

**GCE**

**New Business**

**H431/03: The global business environment**

A Level

**Mark Scheme for June 2022**

OCR (Oxford Cambridge and RSA) is a leading UK awarding body, providing a wide range of qualifications to meet the needs of candidates of all ages and abilities. OCR qualifications include AS/A Levels, Diplomas, GCSEs, Cambridge Nationals, Cambridge Technicals, Functional Skills, Key Skills, Entry Level qualifications, NVQs and vocational qualifications in areas such as IT, business, languages, teaching/training, administration and secretarial skills.

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

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**MARKING INSTRUCTIONS****PREPARATION FOR MARKING  
SCORIS**

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Online Training*; *OCR Essential Guide to Marking*.
2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal <http://www.rm.com/support/ca>
3. Log-in to scoris and mark the **required number** of practice responses (“scripts”) and the **number of required** standardisation responses.

YOU MUST MARK 10 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

**MARKING**

1. Mark strictly to the mark scheme.
2. Marks awarded must relate directly to the marking criteria.
3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.
4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM messaging system, or by email.
5. **Crossed Out Responses**  
Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

**Contradictory Responses**

When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

**Short Answer Questions** (requiring only a list by way of a response, usually worth only **one mark per response**)

Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a ‘second response’ on a line is a development of the ‘first response’, rather than a separate, discrete response. (*The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.*)

**Short Answer Questions** (requiring a more developed response, worth **two or more marks**)

If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

**Longer Answer Questions** (requiring a developed response)

Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there then add a tick to confirm that the work has been seen.

7. Award No Response (NR) if:
  - there is nothing written in the answer space

Award Zero '0' if:


















- anything is written in the answer space and is not worthy of credit (this includes text and symbols).

Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**  
If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.
9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.
10. For answers marked by levels of response:
  - a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer

- b. To determine the mark within the level, consider the following:

| Descriptor  | Award mark  |
|---|---|
| On the borderline of this level and the one below     | At bottom of level  |
| Just enough achievement on balance for this level     | Above bottom and either below middle or at middle of level (depending on number of marks available)       |
| Meets the criteria but with some slight inconsistency | Above middle and either below top of level or at middle of level (depending on number of marks available) |
| Consistently meets the criteria for this level        | At top of level   |

|   |  |
|---|--|
|    | Blank page                                 |
|    | Tick                                       |
|    | Cross                                      |
|    | Highlighting tool                          |
|    | Not answered question                      |
|    | Own Figure Rule                            |
|    | Benefit of Doubt                           |
|    | Repeat                                     |
|    | Noted but no credit given                  |
|    | Too vague/No use of context                |
|    | Unclear                                    |
|    | Knowledge                                  |
|   | Application of knowledge and understanding |
|  | Analysis                                   |
|  | Developed Analysis                         |
|  | Evaluation                                 |
|  | Effective evaluation                       |

## 12. Subject Specific Marking Instructions

**EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION**

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read when the paper is printed out in black & white.

**[Questions 1, 2, 5, 6 & 8 should be annotated with ticks, crosses, BOD, REP, TV, OFR, NAQ or ?. The number of ticks plus OFR MUST match the final mark awarded for that question. Ticks MUST NOT be used in Questions 3, 4, 7, 9 & 10.]**

**IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE AOs ARE REACHED, SO THAT YOUR TEAM LEADER CAN LOOK TO AGREE WITH YOUR FINAL MARK.**

## Subject-specific Marking Instructions

### INTRODUCTION

Your first task as an Examiner is to become thoroughly familiar with the material on which the examination depends. This material includes:

- the specification, especially the assessment objectives
- the question paper and its rubrics
- the mark scheme.

You should ensure that you have copies of these materials.

You should ensure also that you are familiar with the administrative procedures related to the marking process. These are set out in the OCR booklet **Instructions for Examiners**. If you are examining for the first time, please read carefully **Appendix 5 Introduction to Script Marking: Notes for New Examiners**.

Please ask for help or guidance whenever you need it. Your first point of contact is your Team Leader.

