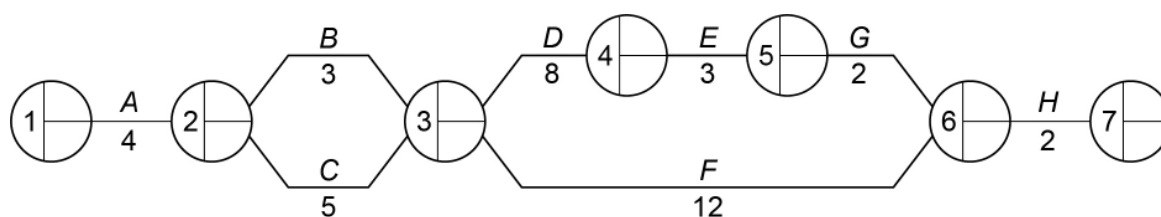
Appendix A Financial data for Hopps Clothing Ltd last year

	Cost per unit – paid by Jack to his supplier (£)	Price that Debenhams offered to pay Hopps Clothing Ltd (£)	Retail selling price (£)
T-shirts	9	15	24
Caps	7	12	20
Beanie hats	7	10	16

Other costs incurred:

- marketing costs of £1000
- £10 per month website fee
- bank account fee £10 per month.



Appendix B

Activity		Jack's original estimated duration (weeks)
A	Jack produces designs	4
B	Designer digitalises designs	3
C	Jack arranges a supplier	5
D	Manufacturing	8
E	Arrange and execute photoshoot for social media campaign	3
F	Website re-design	12
G	Social media campaign runs	2
H	Final preparations for product launch event at Crepe City	2

Source: Jack's own estimates

Appendix C

Forecasts for next year if Jack runs the business full time

Item	Expected annual online sales volume	Expected online selling price (£)	Expected annual sales volume through retailers	Expected price retailers will pay Jack (£)
T-shirts	2000	24	33 000	15

Additional information for next year if Jack runs the business full time:

Total fixed costs = £200,000

Variable cost per unit = £9

END OF SOURCES

This question is based on the case study: Hopps London

A Level Paper 3, June 2018 insert. Printed in full on the pages just before this one (from page 115).

< CASE STUDY

8

0	4
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In his first year, Jack only used e-commerce instead of distributing through a retailer. To what extent was this a good choice? You should support your answer using **Appendix A** and the **case study**.

[16 marks]

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Considering both quantitative and qualitative factors, should Jack give up his job to become a full-time entrepreneur? Justify your answer.

[20 marks]

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20

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Section D

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

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

Question

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Question **2** **5**

CORRECT METHOD



WRONG METHODS



2	4
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A business has had a record of poor innovation for many years.

To what extent do you think that if the business increases its investment spending on innovation this will lead to more success in this area?

[25 marks]

OR

2	5
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A business is experiencing a fall in its market share.

To what extent might the greater use of digital technology enable the business to increase its market share?

[25 marks]

[illegible]

21

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IB/G/Jun17/7132/1



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23

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END OF QUESTIONS

25



Section C

Answer **either** Question 22 **or** Question 23.

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

Question

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Question

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CORRECT METHOD ☒

WRONG METHODS

Either

2 2 To what extent might the use of the Boston Matrix enable a multi-product business to achieve overall sales growth?

[25 marks]

or

2	3	Will the increased use of e-commerce lead to all retailers operating only online?
---	---	---

Justify your view.

[25 marks]

[illegible]

15

[illegible]

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Question 01 · Section A objective test question

Correct answer: C

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



Question 09 · Section A objective test question

Correct answer: D

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



Question 10 · 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: B

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



Question 11 · Section A objective test question

Correct answer: C

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



Question 13 · Section A objective test question

Correct answer: B

Growth through creativity.

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



Question 02 · Section A objective test question

Correct answer: D

the experience curve

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



Question 15 · Section A objective test question

Correct answer: D

Horizontal integration and forward vertical integration

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



Question 08 · Section A objective test question

Correct answer: C

cumulative output.

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



Question 08 · 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 – 7132/3 – JUNE 2023

0 2	Logger Boards Ltd's growth has been organic rather than external.
	Analyse why Bodhi may have preferred organic growth to external growth. [12 marks]

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

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, applied effectively to the context and considers a range of issues in the question.	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.	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 issues in the question - demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- shows understanding of organic (internal) growth
- analyses why organic growth may be preferable to external growth
- in the context of Logger Boards Ltd.

There is no requirement for more than one reason to be analysed

Indicative content:

- internal growth helps Bodhi to maintain control – an issue that the case study says is of concern to Bodhi if the business gets bigger. It's very much Bodhi's business – he would be keen to ensure that he remains in full control of strategic and operational decision-making
- internal growth tends to carry lower levels of risk – Bodhi is risk averse and would therefore prefer to avoid the greater risks involved in external growth
- internal growth makes it easier to stick to Logger Boards Ltd's principles/values relating to the environment – which appear to be at the foundation of Logger Boards Ltd's success
- buying failed competitors or suppliers may infect Logger Boards Ltd with the problems that may have caused these businesses to be sold off.

Accept other relevant arguments.

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2025

0 2	Analyse the impact of the proposed retrenchment on VBM's marketing activities in Europe.
[12 marks]	

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

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, applied effectively to the context and considers a range of issues in the question.	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.	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 issues in the question • demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- shows understanding of retrenchment
- analyses how retrenchment can affect marketing activities in the context of VBM's European operations.

Indicative content:

- marketing activities include market research and the elements of the marketing mix
- retrenchment is likely to mean a reduced budget, especially with so much finance required to build a new factory in Vietnam
- damage to brand – re-branding will be required to an extent to shift towards electrical vehicles and deal with negative publicity caused by factory closures and redundancies
- European strategy will now focus on selling electric vehicles – changes to the marketing mix will start with a change to the product element. Price and promotion are also likely to be adjusted.

Good responses will refer to marketing actions that result from VBM's retrenchment. The focus of the question is on VBM's European operations.

Accept other relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/2 – JUNE 2018

0	1	5	<i>In April 2017 a rival business was considering taking over Marks and Spencer plc. How useful do you think the data provided in Appendices A to F might have been to this rival business when deciding whether to make a take-over bid? Justify your answer.</i> [16 marks]
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4 and 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 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, 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.	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 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 STUDIES – 7132/2 – JUNE 2018

Demands of the question focus on:

- need to analyse potential usefulness or otherwise of specific data presented to takeover of Marks and Spencer
- need a supported judgement on extent of usefulness.

Answers may include:

- provides insight into financial position, eg may argue liquidity appeared to be relatively low, that gearing is less than 50% which might allow some future borrowing options. These ratios could be compared with historic figures and competitors. This may give some insight into the quality of management
- share price is relatively low historically and may mean the market capitalization of the business is lower (depends on number of shares); this may mean it is relatively cheap but although that in itself this does not mean it is a good buy
- data is useful in that it provides some insights, eg Marks and Spencer's has a large customer base, has growth in online business which may be promising for the future
- businesses will often have to use past data of competitors.

However the data is not useful in that it does not provide:

- forecast and projections or strategy for the future
- performance in other areas, eg employee engagement, customer satisfaction
- data has many limitations: there are some financial data but no context, eg what is strategy of Marks and Spencer how are your competitors doing?

The judgement should focus on how useful the data provided is.

Credit other valid lines of analysis and judgement.

MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2020

0	3	4	Zani PLC has grown by selling franchises.
			To what extent is selling franchises a good way for any business to grow?
			[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 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 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 2020

The demands of the question are:

- to judge the extent to which selling franchises is a good way
- for **any business** to grow.

