

ENTERPRISE AND MARKETING

Examiners' report

INCLUDED ON THE
KS4 PERFORMANCE TABLES

OCR Level 1/Level 2

Cambridge National in

Enterprise and Marketing

J837

For first teaching in 2022 | Version 1

R067 January 2024 series

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Introduction

Our examiners' reports are produced to offer constructive feedback on candidates' performance in the examinations. They provide useful guidance for future candidates.

The reports will include a general commentary on candidates' performance, identify technical aspects examined in the questions and highlight good performance and where performance could be improved. A selection of candidate answers is also provided. The reports will also explain aspects which caused difficulty and why the difficulties arose, whether through a lack of knowledge, poor examination technique, or any other identifiable and explainable reason.

Where overall performance on a question/question part was considered good, with no particular areas to highlight, these questions have not been included in the report.

A full copy of the question paper and the mark scheme can be downloaded from [Teach Cambridge](#).

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R067 series overview

This was the first session of this unit which replaces its predecessor (R064). Although similar in many ways, there are some key differences. The main one is that the paper is now 'terminal assessment' which explains the much smaller entry than is typical in the January session.

The paper continues to cover a wide range of topics which requires candidates to have a thorough understanding of the whole specification. This paper differentiated well, although there were few very high-quality scripts. However, there were also far fewer very weak scripts.

The relatively poor performance at the top end of the mark range was generally caused by some significant gaps in the knowledge of many candidates, suggesting that at this stage of the course they were under-prepared. Another contributory factor was the lack of application in many answers. This is a greater focus in R067, as made clear in previously published OCR support materials.

OCR support



The greater focus on application in answers is something which centres need to target with their students. This is set out in the specification for the qualification. On page 22 it states that students must, "*apply their knowledge of enterprise and marketing concepts to produce relevant responses*" and "*make appropriate recommendations for the short scenario provided throughout Section B*".

This is further exemplified in the specimen paper mark scheme and the 'Candidate style answers and commentary' document, both of which are available on the OCR Teach Cambridge website. Further exemplars of how to include basic application in answers is also found in the published mark scheme for this paper.

There was no evidence of candidates running out of time and most candidates produced answers of an appropriate length (as indicated by the number of lines provided for each question).

Candidates who did well on this paper generally:	Candidates who did less well on this paper generally:
<ul style="list-style-type: none"> • had a good level of understanding of most of the specification • applied their answers to the context • ensured that answers showed development, rather than repetition of the knowledge • did not miss out any of the questions. 	<ul style="list-style-type: none"> • did not attempt to show application in their answers • did not have a good level of understanding of key topics such as focus groups, competitive pricing, and bank loans • often did not attempt to answer one or more questions.

Section A overview

Performance was very good, with many candidates scoring full marks. Even less able candidates often gained 5 or more marks. Three of the questions were not well answered, two of which were numerical ones.

Question 5

5 The fixed cost to make 200 products is £6500.

If the total cost per unit is £182.50 what is the variable cost per unit?

(a) £0.75

(b) £32.50

(c) £150

(d) £215

[1]

This was designed as a more challenging question, and it performed in this way with only 40% of candidates identifying the correct answer as C. Many candidates identified B as the answer which is the fixed cost per unit. This suggests that these candidates either did not read the question carefully or did not know the difference between fixed and variable costs.

Question 6

6 A business sells umbrellas for £12.00 each and the variable cost to make each one is £2.00. The business has monthly fixed costs of £20 000.

$$\text{Break-even formula} = \frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

How many umbrellas does the business need to sell each year to break even?

(a) 1429

(b) 2000

(c) 17 143

(d) 24 000

[1]

This was the least well answered question on the paper. This was another case of not reading the question carefully, with most incorrect answers identifying B which is the break-even output for a month, rather than for a year.

Question 7

7 Rishi looks at his business' previous sales information when developing a new product.

This is an example of

(a) Data from competitors

(b) Primary market research

(c) Qualitative data

(d) Secondary market research

[1]

This question was not well answered. Using previous sales information (internal data) is an example of secondary market research (D) as the data had not been collected for this purpose (it already existed). The two-thirds of candidates who did not select the correct answer tended to choose either B or C.