## Levels of response – Level descriptors

|                   | Knowledge and understanding/<br>Application  | Analysis  | Evaluation   |
|-------------------|--|---|--|
| <b>Strong</b>     |  | An explanation of causes and consequences, fully developing the links in the chain of argument.   | A conclusion is drawn weighing up both sides, and reaches a supported judgement.               |
| <b>Good</b>       | Precision in the use of the terms in the question and applied in a focused way to the context of the question. | An explanation of causes and consequences, developing most of the links in the chain of argument. | A conclusion is drawn weighing up both sides, but without reaching a supported judgement.      |
| <b>Reasonable</b> | Awareness of the meaning of the terms in the question and applied to the context of the question.              | An explanation of causes and consequences, which omit some key links in the chain of argument.    | Some attempt to come to a conclusion, which shows some recognition of the influencing factors. |
| <b>Limited</b>    | Awareness of the meaning of the terms in the question.   | Simple statement(s) of cause and consequence.   | An unsupported assertion.  |

Candidates will be awarded marks for the demonstration of each skill (Knowledge and Understanding/Application/Analysis/ Evaluation) according to the level (Strong/Good/Reasonable/Limited) seen. Their overall mark for Levels of Response questions will comprise the total of these four marks.

The descriptions in each levels of response question in this mark scheme describe a typical response at the top of that level.



**USING THE MARK SCHEME**

Please study this Mark Scheme carefully. The Mark Scheme is an integral part of the process that begins with the setting of the question paper and ends with the awarding of grades. Question papers and Mark Schemes are developed in association with each other so that issues of differentiation and positive achievement can be addressed from the very start.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out, and it is subject to revision after we have looked at a wide range of scripts.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all Examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Co-ordination scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the co-ordination scripts then become part of this Mark Scheme.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

**A     INDIVIDUAL ANSWERS**

- 1**    The indicative content indicates the expected parameters for candidates' answers, but be prepared to recognise and credit unexpected approaches where they show relevance.
- 2**    Be prepared to use the full range of marks. Do not reserve (e.g.) high Band marks 'in case' something turns up of a quality you have not yet seen. If an answer gives clear evidence of the qualities described in the band descriptors, reward appropriately.

**B     TOTAL MARKS**

- 1**    The maximum mark for the paper is **80**.
- 2**    The quality of extended responses is assessed in parts of this paper. The assessment of this skill is embedded within each of the levels and must be considered when determining the mark within the appropriate level

| Question | Answer   | Mark   | Guidance  |
|----------|--|--|---|
| 1        | <p><b>Explain the purpose of a mission statement.</b></p> <p>One mark for knowledge of a mission statement.<br/>Two marks for an explanation of a mission statement.</p>   | <p><b>2</b><br/>(AO1 2)</p>                                      | <p>Indicative content:</p> <p>A mission statement is a short statement of why a firm exists. (1)<br/>It includes the overall goal of its operations, its primary product(s) and customers and a 'flavour' of what its values are. (1)</p> <p style="text-align: right;"><b>ARA</b></p>  |
| 2        | <p><b>Explain one way in which Subway could use drip marketing.</b></p> <p>One mark for an understanding of drip marketing.<br/>One further mark for the use of it <u>in context</u>.</p>  | <p><b>2</b><br/>(AO1 1)<br/>(AO2 1)</p>                          | <p>Indicative content:</p> <p>Drip marketing is a communication strategy that sends, or 'drips', a set of messages to customers over time.</p> <p><b>Exemplar response:</b><br/>Drip marketing gives messages over time, almost by 'stealth'. (1)<br/>Subway could do this via its many in-store sales promotions, showing new ranges of 'subs'. (1)</p> <p style="text-align: right;"><b>ARA</b></p>   |
| 3        | <p><b>Evaluate the use of lean production methods at Subway restaurants.</b></p> <p><b>Level 3 (7–10)</b><br/>Candidate shows <b>strong</b> knowledge and understanding, analysis and evaluation of the use of lean production methods at Subway restaurants.</p> <p><b>Level 2 (4–6)</b><br/>Candidate shows <b>reasonable</b> knowledge and understanding, analysis and evaluation of the use of lean production methods at Subway restaurants.</p> <p><b>Level 1 (1–3)</b><br/>Candidate shows <b>limited</b> knowledge and understanding of promotion with <b>limited or no</b> analysis and evaluation of the use of lean production methods at Subway restaurants.</p> <p><b>NB</b> – award <b>maximum</b> of <b>two</b> marks for non-contextualised impacts.<br/><b>0 marks</b> no response or no response worthy of credit.</p> | <p><b>10</b><br/>(AO1 2)<br/>(AO2 2)<br/>(AO3 3)<br/>(AO4 3)</p> | <p>Candidates should refer to specific lean techniques as opposed to a narrative of the evidence in the extract.<br/>Answers could be specifically from the extract (eg JIT) or 'speculative' about what Subway could (and probably) do use (eg Kaizen).<br/>It is also perfectly reasonable to evaluate how little use there is of lean production – is the JIT used actually JIT?</p> <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Just in time production (JIT)</li> <li>• Cell production</li> <li>• Kaizen (Continuous improvement)</li> <li>• Quality Circles</li> <li>• Total Quality Management (TQM)</li> <li>• Time based methods</li> </ul> |