Answers may include:

A franchise occurs when one business sells the rights to another to sell its products.

Whether this is a good way to grow depends on:

- how much the franchisee pays for the franchise and the proportion of earnings paid to the franchisor
- how fast the business wants to grow; franchising can be a way of growing fast as less funds are required by the franchisor
- the quality of the franchisee (which depends on the recruitment and selection process)
- how well managed and controlled the franchisees are, this will affect the risk of a franchisee damaging the overall brand if quality is poor or mistakes are made. If managers want to keep more control of their business they might want to grow organically not through external growth
- may work well for some businesses more than others, eg if there is a clear system in terms of what is produced or how it is produced; or is it easily repeated successfully in different areas?
- may depend on the strength of the brand.

Further guidance:

- the question asks whether this a good way for any business to grow. A response does not need to refer to specific businesses; it may make a judgement based on the conditions under which franchises are used
- the question asks whether this is a good way to grow not the “best”. A response does not need to consider other ways of growing; if it does consider other ways the focus must be on why this does or does not make franchising a good form of growth. A response that focuses on other ways of growing is not focused on the question.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2022

0	2	.	4	Are ventures a good way for all businesses to grow?
Justify your view.				
[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 not fully focused on the question as a whole.	5–8



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2022

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, 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
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The demands of the question are:

- to analyse the case for and against (joint) ventures being a good way to grow
- to judge the relative merits of (joint) ventures against other ways of growing a business
- for **all** businesses.

Indicative content:

Ventures see the cooperation of two or more businesses on a project in order to benefit the interests of each of the businesses involved. Could refer to the case and/or other examples.

Reasons venture may be a good way to grow include:

- it may utilise the strengths of the 2 parties to the mutual benefit of both – possibly shown in this case
- a venture may allow sharing specialist skills or equipment
- a venture may be a cheaper option than eg developing completely new skills 'in-house' or a full takeover.

However, ventures may be difficult:

- there may be mistrust between the parties
- cooperation and communication may be difficult
- if one party is seen as stronger than the other the second may struggle to enjoy the full benefits.

Also, other methods of growth could be provided as a counter argument:

- organic growth – keeps control and allows communication and systems to evolve as the business grows
- merger/acquisition may be better as it allows a clearer direction and structure to develop rather than on going coordination issues of a venture.

Overall it will depend on:

- the situation in the market
- the strategic direction of the businesses
- the relative strengths and weaknesses of the businesses involved
- elements of the external environment.

Allow other relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2024

0	5	Sanjay is considering two options for the growth of Speed-e-Puds Ltd. Would you advise him to choose Option 1 or Option 2? Justify your answer. [20 marks]
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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 a whole throughout.	17–20
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 and is 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.	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 and with 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.	5–8



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2024

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.	1–4
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The demands of this question are:

- analyse the two options
- make a justified recommendation whether to choose Option 1 or Option 2.

Indicative content:

Option 1 – organic growth

- though safer – due to control issues (easier to control directly employed staff), there is no way Sanjay's growth objective can be met. Current retained profits suggest only 2 branches a year (assuming all operating profit is available) could be opened – nowhere near enough to achieve the 15% national share expected
- external finance may be hard to source – gearing is high (90%) whilst private limited company status limits the amount that could be raised through share issues
- the company is generating profit, so should be able to fund steady growth in this way
- its financial position is somewhat precarious, suggesting that retained profit may be better used paying down debt.

Option 2 – franchising

- will allow rapid growth. Franchisees would provide the capital required. This may be the only chance for Sanjay to reach his target market share in three years
- Speed-e-Puds does have a key point of differentiation – the cooking method – patented by Sanjay, which would be unavailable to entrepreneurs considering starting up independently
- Sanjay feels the branding is a strength – vital if he is going to be able to attract potential franchisees
- franchising carries a greater risk of a loss of control – franchisees may fail to meet Speed-e-Puds Ltd standards and place the reputation of the brand at risk
- would cause major problems with Sanjay's 'hands-on' management style
- if growth is too fast, the company's precarious finances (current ratio and gearing ratio) may be over-stretched.

Accept other relevant arguments.

Evaluation

An effective judgement should flow from the arguments presented. Judgement will come through the assessment of the best option for growth in the light of Sanjay's objective of achieving a 15% share of the market in three years. Evaluative themes may include:

- the success of each depends on the ability to implement the strategy – if franchisees cannot be found or if profits dip and retained profit is not available the options may be unavailable
- depends on importance of hitting that growth objective relative to financial stability. This may depend on Sanjay's attitude to risk. The case suggests he is risk tolerant
- growth on the scale Sanjay aims to achieve may be unwise – perhaps his objective is unrealistic.

Markers' note: A response that only considers one option will not be able to access Level 4 or 5 as only some of the demands of the question would have been met



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

0	6	Jack plans to grow his business rapidly over the next few years. To what extent is it possible for businesses to overcome the problems caused by rapid growth?	[24 marks]
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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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout	21-24
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	6-10



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

	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	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

Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

The demands of the question are:

- an understanding of the problems businesses face when growing
- in a context of rapid growth
- an analysis of how these might be overcome
- a supported judgement on the extent to which businesses can overcome these problems.

Indicative content:

Problems of growth could include:

- reference to Greiner's crises, ie leadership, autonomy, control, red tape, growth
- diseconomies of scale (eg communication, co-ordination and motivation problems)
- arguments based on organisational structure, recruitment and communication channels
- financial issues, such as overtrading.

Methods of overcoming problems could include:

- adjustments to organisational structure
- careful financial planning
- effective communication and leadership
- sensible job design and payment methods
- taking a proactive rather than reactive approach.

Responses may identify some industries in which growth is more challenging than others.

The extent to which it is possible is likely to depend on:

- whether problems are fatal to a business or solvable issues – probably using arguments to explain the factors on which this depends, such as:
- attitude of culture to change
- quality of leadership and management
- competitive environment
- finance available
- size of the business
- extent to which growth is anticipated and can thus be planned for
- how rapid the growth is

Credit other valid lines of analysis and evaluation.



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

A response solely focused on Jack's (or any one) business will not address the plural aspect of 'businesses' in the question, thus limited to level 4

A response that considers growth, without tackling the 'rapid' nature of growth specified in the question can reach Level 4, but cannot be awarded Level 5 as one aspect of one demand of the question would not be covered



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2023

2	2	Is it inevitable that large, growing businesses will eventually experience rising unit costs? 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
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 2023

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 concept of unit costs
- analysing how the growth of a large business is likely to impact on its unit costs
- evaluating the extent to which unit costs are likely to rise or fall as a business grows
- assessing the extent to which rising unit costs are inevitable.

Indicative content may include:

Analysis of how unit costs are likely to be affected by growth. For example:

- internal economies of scale suggest that as businesses grow their unit costs will fall due to internal economies of scale, such as technical, purchasing and managerial economies of scale
- the ability of large businesses to gain greater access to finance and their greater buyer power should help to reduce unit costs
- BUT, as businesses continue to grow, diseconomies of scale may occur, such as coordination and communication difficulties which lead to higher unit costs
- economies of scope or economies of diversification can reduce unit costs by enabling large businesses to reduce unit costs, in comparison to smaller competitors, by having the scope to use certain assets to produce a range of different products and thus reduce costs
- the experience curve takes the view that a higher cumulative output over time gives greater knowledge to a business, helping the business to reduce unit costs
- large businesses can merge or integrate and improve efficiency by combining a range of skills that the individual businesses could not match
- BUT overtrading can increase unit costs if businesses overestimate their growth rate and, for example, over-produce and/or build up excessive levels of inventory
- Greiner's model of growth suggests that businesses can improve their efficiency as they progress through each stage of growth, BUT it indicates that each stage experiences a crisis that is likely to have a detrimental effect on efficiency, before moving on to the next stage.

