



Pearson
Edexcel

Mark Scheme (Results)

Summer 2024

Pearson Edexcel GCE A Level
In Business (9BS0)

Paper 03 Investigating Business in a competitive
environment

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational, and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere.

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2024

Question Paper Log Number P75857A

Publications Code 9BS0_03_2406_MS

All the material in this publication is copyright.

© Pearson Education Ltd 2024

General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e., if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Indicative content	Mark
1(a)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • A private limited company is a business owned by shareholders that have limited liability. • Vinted has raised €250m from selling additional shares to investors invited by existing shareholders to help fund expansions into new markets • As Vinted is a private limited company it means existing shareholders control who can buy new shares in the business, increasing financial control and preventing a takeover from rivals, such as Alibaba • Limited liability is less risky for shareholders, such Milda Mitkute and Justas Janauskas, compared to a different form of business, such as a partnership, as they are not responsible for the debts if the business fails. <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"> • As a private limited company, Vinted cannot sell shares on the stock market, so raising share capital is limited to existing shareholders and those invited by current shareholders • New shareholders, such as those who helped raise €250m, will become part owners of the business and expect a share of future profits (dividends) • Private limited companies, such as Vinted, may face additional costs due to having to create their accounts and have them externally audited. 	(8)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1–2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3–5	<ul style="list-style-type: none"> • Accurate knowledge and understanding. • Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. • An attempt at an assessment is presented using quantitative and/or qualitative information • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 3	6–8	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Logical chains of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, well contextualised, using quantitative and/or qualitative information • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors including supported judgement

Question Number	Indicative content	Mark
1 (b)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • Dynamic markets are those that are constantly changing. <p>Arguments for global clothing markets being dynamic</p> <ul style="list-style-type: none"> • The second-hand clothing market is growing three times faster than the global clothing market overall, which shows how customer demand is changing • Online retail continues to increase in the clothing market, with technology, such as eBay, such as providing new opportunities to purchase • Greater consideration of sustainability from customers is encouraging retailers to review their supply chains to address this issue • Tastes and fashions change, so businesses need to respond to this in a dynamic way, through stock ordering and marketing. <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"> • The continued importance of physical stores in clothing retail suggests that the impact of technology, such as online sales is more limited • Changes in tastes and fashions could be considered more cyclical and predictable, so although dynamic, the impact on businesses could be limited • Some of these changes, such as the move towards re-sale are previous trends that have re-emerged, reducing their dynamic nature. <p><i>Possible judgement</i></p> <ul style="list-style-type: none"> • The clothing market is dynamic because tastes and fashions change, and retail businesses need to adjust their stock accordingly. Changes in technology such as online selling and re-selling marketplaces mean the way in which customers purchase clothes is still changing. • The clothing retail market is changing gradually, rather than dynamically. Customer demand for second-hand clothing and an added focus on sustainability could be seen as a reaction against some of the previous change in this market. 	(10)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1-2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3-4	<ul style="list-style-type: none"> • Elements of knowledge and understanding. • Which are applied to the business example. • Chains of reasoning are presented but may be assertions or incomplete. • A generic or superficial assessment is presented.
Level 3	5-6	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). • An attempt at an assessment is presented using quantitative and/or qualitative information • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	7-10	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced and well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement

Question Number	Indicative content	Mark
1(c)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> ● Business ethics involve moral principles that determine how a business operates. <p>Importance of business ethics</p> <ul style="list-style-type: none"> ● Environmental sustainability is a big feature of Vinted’s business model, as it provides a platform for customers to buy and sell second-hand clothing ● Vinted has taken advantage of the trend particularly amongst younger consumers resulting from the circular economy, where prolonged usage of clothing, rather than wearing a few times and throwing away ● Vinted’s planned focus on developing charitable donations shows that it sees ethical considerations as a key part of its success, that it would like to expand on ● 42% of customers have identified the purchase of eco-friendly and sustainable products as important to them, Vinted is tapping into this market. <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> ● Vinted’s success could be more related to the convenience and accessibility of online marketplaces, enabling customers to shop online ● The price of clothing may be important to customers, particularly in challenging economic times, so second-hand purchasing helps to keep the price down, which Vinted’s model supports ● There is no information about the percentage of selling price that Vinted charges. This could be high, suggesting that Vinted is more interested in profits than ethics ● Other considerations impact on a business’ ethics, such as the way Vinted treats its staff. This may not be an important element of Vinted’s success. <p><i>Possible judgement</i></p> <ul style="list-style-type: none"> ● Consumers are increasingly more concerned about environmental sustainability, particularly considering some of the problems caused by ‘fast-fashion’. Vinted provides a platform for sustainable purchases and selling of clothing, meaning that an ethical approach is central to Vinted’s business success. ● Vinted is only providing an online marketplace for buyers and sellers of second-hand clothing. It is charging sellers to do this and making money in doing so. It could be considered successful because it satisfies a trend for methods of buying and selling, rather than because it supports sustainable purchases. 	(12)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1-2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3-4	<ul style="list-style-type: none"> • Elements of knowledge and understanding. • Which are applied to the business example. • Chains of reasoning are presented, but may be assertions or incomplete. • A generic or superficial assessment is presented.
Level 3	5-8	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). • An attempt at an assessment is presented using quantitative and/or qualitative information. • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	9-12	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1(d)	<p data-bbox="419 259 1289 297">Knowledge 4, Application 4, Analysis 6, Evaluation 6</p> <ul data-bbox="419 338 1289 405" style="list-style-type: none"> • Factors that influence the location of production include costs, productivity, and regulation. <p data-bbox="363 443 635 481">Option 1 - China</p> <ul data-bbox="419 521 1337 1189" style="list-style-type: none"> • China is a world leader in textile exports, selling \$275.76bn in 2020. This shows that it has experience and expertise in this market, which may be why Mango currently sources its stock from China • Traditionally China had low labour costs, which is likely to be passed on in lower prices to retailers such as Mango, which allows the retailer to either charge low prices or maintain high profit margins • China’s clothing manufacturing technology means that it can produce high quality, reliable clothing for export. Technology also adds to the productivity of the factories • Location close to the coast and China having good transport infrastructure, means that clothing can be delivered quickly and efficiently to be sold in markets such as the UK • If Mango is to continue to deliver the latest fashion trends to UK customers, the combination of Chinese suppliers to offer speed and efficiency, makes this more likely than a location with less experience in this market. <p data-bbox="352 1223 643 1261">Option 2 - Turkey</p> <ul data-bbox="419 1301 1337 1787" style="list-style-type: none"> • Turkey has a free trade agreement with the UK. This avoids tariffs on clothes imported from Turkey and helps to keep Mango’s costs down • Turkey is geographically closer to the UK, so transport costs and time are reduced when supplying Mango in the UK market. This could enable Mango to respond to changing fashion trends more quickly • Turkey has strong labour laws, so this should lead to less exploitation of workers compared to some factories in China. This could improve the brand image of Mango • China is becoming more expensive as wage rates rise, wages have doubled between 2013 and 2021, so countries such as Turkey become more attractive in relative terms as a result. <p data-bbox="352 1821 730 1859"><i>Possible recommendation</i></p> <ul data-bbox="419 1861 1353 2177" style="list-style-type: none"> • Mango’s priority is to meet the needs of its customers for the latest fashion trends. This could suggest that moving its suppliers to Turkey could be the best move. Its closer geographic proximity, membership of the customs union and skilled workers, all mean that it is more likely that suppliers in Turkey can respond to these new trends. This also addresses consumers’ concerns about sustainability and ethics in the supply chain. • China is the location for Mango’s current suppliers, and it 	

still remains the world leader in textile exports worth \$275.76bn in 2020. Its developed infrastructure, technology, and capacity, suggests that it can still be a suitable production location for Mango's suppliers. Fast-fashion brands such as Shein are known for responding to UK consumer needs, and they remain based in China.

Examples of possible 'MOPS' recommendations

Market – There is an increased awareness from customers regarding business ethics and sustainability in clothing retailing. This makes moving production to Turkey more attractive.