| Question |  |  | Answer | Mark | Guidance  |
|----------|--|--|--------|------|---|
|          |  |  |        |      | <p><b>Exemplar response:</b></p> <p>There is an element of Just In Time production in every Subway restaurant (AO1) as they produce the 'sub' along the production process at exactly the time the next stage needs it (AO2). This has the huge advantage of only producing food that is to order and fresh – and also creates the image for the customer that they desire. (AO3) Whilst this means that Subway doesn't gain from the sheer speed of pre-pared food in the way that McDonald's does, that doesn't matter as speed is not quite so imperative. It is quality and the 'made to order' feel that makes Subway so desirable (AO4).</p> <p style="text-align: right;"><b>ARA</b></p> |

| Question | Answer  | Mark   | Guidance   |
|----------|---|--|--|
| 4        | <p><b>Evaluate the extent to which ‘product’ is the most important element of Subway’s marketing mix.</b></p> <p><b>Level 4 (16–20)</b><br/>Candidate shows <b>strong</b> knowledge, understanding, analysis and evaluation of the extent to which product is the most important element of Subway’s marketing mix.<br/><i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p><b>Level 3 (11–15)</b><br/>Candidate shows <b>good</b> knowledge and understanding, analysis and evaluation of the extent to which product is the most important element of Subway’s marketing mix.<br/><i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 2 (6–10)</b><br/>Candidate shows <b>reasonable</b> knowledge and understanding, analysis and evaluation of the extent to which product is the most important element of Subway’s marketing mix.<br/><i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p><b>Level 1 (1–5)</b><br/>Candidate shows <b>limited</b> knowledge and understanding of economic factors with <b>limited or no</b> analysis and evaluation of the extent to which product is the most important element of Subway’s marketing mix.<br/><i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship.</i></p> | <p><b>20</b><br/>(AO1 2)<br/>(AO2 4)<br/>(AO3 6)<br/>(AO4 8)</p> | <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Product is in a competitive (fast food) market and must be better than what else is on offer</li> <li>• Product is slightly more highly priced and therefore customers expect quality/value</li> <li>• Product (and production of it) is highly visible and integral to the whole ‘experience’.</li> <li>• Product – the breads and other ingredients are of high quality</li> <li>• Product variety and flexibility is essential part of the sales pitch – ‘create your own’.</li> <li>• Product is healthy (er)</li> <li>• Price is similar, but higher, than competitors</li> <li>• Price is not an essential part of promotions other than the one-off sales promotions eg \$10 for 2.</li> <li>• Price – low value anyway</li> <li>• Promotion – IS important to remind customers but it is about the in-shop experience/product</li> <li>• Promotion - \$5/\$10 deals</li> <li>• Placement – very important – high end/niche locations (eg airports) as well as high street – must be accessible and potentially bought on impulse</li> <li>• People - staff training/quality essential – but AS essential?</li> <li>• Physical – experience of the restaurant</li> <li>• Process – wrapped up in the product itself – the production/creation/visibility is all linked</li> </ul> <p><b>Exemplar response:</b><br/>‘Product’ as part of the marketing mix is always essential (AO1) in that, in this case, it has to be of quality as it’s easy to simply buy something similar elsewhere (AO2). The degree of competition in the fast food and related markets is intense and each supplier needs a marketing edge – Subway’s is the quality as very clearly demonstrated by the way in which the product is visibly put together and the customer has choice (AO3). To say that ‘product’ is most important however is to ignore the aspect</p> |