Evaluation

The arguments above indicate that growth can lead to lower unit costs, through factors such as economies of scale and synergy, and also higher unit costs arising from factors such as diseconomies of scale and the crises shown in Greiner's model of growth.

For small businesses, growth seems very likely to cause lower unit costs, because the business may not have reached the crises in Greiner's model and/or be too small to experience diseconomies of scale. However, growing businesses are likely to experience the problems leading to higher unit costs, if they continue to grow and become much harder to organise. Many large businesses diversify or split into different units or businesses to avoid this situation and prevent any 'inevitable' rise in unit costs.



Question 07 · Section A objective test question

Correct answer: D

internal, incremental change.

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



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

1	9	Analyse how introducing intrapreneurship can improve the financial performance of a business.
		[9 marks]

Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

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 this question are:

- analysing how introducing intrapreneurship might lead to an improvement in financial performance.

Indicative content:

- intrapreneurship encourages greater creativity and innovation
- intrapreneurship gives more independence to members of the workforce
- intrapreneurship provides an environment within which risk-taking can be encouraged.

These factors lead to:

- a potential for greater new product development with financial advantages from reaching new consumers and adding more value
- a greater chance of successful innovation because of the resources available to support innovation leading to higher revenues
- greater productivity and thus lower costs because the employees involved are more prepared to give time and effort to new ideas.
- Markers note:



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

-
- Response focused on entrepreneurship : mid Level 2
 - Financial performance: accept broad interpretation e.g impact on costs, revenues, profits, cash



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

0	3	1	Galin: - invests in research and development - owns a number of patents. Analyse how these two factors help Galin to achieve high profit margins on its new products. [9 marks]
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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 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 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:

- analyse how these two factors enable the company to achieve high profit margins on its new products

Indicative content/answers may include:

Galin is investing 3% of sales in research and development (around \$1.8 billion) - this may lead to:

- better designed or more innovative products that are more functional or suit customer needs better than rivals (who only invest 1% of sales) which may enable higher prices and higher profit margins
- increased efficiency through process innovation reducing unit costs (e.g. through less waste of resources or time) and again boosting profit margins.

Galin has 55 000 patents; this protects its technology and therefore prevent/delay/hinder imitation; this should enable the business to charge more because it has a competitive advantage and this should lead to higher profit margins.

Accept other relevant answers.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

Further guidance

Level	Responses typically
3	Clearly analyse how both research and development and patents might help the business achieve high profit margins.
2	Analyse how research and development or patents might help the business achieve high profit margins. Or Have some links between research and development and patents and how this might help the business achieve high profit/ profit margins.
1	Identifies how research and development and patents might affect the profits of a business.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2025

2	0	Analyse how adopting an innovation strategy might affect the human resources function of a business.
		[9 marks]

Marks for this question: AO1 = 2, AO2 = 3 and 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:

- understanding the meaning of innovation strategy and/or the human resources function
- analysing how adopting an innovation strategy might affect the human resources function of a business.

Indicative content:

- understanding that an innovation strategy will be a long-term project, requiring changes in numbers of staff, their roles and skills
- understanding that innovation can be a high-risk strategy as new ideas may not lead to innovation. Consequently, there may be less certainty on jobs if the innovation is unsuccessful, but major benefits to workers if it succeeds
- analysing that the business will **either** need to recruit new staff **or** retrain existing staff
- analysing how employee engagement might be affected by the change
- analysing how different HR objectives, such as labour turnover and labour productivity may be affected by the new strategy
- analysing the possible impact on the organisational structure or design
- analysing the possible impact on motivation of individual workers.

This list is not exhaustive but provides guidance. The context of the HR function is broad. Accept arguments which focus on other elements of HR.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

0	2	Analyse how copyright may have been important to the growth of SSN Ltd.	[12 marks]
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Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

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, applied effectively to the context and considers a range of issues in the question.	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.	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 issues in the question - demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- show a clear understanding of the importance of protecting intellectual property
- analyse the importance of copyright in SSN Ltd's growth.

Indicative content:

- once SSN started to grow, copyright will have ensured that larger, established rivals could not directly copy its systems – protecting the business from these bigger rivals while it grew
- SSN Ltd has an effective monopoly over this piece of technology – this may allow it to attract large customers desperate to use this system – boosting total sales rapidly
- if clients can be convinced this unique service is exactly what they need, these clients will find it hard to move elsewhere – enabling the business to retain most customers it attracts
- insulation from direct competition could allow relatively low advertising costs freeing funding for other aspects of growth
- the company have a USP that can be used in promoting the service – allowing it to attract new customers and possibly charge a premium price, helping to fund future growth
- the value of the copyright may have enabled SSN Ltd to access extra finance for growth.

Accept other relevant arguments.

NOTE – analysis of just ONE reason is sufficient to fully meet the demands of the question



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2024

0	6	A key feature of Sanjay's business is differentiation provided by his innovative, speedy waffle maker. To what extent is successful innovation essential for all businesses choosing a strategy of differentiation? [24 marks]
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Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–24
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



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2024

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 this question are:

- analyse the importance of innovation in determining the success of a differentiation strategy for any business
- make a justified judgement on whether innovation is essential for a differentiation strategy.

Indicative content:

Innovation may come through product or process innovation.

Innovation may be essential to successful differentiation because:

- can lead to first mover advantage
- can be patented to maintain competitive advantage
- creates a positive corporate image as an innovator
- may lead to cost or quality advantages.

However, other methods of differentiation are available:

- branding and other marketing-based sources of differentiation (including lowest price)
- mission and values (E.g. environmentally-friendly)
- more effective implementation of others' innovations
- some highly differentiated brands are different because they are perceived as traditional rather than innovative.

Accept other relevant arguments.

Evaluation

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of situations/circumstances in which the statement could be true, weighed up against situations in which it is not.

Differentiation can come through a variety of routes. Not all of these are linked to innovation.

Some markets may lend themselves to differentiation through innovation more than others due to the rate of technological change.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2024

Markers' Note: You may need to apply benefit of doubt to responses that mistakenly write diversification when they clearly mean differentiation. However, responses that clearly are writing about diversification INSTEAD of differentiation are not addressing the question set.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2017

2	4	A business has had a record of poor innovation for many years.
		To what extent do you think that if the business increases its investment spending on innovation this will lead to more success in this area?
[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 on 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
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 focus of the question is on:

the extent to which greater investment in innovation is likely to lead to more success in this area for a business with a record of poor innovation.

Indicative content may include:

High levels of investment may lead to successful innovation because:

- successful R&D is likely to be expensive as it often requires high levels of expenditure before a new idea can be developed – failure rates for new products and new ideas are high
- in some industries new systems and products require significant expenditure on technology and so businesses without the capability to match the market leaders are unlikely to be successful innovators
- these R&D costs can only be recovered if sales volume is high. Thus heavy investment in new facilities or machinery may help to make innovation successful
- investment in areas to support kaizen, intrapreneurship and benchmarking may help
- funds to reward creativity may help create an innovative culture

BUT

- it is not just funds - it is also to do with staff, the culture and the systems that allow innovation to develop. Some organisations are highly innovative with relatively low investment; others invest heavily but are not very successful. It depends on how the funds are used and the underlying ideas that are being invested into
- success may be affected by what competitors are doing; they may be investing more and be more innovative

May require investment in other areas to ensure the innovation is targeted eg may want more investment in market research not just innovation.