Objectives – Mango is aiming to target customers interested in the latest trends, therefore quick manufacture and transportation to its stores makes Turkey more attractive.

Product – Clothing and textiles has been one of China's most successful export products. The expertise it has developed means it remains a good location for Mango's suppliers.

Situation – Mango is already using suppliers in China. Other changes in the market, such as trends in online selling mean that reliability and experience may be more important in Mango being supplied with the clothing needed to meet their customers' needs.

(20)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1–4	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding. • Weak or no relevant application of business examples. • An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	<ul style="list-style-type: none"> • Elements of knowledge and understanding • Which are applied to the business example. • Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. • A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding • Supported throughout by use of the business behaviour/context. • Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are developed. • Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding • Supported throughout by use of relevant and effective use of the business behaviour/context. • Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. • Quantitative and/or qualitative information are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendation(s).

Question Number	Indicative content	Mark
2(a)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> ● Demand measures the amount of a good or service that people are willing and able to buy at a given price. ● Changes in consumer income is one factor affecting demand for new clothing. Falling incomes could lead customers to demand less new clothing, particularly expensive designer labels, such as Armani or Tom Ford ● The price of the clothing sold by Jonathan Trumbull will influence the demand for new clothing. For example, highly priced items by labels such as Armani may limit demand ● The price and availability of substitutes or competition, such as second-hand or re-sold clothing, such as Urban Renewal, could reduce demand for new clothing ● Fashions, tastes, and preferences affect the demand for new clothing. Businesses, such as H&M, may see an increase in demand as they are more responsive to these changes. ● Marketing of the clothing, such as location of retailers, and promotion of the product could influence the willingness of consumers to demand new clothing <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"> ● Consumer incomes may not be a big factor, Jonathan Trumbull Ltd sells a range of products at different price points, catering for different income levels ● Price may not affect demand for luxury brands such as Tom Ford, and the brand image is a more important factor ● Substitutes may not have much effect on the demand for new clothing – second-hand purchases may be made in addition to new purchases ● Fashion, tastes, and preferences might be more of a factor for certain market segments such as younger customers, the market for new clothing such as suits may not be affected as much. 	(8)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1-2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3-5	<ul style="list-style-type: none"> • Accurate knowledge and understanding. • Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. • An attempt at an assessment is presented using quantitative and/or qualitative information • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 3	6-8	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Logical chains of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, well contextualised, using quantitative and/or qualitative information • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors including supported judgement