| Question |  |  | Answer | Mark | Guidance  |
|----------|--|--|--------|------|---|
|          |  |  |        |      | <p>of 'process' which, in the case of Subway, is integral TO the product. It is what Subway sells – a product that comes about via a very specific and customer-visible process – the two are entwined and cannot be separated as to which is more important! (AO4)</p> <p><b>ARA</b></p> |

|   |  |   |   |   |
|---|--|---|---|---|
| 5 |  | <p><b>Explain two methods by which Subway could communicate with its franchisees.</b></p> <p>One mark for each correct identification of a method of communication, up to a maximum of two methods.</p> <p>One further mark for each explanation <u>in context</u> up to a maximum of two explanations.</p> | <p><b>4</b><br/>(AO1 2)<br/>(AO2 2)</p> | <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Email</li> <li>• Phone</li> <li>• Personal visit (in some cases)</li> <li>• Mail</li> <li>• ARA</li> </ul> <p><b>Exemplar response:</b><br/>Email could be used to communicate. (1) This would be appropriate as it is cheap, rapid and easy to reach a very large number of franchisees that Subway has. (1)</p> <p><b>ARA</b></p> |
|---|--|---|---|---|

| Question |     |      | Answer  | Mark  | Guidance   |
|----------|-----|------|---|---|--|
| 6        | (a) | (i)  | <p><b>Calculate the difference in cost <u>per kg</u> if TF moves to the higher level of production.</b></p> <p>Full marks for correct answer (with or without working).</p> <p>One mark for correct calculation of current TC per unit or FC per unit.</p> <p>One mark for correct calculation of new TC per unit or FC per unit.</p> <p>One mark for correct calculation of difference (OFR).</p> <p>Allow one mark for correct calculation of BOTH total cost figures (ie £7420 and £8650).</p> | <p><b>3</b></p> <p>(AO2 1)</p> <p>(AO3 2)</p> | <p><math>£0.32 \times 6000 = £1920</math> + FC of £5500 = £7,420/6000 = £1.24 or 123.67p (1)</p> <p><math>£0.32 \times 7500 = £2400</math> + FC of £5,500+£750 = £8,650/7500 = £1.15 (1) or 115.33p</p> <p>OR</p> <p><math>£5500/6000 = 0.92</math> (current FC per kg) (1)</p> <p><math>£6250/7500 = 0.83</math> (new FC per kg) (1)</p> <p>Difference = £0.09 or 8.33p (1) (for all 3 marks)</p> |
| 6        | (a) | (ii) | <p><b>The owner of TF believes that Subway will only pay him 90% of his normal average selling price per kg of tomatoes. Calculate the contribution at this price.</b></p> <p>Full marks for correct answer</p> <p>One mark for contribution formula (can be shown through the correct use of figures).</p>   | <p><b>2</b></p> <p>(AO1 1)</p> <p>(AO2 1)</p> | <p>Contribution = price – VC (1)</p> <p>New price = 90% of £1.50 = £1.35</p> <p>Contribution = £1.35 - £0.32 = £1.03 (1) (for both marks)</p>  |
| 6        | (b) | (i)  | <p><b>Identify the earliest start time for this activity.</b></p> <p>One mark for correctly identified EST.</p>   | <p><b>1</b></p> <p>(AO2 1)</p>                | <p>72 (1)</p>  |
| 6        | (b) | (ii) | <p><b>Calculate the free float for this activity.</b></p> <p>Full marks for correct answer</p> <p>One mark for correct free float formula (can be shown through the correct use of figures).</p>  | <p><b>2</b></p> <p>(AO1 1)</p> <p>(AO2 1)</p> | <p>Free float = EST at end – duration – EST at start (1)</p> <p><math>77-2-72 = 3</math> (1) (or both marks)</p>   |