Evaluation may consider:

- what the investment is used for; how it is used
- whether it is more effective than rivals
- what form of innovation eg In pharmaceutical industry a new product may require very heavy investment and heavy investment may be needed for success; in computer gaming it may be more to do with creativity and skills of staff and simply investing more may not work without the right people and culture

The extent to which higher investment will lead to more successful innovation will depend on factors such as:

- how the money is used
- the behaviour of competitors
- whether the innovation develops something that is demanded
- whether developments are protected

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

Section D

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]
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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 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:

- considering the factors that influence the level of innovation in a business
- analysing how the level of spending on research and development might achieve successful innovation
- analysing how the culture of a business might achieve successful innovation
- evaluating the extent to which R&D spending is a more important influence than business culture.

Indicative content may include:

- analysing how R&D can influence innovation
- analysing how business culture can influence innovation
- analysing situations in which R&D is most likely to lead to successful innovation, such as NPD and opportunities to acquire patents
- analysing different business cultures and their impact on innovation – for example, task culture is more likely to lead to innovation than role culture; person culture may be more successful than power culture in generating innovation.

Evaluation

The extent to which R&D may be more influential than the business's culture depends on a variety of factors, including:

- the nature of the product
- the skills and resources available to the R&D team
- actions of competitors and the competitiveness of the market
- the pace of change in a market
- the nature of the business's workforce
- the type of culture of a particular business and whether it is supportive of innovation
- overall, R&D is risky and so expenditure on R&D is not a guarantee of effective R&D.

Evaluation might also recognise that innovation, R&D and culture may be interlinked; a business with a culture that supports innovation will be more likely to spend money on R&D. If a business needs innovation to succeed it is likely to adopt a suitable culture and organise R&D to meet this need.



Question 13 · Section A objective test question

Correct answer: A

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



Question 11 · Section A objective test question

Correct answer: D

from an international strategy to a transnational strategy.

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



Question 02 · Section A objective test question

Correct answer: B

Statement 1 is true. Statement 2 is false.

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



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2020

0	2	Using Appendix B and Appendix C , analyse why Sunport PLC chose a multi-domestic strategy for its food divisions.
		[12 marks]

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

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, applied effectively to the context and considers a range of issues in the question.	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.	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 issues in the question • demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- shows understanding of a multi-domestic strategy
- uses information from Appendix B and the case study to show pressure for local responsiveness is high
- uses evidence from Appendix C to show pressure for global integration is low.

Indicative content:

- multi-domestic suits a situation where there is high pressure for local responsiveness and low pressure for global integration
- the data in Appendix B shows great variation in consumer tastes between different countries. The need to respond to local tastes should be clear from this – a standardised product would not be able to meet these differences
- Appendix C suggests little benefit from operating on a global scale.



0	3	.	3	To what extent is Africa an attractive market for all businesses wanting to sell their products internationally?	[16 marks]
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Marks for this question: AO1 = 4, AO2 = 2, AO3 = 4 and AO4 = 6

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 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, 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.	9–12 marks
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 marks
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, 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 marks



The focus of the question is on:

- All businesses not just Kento
- The attractiveness of Africa as a market and the factors that influence this decision
- The significance of various factors for companies wanting to sell internationally

Indicative content may include:

Africa may be attractive because of:

- Africa's economic growth rate remains high in comparison to other alternate economies, Consumer spending is rising in South Africa and expected to boom between now and 2024 this implies greater and growing demand for products. However, there is a big differential in average income levels, this suggests that potential may not be as high for luxury products.
- Population. In comparison to Europe Africa has much larger population that is growing at a significantly faster rate. Europe's population growth has almost stagnated. In Africa the potential market size is currently 480 million more people than Europe. These both imply potentially larger sales than Europe and an upward trend in potential sales.
- Age of population in Africa is much younger 19.5 years (so attractive for some products) and taking the data into account it is these consumers that reach maturity with growing wages and disposable incomes, so it may be a good decision to try to gain their brand loyalty early.

But

- Markets within Africa vary considerably, which could be difficult to enter due to e.g. political and social differences and the quality of local infrastructure including communication networks, this could make it difficult for some companies to establish a foothold in a particular market and attract consumer interest.
- Only 40% of the population are urban dwellers, with 60% in rural communities, the needs of these consumers may differ widely and so the nature of the product the company sells is important, only appealing to 40% of the market, with a luxury product aimed at 40+ year olds for example, may not be so attractive.

Evaluation may consider that the key factors that determine whether or not Africa is an attractive market depends greatly on:

- the product the company offers
- what level income customer its aimed at
- how they will distribute it
- how the business intends to enters the market e.g. joint venture or entering independently

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2021

0	6	In recent years many businesses that off-shored manufacturing have reviewed their decision to produce abroad and are re-shoring production. To what extent do you agree that all businesses that moved manufacturing abroad should now move production back to the UK? [24 marks]
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Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

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 judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.	21–24
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



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2021

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 this question are:

- analysis of benefits and drawbacks of manufacturing in the UK
- for manufacturers currently manufacturing abroad
- makes a judgement on whether moving back to the UK is sensible for all UK firms with off-shored manufacturing.

Indicative content:**Good idea because:**

- Increasingly sophisticated robotics allows jobs that used to need people to be done by machine. This reduces the relative importance of labour costs in total unit costs of manufactured goods.
- UK wage rates have grown far slower than those in several other countries – notably China and India – reducing the cost savings to be had from manufacturing abroad.
- Any off-shoring is likely to increase transport costs and times. These are also likely to be more subject to external shocks.

Not a good idea because:

- many costs in the UK (eg land, rates, utilities) remain far higher than in other global locations
- many companies may have begun manufacturing abroad but started selling in markets close to their off-shore manufacturing bases
- the terms of trade agreed upon Britain's departure from the EU may make exporting from the UK harder.

Accept other relevant arguments

Evaluation:

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of situations in which the statement could be true weighed up against situations in which it is false.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2021

The extent to which moving manufacturing back to the UK depends on:

- the country to which the manufacturing has been off-shored
- whether the cost differential between the UK and an off-shore location has been eroded over time
- the practicalities of transporting the finished product from factory to market.

Overall: The statement is sweeping and will thus not be entirely true or false. There is little doubt that re-shoring has risen in popularity in recent years and the drivers behind this remain in place.

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2025

Section C

2	1	A UK business's domestic market has stopped growing. The business has decided to become a multinational corporation.
		To what extent is this decision likely to increase profits?
		[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 2025

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 multinational corporations
- recognising and analysing reasons why becoming a multinational might lead to increased (or decreased) profits
- applying this understanding in the context of a stagnant domestic market
- evaluating the extent to which becoming a multinational corporation might increase/decrease profits in this context.

Indicative content may include:

Analysing the benefits of becoming a multinational corporation, such as:

- a stagnant home market will mean that it could be easier to grow if the business has operations in other countries
- becoming a multinational corporation (MNC) will lead to greater opportunities for economies of scope and scale
- MNCs have easier access to resources in other countries. These resources may lead to cheaper production costs or higher quality products
- MNCs can assess where market growth is most likely and concentrate their efforts there
- becoming a MNC may enable a business to gain a better understanding of individual overseas markets
- savings on transport costs.