Question Number	Indicative content	Mark
2 (b)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • Scenario planning is the process of anticipating possible changes in a business' situation and then devising ways of dealing with them <p>Importance of scenario planning</p> <ul style="list-style-type: none"> • Succession planning will be important for a small family business such as Jonathan Trumbull Ltd. A current director, David Kingsley, has been in post for a long time and may retire soon and will need a successor, such as his daughter, Beckie • Jonathan Trumbull Ltd uses IT for its stock management and accounting system. This is managed by Swan Retail. A plan if there is a failure of its IT system will help to ensure that customers still receive orders on time and sales are recorded effectively • Scenario planning will help Jonathan Trumbull Ltd to predict market trends and how it might respond to new competitors, such as Urban Outfitters, opening in its market. <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"> • Scenario planning is not important for Jonathan Trumbull Ltd because it is a small business of 20 staff, so any changes it faces can be responded to quickly, without the need for detailed plans • It is difficult to plan for all eventualities, and the fact that the business has existed for over 50 years suggests it has met a range of challenges over that time • The scenarios that are planned for, such as potential IT failure are dealt with by Swan Retail, that is likely to have its own scenario plans and back up as part of the contract. <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> • As a family business of over 50 years, it is likely that scenario planning has been an important part of the business success. This is particularly the case for succession planning where Directorships have been passed down the Kingsley family, with a possible plan for Beckie to eventually succeed her father. • Scenario planning is better suited to larger businesses that are at risk of more serious threats such as natural disasters. The directors of Jonathan Trumbull Ltd will need to be aware of potential changes in its market, but these are likely to be gradual and can be responded to without extensive time and effort in planning. 	(10)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1–2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3–4	<ul style="list-style-type: none"> • Elements of knowledge and understanding. • Which are applied to the business example. • Chains of reasoning are presented but may be assertions or incomplete. • A generic or superficial assessment is presented.
Level 3	5–6	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). • An attempt at an assessment is presented using quantitative and/or qualitative information. • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	7–10	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced and well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(c)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 4, Evaluation 4</p> <p style="text-align: center;">Marks for application and analysis include up to 6 marks for quantitative skills.</p> <p>Quantitative skills assessed:</p> <p>QS1: calculate, use and understand ratios, averages and fractions.</p> <p>QS8: use and interpret quantitative and non-quantitative information in order to make decisions.</p> <ul style="list-style-type: none"> ● Liquidity measures the ease with which assets can be turned into cash and used immediately ● Current ratio = Current assets/Current liabilities ● Acid Test ratio = (Current assets-stock)/Current liabilities ● Current ratio in 2022 = 1 144 702/345 824 = 3.31 ● Current ratio in 2021 = 1 032 463/417 974 = 2.47 ● Acid test in 2022 = 505 362/345 824 = 1.46 ● Acid test in 2021 = 344 903/417 974 = 0.83 <p>Liquidity position has improved</p> <ul style="list-style-type: none"> ● The current ratio has improved from 2.47 in 2021 to 3.31 in 2022, which shows that Jonathan Trumbull Ltd’s liquidity has improved ● The acid test ratio has also improved from a dangerous level of 0.83 in 2021 to 1.46 in 2022. In 2021, it relied on stock, the least liquid current asset to meet its liabilities. <p><i>Possible counterbalance</i></p> <ul style="list-style-type: none"> ● Although the current ratio has improved, in both 2021 and 2022 being above 2 suggests that Jonathan Trumbull Ltd has a higher level of stock than is optimal, which may not regain its cash value if it remains unsold, especially as fashion clothing may go out of trend quickly ● Jonathan Trumbull Ltd is holding a high level of cash in 2022 (£491 844), which could gain a higher reward elsewhere, such as an interest bearing account ● No data from previous years is provided, or information about competitors in the same market, to be able to interpret these figures accurately. <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> ● In terms of the current ratio, and acid test, the liquidity position of Jonathan Trumbull Ltd has improved between 2021 and 2022. This is because it has managed to reduce its payables (current liabilities) and increase its cash holding. ● It is unclear if Jonathan Trumbull Ltd’s liquidity position has improved relative to previous years of the business and similar retail businesses in this market. Its stock 	

	level is still a large proportion of its current assets, and relying on selling this could be a risk as it is the least liquid current asset.	(12)
--	---	-------------