| Question | Answer  | Mark  | Guidance  |
|----------|---|---|---|
| 7        | <p><b>Subway India imports cheese from USA.</b></p> <p><b>Analyse <u>one</u> way in which Subway India might be affected by a rise in the value of the Indian Rupee against the US Dollar.</b></p> <p><b>Level 2 (4–6)</b><br/>Candidate shows <b>reasonable</b> knowledge and understanding and <b>good</b> analysis of how Subway India might be affected.</p> <p><b>Level 1 (1–3)</b><br/>Candidate shows <b>limited</b> knowledge and understanding with <b>limited or no</b> analysis of how Subway India might be affected.</p> <p><b>NB</b> – award <b>maximum</b> of <b>two</b> marks for non-contextualised answer.</p> <p><b>0 marks</b> no response or no response worthy of credit.</p> | <p><b>6</b><br/>(AO1 1)<br/>(AO2 1)<br/>(AO3 4)</p> | <p>Indicative content:</p> <ul style="list-style-type: none"> <li>Rupee rises against dollar, so imports are cheaper (or can get more imported cheese for the same price).<br/>Effects may include: <ul style="list-style-type: none"> <li>A decrease in costs for Subway which may increase profit margin.</li> <li>A decrease in costs for Subway which may be passed on to customers – increased revenue – profit.</li> <li>An increase in quantity of ingredients for Subway customers – costs remain the same, but more customers/better reputation.</li> </ul> </li> <li>There are no exports, although generic knowledge of an effect on imports can be rewarded at AO1.</li> </ul> <p><b>Exemplar response:</b><br/>As the rupee rises against the dollar imports become cheaper. (AO1) This means cheese will be cheaper to import (AO2). For Subway India this means that it will see a reduction in its costs and will be able to supply more ‘subs’ (with cheese) or simply enjoy the reduced costs OR pass the cost saving on to the customer, thus stimulating demand. This might well be a temporary exchange rate change so it is quite reasonable that Subway India will simply carry on as normal. (AO3)</p> <p style="text-align: right;"><b>ARA</b></p> |

| Question |  |  | Answer  | Mark                                    | Guidance  |
|----------|--|--|---|---|---|
| 8        |  |  | <p><b>Explain <u>one</u> way in which Subway adds value as it prepares its sandwich products.</b></p> <p>One mark knowledge of value added.<br/>One further mark for application in the case of Subway.</p> | <p><b>2</b><br/>(AO1 1)<br/>(AO2 1)</p> | <p>Indicative content:</p> <ul style="list-style-type: none"> <li>Added value is the increase in value created by the production process.</li> <li>Price-inputs (VC)</li> </ul> <p><b>Exemplar response:</b><br/>The VA is that 'value' which is added during the production process (1). Subway takes individual bought in ingredients, such as cheese, onions and meat and through the process of combining them and toasting the 'sub' creates a product that retails at a price that is in excess of the variable cost of the component parts – the difference being value added. (1)</p> <p><b>ARA</b></p> |