Showing how these benefits may translate into increased profits

Analysing the problems of becoming a multinational corporation, such as:

- having a poorer understanding of its markets
- possible political instability and other uncertainties in overseas markets, such as labour supply and skills and culture
- potential damage to reputation if seen to be exploiting other countries
- expansion may lead to diseconomies of scale.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2025

Evaluation:

- assessing the relative benefits and problems arising from becoming an MNC
- assessing the risks involved, particularly as this growth will need to be financed
- evaluating circumstances, such as exchange rate changes, which might influence the overall impact on profits
- examining both the short-term and long-term impact on profits
- making a reasoned judgement on profits are likely to rise or fall, in the context of the stagnant domestic market.

Question 01 · Section A objective test question

Correct answer: A

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



Question 01 · Section A objective test question

Correct answer: B

Data mining

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



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

2	0	Analyse the problems that might arise for a small business from the growth of digital technology.
		[9 marks]

Marks for this question: AO1 = 2, AO2 = 3 and 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 on:

- examining how the growth of digital technology might cause problems for a small business.

Indicative content:

- the potentially high costs of digital technology may prevent small businesses from competing with larger businesses because they are likely to be using inferior technology
- larger businesses will be more able to use digital technology to reduce unit costs and gain a competitive advantage
- small businesses may find it difficult to update their digital technology as frequently as larger businesses and so customers might perceive their goods or services to be outdated or inferior
- larger businesses are more capable of using digital technology to improve their understanding of customer needs and will tend to have more specialist skills to attract new customers.
- smaller businesses may lack the resources and specialist skills needed to exploit techniques such as data mining and so they will be less able to understand customer wants and target customers with appropriate products and marketing
- a lack of finance may prevent smaller businesses from exploiting techniques such as enterprise resource planning (ERP).

MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

0	4	In his first year, Jack only used e-commerce instead of distributing through a retailer. To what extent was this a good choice? You should support your answer using Appendix A and the case study .	[16 marks]
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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 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, 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.	9-12 marks
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 marks
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, 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 marks



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

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

The demands of the question are:

- to use appendix A
- to use the case study
- to analyse the benefits of using e-commerce and not retailers
- to analyse the drawbacks of using e-commerce and not retailers
- recognition of Jack's circumstances – new start-up, already has a full-time job
- reaching a supported judgement over whether the choice was right for Jack when starting up.

Indicative content:

Yes, because using a retailer (Debenhams) means:

- lower gross margins on sales through Debenhams - 40% (£6) on T-shirts, 41.7% (£5) on caps and 30% (£3) on beanies versus online retail margins of 62.5% (£15), 65% (£13) and 56.25% (£9). NB calculations are NOT required
- loss of control over how products are sold
- exclusivity demanded by Debenhams may prove a major constraint
- may have needed far larger quantities than Jack could manage as a part-time entrepreneur
- Debenhams customers may not 'fit' Jack's target market.

No, because:

- customers would not be able to see/feel/touch the products
- Jack limited the potential size of his market according to how they buy their clothing
- Jack failed to capitalise on the actual service that retailers provide by actively selling products to customers.

The extent to which this was a good choice may depend on:

- the specifics of Debenhams offer – exclusivity and a different target market mean Hopps Clothing may have suited e-commerce more
- recognising the limiting nature of e-commerce distribution to business such as Jack's
- exploring what makes the choice 'good' – profitability or boosting awareness in the early stages of a business

Credit other valid lines of analysis and evaluation.

Valid calculations of revenue, profit, break-even or other financial issues affecting the choice should be credited as use of context where logic can be followed (candidates may not recognise final column as retail price if sold online – BOD any reasonable assumption)

Calculations using information from Appendix C are not focused on this question ('in his first year') therefore not credited as use of context

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2017

2	5	A business is experiencing a fall in its market share.
		To what extent might the greater use of digital technology enable the business to increase its market share?
[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 on 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
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 focus of the question is on:

the extent to which digital technology can enable a business to gain a greater market share (ie a higher proportion of total market sales)

Indicative content may include:

Digital technology can enable a business to improve its market share through approaches such as:
 e-commerce
 big data
 data mining
 enterprise resource planning (ERP)

Digital technology facilitates new ways of selling the product and also allows the firm to alter its marketing mix. Digital technology is now the main source of promotion, overtaking traditional media, such as TV and newspapers in recent years. The main ways in which it can enable businesses to gain market share are as follows:

- it can reduce the need for expensive city centre properties and sales staff allowing firms to devote more resources to gaining market share
- it allows more flexibility as products can be individualised. Furthermore, the business can operate 24 hours a day and thus secure more customers
- social media can be used to promote brand identity and provide much greater flexibility to marketing campaigns, thus increasing brand loyalty
- it is a much more detailed insight into customers, and therefore can tailor make products and marketing techniques according to its customers
- data can be accessed and analysed at great speed, in order to allow business to respond more quickly to customer needs



However, impact depends on:

- extent to which it is adopted relative to competitors; for its market share to increase it must gain more sales as a percentage of the total market sales
- how it is implemented and used
- which technology is adopted and what its impact is relative to other firms

Whether digital technology will improve market share may depend on:

- the nature of the business - for example, retailers have tended to modify their marketing much more than manufacturers
- the size of the business - digital technology has allowed smaller firms to compete on a much wider scale; however, techniques such as data mining tend to be the preserve of very large organisations that can afford the IT systems
- data protection – although there is better data to support marketing decisions, there may be restrictions on its use as data protection legislation restricts the type of personal information that businesses can hold
- cost effectiveness. Updating digital systems may not be considered worthwhile if analysis of its consequences reveal that revenue gains do not match the costs of introducing new digital systems
- the cause of the loss of market share

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

2	3	Will the increased use of e-commerce lead to all retailers operating only online? Justify your view.
[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 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 2022

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 e-commerce
- analysing reasons why online retailing might continue to grow
- analysing possible limitations to the growth of online retailing
- assessing circumstances that might promote or negate online growth
- drawing a reasoned conclusion on whether all retailers will become purely online providers.

Indicative content may include:

Analysis of factors that will continue to cause online growth. For example:

- online retailing reduces costs, such as rents for city centre properties
- online ordering provides businesses with more accurate forecasts of demand
- with flexible contracts, businesses can call in the exact number of workers needed to process online orders. For shops, staffing levels are based on previous experience and so over-staffing or under-staffing is more likely
- online ordering provides more data on customers, enabling the retailer to introduce more effective strategies
- lower costs can lead to lower prices (for goods with price elastic demand) or higher profit margins (for goods with price inelastic demand)
- 24 hour online retailing is much more convenient for many customers
- customers benefit from greater price comparison if retailers are online.

Analysis of factors that may restrict or prevent future online growth. For example:

- the decline in city centre retailing is likely to lead to lower rents, making stores a more attractive proposition
- online retailing involves technology costs, these will dissuade many (smaller) retailers from going online
- for products such as clothing, the tactile experience can help customers to decide on products. For these goods, some city centre shops are likely to remain
- services, such as coffee shops and hairdressers, cannot operate online
- customers may have concerns about the security of online retailing and continue to use stores.

Accept all relevant arguments.

Evaluation

Evaluation will depend on the quality of arguments presented.

Good evaluation is likely to show balance between factors encouraging online growth and factors limiting online growth.

Evaluating the circumstances in which online growth is most likely and those in which it is less likely.

Providing arguments to show how online growth is likely to vary between different markets/products.



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

It is unlikely that all retailers will become **purely** online. However, the overall conclusion should be consistent with the arguments presented and/or the products and markets used in the analysis and evaluation of this topic.



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.

3. Q10 · A Level Paper 1 · June 2018 · 1 mark · 3.9.1

< MARK SCHEME

This question required students to select the true statement from four statements on the different forms of integration. The vast majority of students recognised the true statement. The popularity of option C indicates that there may be some confusion amongst students between forward vertical integration and backward vertical integration.