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1–2	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding – recall based. • Weak or no relevant application to business examples. • Generic assertions may be presented.
Level 2	3–4	<ul style="list-style-type: none"> • Elements of knowledge and understanding. • Which are applied to the business example. • Chains of reasoning are presented but may be assertions or incomplete. • A generic or superficial assessment is presented.
Level 3	5–8	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). • An attempt at an assessment is presented using quantitative and/or qualitative information. • Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	9–12	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding. • A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). • Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information. • Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2 (d)	<p data-bbox="405 165 1278 203" style="text-align: center;">Knowledge 4, Application 4, Analysis 6, Evaluation 6</p> <ul data-bbox="379 241 1315 383" style="list-style-type: none"> Physical stores are those that customers visit in person and purchase from directly, whilst online sales involve customers purchasing from a website or application and having the products delivered <p data-bbox="331 421 959 459">Option 1 – Developing physical stores</p> <ul data-bbox="379 497 1302 1417" style="list-style-type: none"> Jonathan Trumbull Ltd’s three stores provide the opportunity to give face to face customer service, which may increase sales. This model has been successful for over 50 years Developing the stores allows customers to see and try before they buy clothes. This is identified in research as being important, and is also cited as a reason for competitors such as Urban Outfitters opening more stores Developing one of the stores could cost between £25 000 and £30 000, but this is a small investment relative to the value of its cash (£491 844 in 2022), which could be used to fund these plans Displays of the clothing on sale can be an effective example of point of sale marketing, and one which encourages customers to make more purchases Jonathan Trumbull Ltd already has a presence of three separate stores in Norwich, and this has proven successful in targeting different market segments, such as men’s and women’s clothing The re-opening of Ginger in Timber Hill has shown the importance of face-to-face custom and being located in an area customers want to visit. These benefits could be exploited further with extended or expanded stores Norwich is considered a regional retail destination, so it is important that Jonathan Trumbull Ltd has a presence of retail outlets in order to compete effectively <p data-bbox="331 1456 895 1494">Option 2 – Expanding online sales</p> <ul data-bbox="379 1532 1294 2056" style="list-style-type: none"> Online sales have been a growth area for Urban Outfitters, as it meets customer needs for convenience and increased choice of clothing, such as shoes, hats and bags Jonathan Trumbull Ltd already sells a wider range of products not available in its store, online, so it would be a case of expanding its current capabilities Further expansion of its online sales would only cost approximately £2 600, which is only a small proportion (approx. 5%) of Trumbull’s cash deposits. The investment is small compared to the potential for increased online sales Jonathan Trumbull Ltd could sell to more customers outside the Norwich area with an increased online presence, as clothing orders could be delivered anywhere 	

- in the country and overseas
- Expanding online is likely to have lower fixed costs, such as rent and employee salaries, compared to either extending existing premises, or acquiring new shops
- Jonathan Trumbull Ltd already has three stores in Norwich, so it is unlikely that many more customers can be gained from further expansion, unless it was to locate in a different city or town.

Potential judgement

- Given Jonathan Trumbull Ltd's success as an independent clothing store retailer, with a traditional presence in Norwich, it is best if it focuses on physical stores. Expansion costs of £25 000-30 000, are relatively low, as it already has physical stores. Urban Outfitters is locating in Chancery Place mall, along with other national clothing retailers, so there is the opportunity for Trumbull's to compete through differentiation and customer service.
- Online sales are viewed by clothing customers as an important way of shopping. Urban Outfitters has been successful in this area, with 150% growth in online sales, which complement its in store sales. If Jonathan Trumbull Ltd does not expand its online sales, it will potentially lose sales to competitors and only offer a narrow range of products to local customers. Therefore, it should expand its online sales, particularly as the estimated cost of £2600 is much lower than expanding its physical stores.

Examples of possible 'MOPS' recommendations

- **Market** – The clothing market has customers who expect online and physical stores. As a local business, that has succeeded as a physical store, it is important that Jonathan Trumbull Ltd expands its stores
- **Objectives** – To survive and compete with businesses such as Urban Outfitters, Trumbull needs to continue to grow its online sales. This will allow it to sell clothing not available in store.
- **Product** – Customers are concerned about clothing not being as it appears online, or not fitting as expected. This makes the physical store more important to Jonathan Trumbull Ltd's success, as customers benefit from seeing and trying the clothing on and receiving personal customer service.
- **Situation** – Jonathan Trumbull Ltd faces a new multinational competitor, that sells both online and in physical stores. However, Urban Outfitters may have a different target market, so continuing its expansion online may be the lowest cost option for Jonathan Trumbull Ltd to choose.

(20)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> • A completely inaccurate response.
Level 1	1–4	<ul style="list-style-type: none"> • Isolated elements of knowledge and understanding. • Weak or no relevant application of business examples. • An argument may be attempted but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	<ul style="list-style-type: none"> • Elements of knowledge and understanding • Which are applied to the business example. • Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. • A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding • Supported throughout by use of the business behaviour/context. • Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are developed. • Quantitative and/or qualitative information are introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	<ul style="list-style-type: none"> • Accurate and thorough knowledge and understanding • Supported throughout by use of relevant and effective use of the business behaviour/context. • Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. • Quantitative and/or qualitative information are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendation(s).