| Question | Answer  | Mark   | Guidance  |
|----------|---|--|---|
| 9        | <p>Analyse <u>two</u> ways in which Subway might have benefited from using Ansoff's Matrix in its decision to expand into Kashmir.</p> <p><b>Level 2 (4–6)</b><br/>Candidate shows <b>reasonable</b> knowledge and understanding and <b>good</b> analysis of how Subway might benefit from using Ansoff's Matrix in its decision to expand into Kashmir.</p> <p><b>Level 1 (1–3)</b><br/>Candidate shows <b>limited</b> knowledge and understanding with <b>limited or no</b> analysis of how Subway might benefit from using Ansoff's Matrix in its decision to expand into Kashmir.</p> <p><b>NB</b> – award <b>maximum</b> of <b>two</b> marks for non-contextualised answer.</p> <p><b>0 marks</b> no response or no response worthy of credit.</p> | <p>6<br/>(AO1 2)<br/>(AO2 2)<br/>(AO3 2)</p> | <p><b>All about RISK – so answers should cover aspects of this.</b></p> <p>Indicative content:</p> <p>Ansoff's matrix is a strategic management tool that helps a business to analyse its risk depending on the introduction of new/existing products into new/existing markets. Ansoff's matrix includes four quadrants:</p> <ul style="list-style-type: none"> <li>- Market development</li> <li>- Market penetration</li> <li>- Product development</li> <li>- Diversification</li> </ul> <ul style="list-style-type: none"> <li>• Assessment of risk in terms of: <ul style="list-style-type: none"> <li>- Demand</li> <li>- Associated costs</li> <li>- Supply capability</li> </ul> </li> <li>• Also: <ul style="list-style-type: none"> <li>- Clarifies strategy options</li> <li>- By classifying it Subway can see the spread of marketing options in the matrix and their balance.</li> </ul> </li> </ul> <p><b>Exemplar response:</b><br/>Ansoff's Matrix determines risk (AO1). For Subway's proposed expansion into Kashmir this is very much 'existing product, new customer', ie market development (AO2). This should help Subway determine the level of risk in terms of demand – 'medium', possibly in that Subway have knowledge of the Indian market and the product it is selling (remaining the same) but to a new customer, albeit in the same country. This should reassure Subway that the strategy has some risk but nothing that they have not experienced and successfully managed before (AO3).</p> <p style="text-align: right;"><b>ARA</b></p> |

| Question           | Answer   | Mark  | Guidance   |
|--------------------|--|---|--|
| <p>10</p> <p>*</p> | <p><b>Evaluate the possible causes of change that might have affected Subway's operations.</b></p> <p><b>Level 4 (16–20)</b><br/> Candidate shows <b>strong</b> knowledge, understanding, analysis and evaluation of the possible causes of change that might have affected Subway's operations.<br/> <i>There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.</i></p> <p><b>Level 3 (11–15)</b><br/> Candidate shows <b>good</b> knowledge and understanding, analysis and evaluation of the possible causes of change that might have affected Subway's operations.<br/> <i>There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.</i></p> <p><b>Level 2 (6–10)</b><br/> Candidate shows <b>reasonable</b> knowledge and understanding, analysis and evaluation of the possible causes of change that might have affected Subway's operations.<br/> <i>The information has some relevance and is presented with limited structure. The information is supported by limited evidence.</i></p> <p><b>Level 1 (1–5)</b><br/> Candidate shows <b>limited</b> knowledge and understanding of economic factors with <b>limited or no</b> analysis and evaluation of the possible causes of change that might have affected Subway's operations.<br/> <i>The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship.</i></p> | <p>20<br/> (AO1 2)<br/> (AO2 4)<br/> (AO3 6)<br/> (AO4 8)</p> | <p>Indicative content:</p> <ul style="list-style-type: none"> <li>• Internal causes include:</li> <li>• Financial situation</li> <li>• Human resource changes</li> <li>• Objectives</li> <li>• Innovation</li> <li>• ARA</li> <li>• External causes include:</li> <li>• Social</li> <li>• Legal</li> <li>• Economic</li> <li>• Political</li> <li>• Environmental</li> <li>• Ethical</li> <li>• Global/international</li> </ul> <p><b>Exemplar response:</b><br/> Economic change has sparked expansion (AO1). Subway have expanded in the sub-continent as there is clearly a growth in prosperity in India (AO2) and this has led to a greater demand for the service of foreign 'fast/quick service' food producers, particularly as this economic prosperity is aligned with globalisation and the desire for global brands (AO3). Subway has effectively cashed in on this, although whether it is the new economic power of consumers that is the principal cause of expansion could be debated. Global brand awareness has fuelled growth of many 'big name' brands that are US/European in origin and it is the sheer ubiquity of the likes of McDonald's and Subway that has fuelled consumer demand – it is 'fashionable' and global, more than it is economic. (AO4)</p> <p style="text-align: right;"><b>ARA</b></p> |

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