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

4. Q7 · A Level Paper 1 · November 2020 · 1 mark · 3.9.1

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Q7 & Q8– Most students showed a good understanding of Greiner's stages of growth and Kaplan & Norton's balanced scorecard- in answering these questions.

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

5. Q11 · A Level Paper 1 · November 2020 · 1 mark · 3.9.1

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Q11 – Students showed a very good understanding of both external growth and organic growth in this question and most answered this correctly.

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

7. Q2 · A Level Paper 1 · June 2022 · 1 mark · 3.9.1

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

On average, students scored slightly higher marks on the multiple-choice questions than in the 2018 and 2019 series. Questions 1, 2, 3 and 13 were answered correctly by over 70% of students. The most challenging question (Q8) covered core topics, but required calculations that were presented in a slightly different way than usual. However, one distractor proved to be more popular than the correct answer and this occurred because students did not understand the meaning of price inelastic demand.

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

10. Q8 · A Level Paper 1 · June 2025 · 1 mark · 3.9.1

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

On average, students scored one mark more on the multiple-choice questions in 2025 than in 2023 and 2024, with the mean mark increasing from 9 marks to 10 marks (out of 15). This change could be attributed mainly to the fact that there were only two questions which were correctly answered by less than 50% of the entry, compared to six such questions in 2024. Question 10, on 'operational objectives' proved to be the easiest question. Although the calculations required in this question were quite straightforward, it is unusual for this type of question to yield such a high average mark. The other two questions that yielded high average scores were question 1 on data mining and question 11, on employee engagement. Question 8 proved to be significantly the most challenging question, mainly because students did not recognise the link between labour turnover and the management of retrenchment, although all four options attracted significant numbers of students. Not surprisingly, question 6 also proved to be challenging. This was based on a core topic – break-even – but the graph involved a number of different changes which added to the level of challenge involved. However, nearly half of the students answered this question correctly. Overall, the cohort of students appeared to be more comfortable than previous cohorts in the handling of numerical and graphical information.

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

11. Q2 · A Level Paper 3 · June 2023 · 12 marks · 3.9.1

< MARK SCHEME

General feedback

This question presented a greater challenge to students. A notable minority showed a lack of understanding of the term 'organic growth'. In addition, some drifted away from analysing methods of growth, instead drifting into a discussion of sources of finance – thus not answering the question set.



Q2 · A Level Paper 3 · June 2023 (continued)

The greatest challenge that most students faced was in being able to explain 'why' organic growth would bring certain benefits to Bodhi. Most were able to state what the benefit was to Bodhi, then explained why this benefit was useful. However, these arguments showed a significant missing link. Most commonly, students picked out that organic growth is less risky than external growth. Few managed to effectively explain why this was the case, however far more were able to link the lack of risk to Bodhi's attitude to risk. Typically, these responses achieved a reasonable level mark, whilst good responses needed the 'why' explained.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2023.

12. Q2 · A Level Paper 3 · June 2025 · 12 marks · 3.9.1

[< MARK SCHEME](#)

General feedback

The major flaw evident in student responses to this question was in addressing the marketing activities demand. Only the best answers explicitly explored the impact on actual marketing activities. Reasonable responses usually managed to link retrenchment to the marketing area, often by suggesting that the company's brand reputation may be tarnished, but without going on to explore actions that could be taken as a result.

This seems to have been an apt time for students to have recalled their knowledge of the marketing mix and explore how a 'P' may need to be adjusted as a result of the retrenchment and change of product being sold. Once more, a little theory can help to add structure to a student's response.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2025.

13. Q1.5 · A Level Paper 2 · June 2018 · 16 marks · 3.9.1

[< MARK SCHEME](#)

This question proved to be an effective discriminator. Good answers were able to analyse the data and use the analysis to answer the question. When this was done well, it showed students with a good breadth of subject knowledge. Better responses used data (eg Gearing, Share Price, ROCE and Current Ratio) to illustrate the health or otherwise of Marks and Spencer and analyse the usefulness of this. Most were able to write balanced answers with many picking up on the fact that it mainly included financial data, that was historical and aspects like market share as well as important qualitative information were missing. These students were fully focussed on the root of the question in addressing whether or not the information was useful. A few students who provided excellent responses also identified that the question asked about a "rival" business and as such that they would already have access to and knowledge of market conditions as well as comparative data. These lines of argument lead to well supported judgements. With AO4 as the main driver on this question these students were able to access high marks.

It was disappointing that many students failed to analyse data or even quote data or use their calculations from question 1.3, instead they merely described the various appendices. Many listed appendices and explained simplistically what they saw, missing important lines of analysis by failing to be selective in what they discussed; as a result they presented a wealth of under-developed points. Descriptive responses were common thus restricting the level awarded. Similarly, the question was not whether the takeover should take place but the usefulness of the data. Too often conclusions were not related to analysis or they were focussed on "I think they should take M&S over because....". Again this highlights the importance of understanding the demands of the question before writing a response.

On the whole, most students were following good exam practice producing a response with knowledge/understanding, range and some depth, balance, development and judgement. However, it was the quality of what was written, lacking focus on the question asked and thus depth and accuracy which was the main problem.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2018.

14. Q3.4 · A Level Paper 2 · November 2020 · 16 marks · 3.9.1

[< MARK SCHEME](#)

Students knowledge of franchising was generally good but the question itself was frequently poorly answered. Too many students never got beyond outlining the pros and cons of franchising. The question asked whether it is a good way for any business to grow (not the best way as some suggested) and wanted a consideration of the circumstances where it might or might not be good. In doing this drawing a justified conclusion as to whether it was a good way for any business to grow was required. Poor focus on the questions demands meant fewer students managed to attain the top mark band in this question despite obvious knowledge of the content.

Concluding Remarks



Q3.4 · A Level Paper 2 · November 2020 (continued)

The demands of the paper, expectations from students and type and range of questions asked were entirely comparable with previous series. This paper proved to be accessible for students on all questions. Students responded well across all sections of the paper and frequently used the stimulus material appropriately in their responses. Issues of timing were not apparent and there was a good balance in responses across all parts. Perhaps more apparent in this series than previous was where students did have gaps in knowledge/understanding as evidenced by either no response answers or very low to zero marks awarded.

There were some exceptionally well considered and developed responses, but mainly students who did possess the base knowledge lost marks through either providing very generic answers and not considering the context in the case, and this was evident in all levels of question or in the extended responses failing to recognise the importance and weight of an in-depth conclusion/judgement that has its foundations in the analysis provided. Too many students still approach this key AO4 skills by offering only a simple limited statement.

Source: AQA Report on the Examination, A Level Business 7132/2, November 2020.

15. Q2.4 · A Level Paper 2 · June 2022 · 16 marks · 3.9.1

[< MARK SCHEME](#)

There were varying approaches in responses. Some students outlined benefits and drawbacks of joint ventures or benefits of joint ventures with alternative approaches to growth (organically/takeovers/mergers). A few students showed exceptional focused insight, supported by genuine application to business context. Better students did reach higher levels and often offered examples to support their answers effectively.

Many students struggled to apply the context beyond M&S, only able to use the case study to form the basis of their response, thus providing a narrow base of analysis and not meeting the demand of the question for “all” businesses. In general the lack of focus on growth and all businesses was notable and limited progress to higher level marks.

The concept of (joint) ventures was not well understood by a significant number of students. It was common for students to assume it was the same as a merger, but another misunderstanding was to answer the question relating to venture capital. Students were often too reliant on assertion in making arguments about whether or not any form of growth was good or not.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2022.

16. Q5 · A Level Paper 3 · June 2024 · 20 marks · 3.9.1

[< MARK SCHEME](#)

This question proved highly accessible – as is often the case when asking students to choose between two options. The time constraints of Paper 3 are understood by the examining team and thus quality of argument should always be prioritised over quantity. Therefore, on a question like this one, exploring the benefits and drawbacks of both options may take too long and the balance required by the question can be achieved by, for example, addressing just the benefits of both options.

Understanding the realities of growth by franchising proved a problem for some students, indeed, there were some odd misconceptions on display, often founded on a belief that franchisees would be left completely uncontrolled by Speed-e-Puds as a franchisor.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2024.

17. Q6 · A Level Paper 3 · June 2018 · 24 marks · 3.9.1

[< MARK SCHEME](#)

Though almost all students attempted this question, the quality of responses was wide-ranging. The best responses demonstrated knowledge of the specification to identify specific problems caused by rapid growth, such as overtrading or Greiner's crises as the basis of their response. Some students seemed to be desperately trying to think of problems caused by growth in the exam room – suggesting that this area of the specification was a weakness for them. A further difficulty for students was the need to build contrasting arguments addressing whether the extent to which problems could or could not, be overcome. Developing arguments through clearly explaining why certain issues were caused by rapid growth and then why they might or might not be surmountable for all businesses was a feature of the very best responses. These also maintained a clear focus on the need to go beyond Hopps London Ltd and explore the question in the context of other businesses or types of business. The very best responses showed clear evidence of planning, not only which problems would be discussed but in which contexts these may or may not be solvable. These responses recognised that once again, this final question referred to all businesses, not just that in the case study. Many of these responses at the highest level focused on two major problems and explored scenarios in which they may or may not be solvable. Depth of argument is valued above range of points even on this final question.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2018.

18. Q22 · A Level Paper 1 · June 2023 · 25 marks · 3.9.1

[< MARK SCHEME](#)


Q22 · A Level Paper 1 · June 2023 (continued)

This was a popular essay, possibly because there were a number of different theories that could be used by students. Many answers focused on economies of scale, which were generally understood, and diseconomies of scale (which were often considered to be any problem that led to higher unit costs, not those related specifically to the scale of the business). Better answers often provided references to other concepts, such as Greiner's Model, the experience curve, the efficiency of communications and economies of scope. Weaker responses sometimes discussed growing total costs rather than unit costs and thus had limited focus on the question.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2023.

19. Q7 · A Level Paper 1 · June 2023 · 1 mark · 3.9.2

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Question 7, on 'kaizen' proved to be the easiest question, followed by question 5, on the Blake Mouton grid. Students often find data interpretation challenging and so it was pleasing to see that questions 12 and 13, two questions based on interpreting a set of data, were correctly answered by approximately two-thirds of the students.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2023.

20. Q19 · A Level Paper 1 · June 2018 · 9 marks · 3.9.2

< MARK SCHEME

This question differentiated students well as it tested knowledge and analytical skills. A number of students did not understand the term intrapreneurship; some confused it with internship and business angels. Some answers were based on kaizen more than entrepreneurship. There were many excellent answers, particularly amongst those students who drew on real-life examples such as Google to support their arguments. Many students did not fully link the concept to financial performance whilst others focused on its impact on motivation rather than more direct financial benefits. Some students drifted off-topic by looking at how intrapreneurship might lead to reduced profits.

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

21. Q3.1 · A Level Paper 2 · June 2019 · 9 marks · 3.9.2

< MARK SCHEME

Many students approached this question well, showing understanding of concepts and the ability to build good lines of reasoning. When students were confident with the concept of profit margin, they could develop some powerful arguments linked to one or both topics and the impact on profit margin. More effective responses considered how research and development creates innovative products, allowing higher prices or new processes and reducing unit costs and boosting profit margins. When combined with a good knowledge of patents this creates a competitive advantage leading to premium pricing and therefore to higher profit margins.

In some responses, clear links were not made as the distinction between profit and profit margin was not established. Profit margins are an area of weakness for many students, with much discussion about increased revenue and profits. Many students argued that increasing sales will increase profit margins automatically and did not explore these relationships effectively.

There was a lack of clarity of the concept of research and development and confusion with market research, with many students analysing how Market/Marketing Research helped profit margins on new products. A small proportion of students had no understanding of the concept of patents.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2019.

22. Q20 · A Level Paper 1 · June 2025 · 9 marks · 3.9.2

< MARK SCHEME

Most students successfully identified the link between innovation and staffing, particularly in terms of recruitment and training. However, some answers linked their logic to the impact on employees rather than the role of the HR function. There were some excellent examples of real-life innovation strategies, such as intrapreneurship, incorporated into some answers. Overall, this question appeared to discriminate well and enabled students to apply their understanding of business concepts.

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

23. Q2 · A Level Paper 3 · June 2022 · 12 marks · 3.9.2

< MARK SCHEME

Question 2, as has always been the case for 12 mark analysis questions on this paper, required no counter argument – balance is not, nor will be during the lifetime of this specification, a feature of the 3 level marking grid used for the first two questions on paper 3. Knowledge of copyright was widespread, and many students could explain benefits of the protection offered by copyright, however, many responses did not tie these benefits in to the growth of SSN Ltd, simply stating that the benefits led to growth rather than explaining how a benefit may have enabled increased sales.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2022.



24. Q6 · A Level Paper 3 · June 2024 · 24 marks · 3.9.2[< MARK SCHEME](#)

The need to offer context in an answer to a question about all businesses has long been a challenge for students. However, this year showed a clear improvement in an understanding of how these questions should be tackled. The majority of responses did look for opportunities to illustrate their arguments with a set of circumstances or scenario in which the statement could be shown to be true or false. Doing so enables students to assess these circumstances to produce an evaluation that shows when the statement may be true and when it may be false – i.e. what the answer depends upon.

A major challenge for students was the need to remain focused on companies following a differentiation strategy. Many wrote about the benefits of innovation, correctly exploring how innovation can be a useful route to achieving differentiation. However, by the time they had reached the half way point in their answers seemed to have forgotten the question originally asked and offered a counter-argument that had lost focus (often based on the drawbacks of innovation), rather than trying to argue that innovation may not be essential when pursuing a strategy of differentiation

Source: AQA Report on the Examination, A Level Business 7132/3, June 2024.

25. Q24 · A Level Paper 1 · June 2017 · 25 marks · 3.9.2[< MARK SCHEME](#)

This question focused on investment spending on innovation. The vast majority of students rose to this challenge and were able to construct arguments connecting investment spending to successful innovation. There were some good arguments linked to R&D and also a surprisingly high number who recognised the importance of spending on staff, in order to innovate. Other approaches to innovation such as kaizen, intrapreneurship, benchmarking, and spending on patents were also relevant but not very evident in responses.

A feature of some responses to this question was the excellent insight into different contexts to support arguments – for example in consumer electronics product development is very rapid and any investment in innovation may not be successful if competitors' investment is greater or leads to better products. Few students used the comment that the business had a record of poor innovation for many years. A consideration of why this might be was often a useful focus of a good response.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2017.

26. Q23 · A Level Paper 1 · November 2020 · 25 marks · 3.9.2[< MARK SCHEME](#)

This essay provided the widest range of answers. Better answers showed a clear understanding of Research and Development (R&D) and organisational culture and were able to present wellreasoned, developed and balanced responses that scored well. This essay produced a significant number of very high quality responses, which was pleasing. However, some students had limited or no understanding of the concept of organisational culture and some confused R&D with market research. This lack of understanding of these key topics resulted in a number of low-scoring answers.

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

27. Q13 · A Level Paper 1 · June 2018 · 1 mark · 3.9.3[< MARK SCHEME](#)

This question focused on entering international markets. It asked students to select the best option, based on given circumstances. The question proved to be challenging, with only one-third of students answering it correctly. This low figure suggests many students did not have a clear understanding of this theory.

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

30. Q2 · A Level Paper 3 · November 2020 · 12 marks · 3.9.3[< MARK SCHEME](#)

Although some students showed little or no understanding of Bartlett and Ghoshall's theory, the majority were able to build effective answers to this question. The very best answers clearly drew on the information in the case study to address the two axes of Bartlett and Ghoshall's matrix using information from both appendices referred to in the question. The very best answers specifically

addressed the question of why the business chose this strategy, whilst less good responses simply explained advantages of tailoring marketing strategies to local market needs.

Source: AQA Report on the Examination, A Level Business 7132/3, November 2020.

31. Q3.3 · A Level Paper 2 · June 2017 · 16 marks · 3.9.3[< MARK SCHEME](#)

Q3.3 · A Level Paper 2 · June 2017 (continued)

There was wide variation in the quality of responses to this question. There were lots of potential arguments for students to choose from and plenty of scope to take the question in different directions. However, the best answers were selective in their arguments and analysed these in detail, using supporting evidence from the case study; they also recognised it may be good for some businesses but not others because of factors such as income, age, rural location of population or tastes in different markets and gave examples to support this.

Very good responses used an industry or explained a specific business to make their arguments creditworthy whilst combining elements of the data in support. When students were focused and selective they often found balance/evaluation relatively straightforward and could justify their reasoning with well supported analysis. There were some excellent, well developed, fully focused and completed responses. High scoring students could often

use the scenario combining information, build a chain of argument, bring in wider context and add counterbalance to test their chains of reasoning; they would focus on some and all businesses, not just looking at an extreme. Students were aware of the geography, politics, poverty and wider influences in Africa. Students who scored high marks were those that were able to evaluate throughout, continuously offer context and had a clear understanding of the nature of the market and the product that would be sold and a focus on selling. The idea of “all businesses”, was the crucial focus in this response and invited students to consider different business situations and types of business and influences on whether Africa would be an attractive market.

Some students found problems in actually answering about Africa being an attractive market for all businesses and while many gave the pros and cons for selling in Africa many students did a very generic answer without relating it to the focus of any business. They failed to recognise the fact it may be good for some and not others. Some students used the scenario to make sweeping generalisations and comments that were unfounded. Poor use of the data provided in the case was generally demonstrated with descriptive developments provided in responses and little development in analysis. A common issue in evaluation was a failure to focus on selling and instead discussing wider aspects about manufacturing /expansion/relocation and attitude to risk.

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

33. Q21 · A Level Paper 1 · June 2025 · 25 marks · 3.9.3

[< MARK SCHEME](#)

This proved to be the most popular essay and was the one that showed the strongest overall performance. Most answers demonstrated a sound understanding of multinational companies, although some answers focused mainly on exporting. The majority of students used the context of a stagnant market effectively, although some responses did not incorporate this aspect of the question. Many answers provided an excellent use of examples in their responses, notably Tesco and Aldi, but many others too. Answers often linked well to theory, with many incorporating the relative merits of market development in their analysis and evaluation. Stronger responses also incorporated Porter's five forces and the benefits of both selling and producing overseas. In comparison to the other essays, relatively few students did not achieve level 3 and there were noticeably more level 4 answers on this essay than the other three titles.

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

34. Q1 · A Level Paper 1 · November 2020 · 1 mark · 3.9.4

[< MARK SCHEME](#)

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Q1 – This was intended to be a fairly straightforward first question and was answered well by most of this cohort of students.

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

35. Q1 · A Level Paper 1 · June 2025 · 1 mark · 3.9.4

[< MARK SCHEME](#)

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

On average, students scored one mark more on the multiple-choice questions in 2025 than in 2023 and 2024, with the mean mark increasing from 9 marks to 10 marks (out of 15). This change could be attributed mainly to the fact that there were only two questions which were correctly answered by less than 50% of the entry, compared to six such questions in 2024. Question 10, on 'operational objectives' proved to be the easiest question. Although the calculations required in this question were quite straightforward, it is unusual for this type of question to yield such a high average mark. The other two questions that yielded high average scores were question 1 on data mining and question 11, on employee engagement. Question 8 proved to be significantly the most challenging question, mainly because students did not recognise the link between labour turnover and the management of retrenchment, although all four options attracted significant numbers of students. Not surprisingly, question 6 also proved to be challenging. This was based on a core topic – break-even – but the graph involved a number of different changes which added to the level of challenge involved. However, nearly half of the students answered this question correctly. Overall, the cohort of students appeared to be more comfortable than previous cohorts in the handling of numerical and graphical information.

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



36. Q20 · A Level Paper 1 · November 2020 · 9 marks · 3.9.4[< MARK SCHEME](#)

On the whole, students showed a sound understanding of digital technology and focused effectively on the problems that might arise for small businesses. As a consequence, there were many good responses. There were a number of different, but valid, approaches taken and this was a key factor in the relatively good performance on this question in comparison to the other 9 mark questions,

Sections C & D

In Section C, question 21 proved to be more popular than question 22. In Section D, question 23 was chosen by twice as many students as question 24. In terms of performance, all four questions were broadly comparable in the challenge that they offered, although questions 22 and 24 yielded slightly higher marks than their more popular alternatives.

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

37. Q4 · A Level Paper 3 · June 2018 · 16 marks · 3.9.4[< MARK SCHEME](#)

A highly accessible question that allowed students the chance to recognise the need for a two-sided response before reaching a clear judgement. Many students were able to produce excellent answers, with the best, recognising that e-commerce allowed higher profit per unit but limited volumes in this case whilst distribution through Debenhams would be likely to reverse this scenario. A worrying number of students focused on the use of social media as a promotional tool rather than explicitly exploring e-commerce as a distribution method - selling through the internet.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2018.

38. Q25 · A Level Paper 1 · June 2017 · 25 marks · 3.9.4[< MARK SCHEME](#)

Question 25 proved to be more popular and enabled students to show some excellent topical understanding of businesses and current business issues. Good answers showed a broad understanding of digital technology, such as big data and marketing through social media and e-commerce. In some cases, students relied on story-telling rather than using their knowledge and insight into current business issues to develop analysis. However, in contrast there were many answers that effectively argued how digital technology might affect market share in different contexts. Unfortunately, some students focused purely on technology rather than digital technology. Few responses considered why the market share was falling in the first place and therefore how relevant digital technology might be as a solution,

Source: AQA Report on the Examination, A Level Business 7132/1, June 2017.

39. Q23 · A Level Paper 1 · June 2022 · 25 marks · 3.9.4[< MARK SCHEME](#)

This question on e-commerce proved to be the most accessible of the essay questions. Students showed a good understanding of e-commerce and many showed considerable insights into its use

and development. Many students drew on their own experiences or knowledge to support their arguments and the use of context stood out as a particular strength of the cohort's answers to this question. On the whole, answers showed balance and most drew logical judgements which were consistent with the evidence they provided. The main weaknesses shown tended to be answers that were descriptive, rather than analytical and answers that stated facts rather than explaining how factors impacted on the number of retailers going online. However, these weaknesses were limited to relatively few scripts.

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