Section B overview

Performance in this section was generally inconsistent with some significant gaps in knowledge of basic specification terms and a lack of application in many answers. The additional guidance now provided in Question 19 did lead to slightly better quality answers, although many of these were limited by a lack of application.

Questions 12 (b), 15, 17 (b) and 18 (a) were particularly poorly answered. Significantly, two of these questions were each worth 6 marks. In addition, three questions attracted quite high omit rates, with around one in ten candidates not answering Questions 14, 17 (b) and 18 (b).

Question 11 (a)

11
(a) Explain **two** advantages of obtaining advice from a charity to set up a mobile car repair business.

Advantage 1

Explanation

Advantage 2

Explanation

[4]

There were some excellent answers here, generally recognising the no cost option of using a charity, and the likelihood that the charity will have specialised experience and knowledge for this sort of business.

Weaker responses either produced purely theoretical answers or gave answers which were about gaining advice generally which could apply to any provider.

This is a new area of study for this specification and, going forward, candidates need to be able to recognise the specific advantages and disadvantages of gaining support from the different bodies mentioned in the specification.

Question 12 (b)

(b) Analyse **two** advantages of using a focus group for your market research.

Advantage 1

.....
.....
.....
.....
.....

Advantage 2

.....
.....
.....
.....

[6]

This question was not well answered, with many candidates not knowing this basic term from the specification. Many of the weakest answers clearly guessed at what a focus group is or wrote answers which were about the advantages and disadvantages of carrying out market research (by any method).

Other answers suggested that focus groups were 'cheap and easy' (this seems to be a stock answer which is rarely true for a business). This is certainly not the case given the organisation and time required, as well as the cost of hiring facilities, refreshments, and potentially paying participants – especially for a new sole trader business.

These issues ultimately meant that few candidates scored more than 2 marks for this question.

Better answers recognised that focus groups allow a face-to-face opportunity which allows greater debate, questioning of views, and targeting of attendees. Exemplar 1 is a full-mark answer which is specifically about focus groups and is applied to the context.

Exemplar 1

Advantage 1 I have ^{Qualitative data} multiple sources of feedback. Because I am using a focus group with multiple people, it they give me a lot of in depth information about how they might feel about me coming to their houses to fix their cars or their opinions on whether or not I should travel further than 6 miles. ~~also~~ ~~be~~ ~~source~~ ~~used~~ ~~to~~ ~~work~~ ~~with~~ ~~them~~ ~~they~~. This will allow me to make decisions which will be helpful for my business such as whether or not I should go past 6x miles to carry out my repairs.

Advantage 2 I am able to ask follow up questions. This means that when they give me feedback, I can ask why they might think this and whether I should change it or not for example if they think I should set up a station instead of going to peoples houses I can ask further questions to help me get an insight on the ideas of potential customers. In turn this will allow me to be fully informed about the people in my market and allow me to make final changes or decisions such as whether I should go past 6x miles or not.

[6]

This answer provides two specific advantages of using focus groups, namely that it provides qualitative data, and it is possible to ask follow-up questions (as it is face-to-face). In both cases, there is a tangible impact on the business (whether to extend the reach of the business and to be fully informed about the market to help decision-making).

Both answers are also clearly applied to the context, as they refer throughout to the current 6-mile limit to the target market, the fact the business will visit a customer's house, and whether the business should have a 'station' (garage).

Question 13

13 You must make a number of decisions when setting up a business.

Draw a line to link **each** element of the marketing mix to **one** example of a relevant decision. You should draw **four** lines in total.

Marketing mix	Decision
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Product</div>	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Create a logo and brand for your business</div>
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Place</div>	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Ensure all costs are covered when selling the product</div>
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Promotion</div>	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Calculate the variable costs for your business</div>
<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Price</div>	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Send a press release to a local community magazine</div>
	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Offer service to customers in a neighbouring town</div>
	<div style="border: 1px solid black; padding: 10px; width: fit-content; margin: 10px auto;">Carry out secondary market research</div>

[4]

This was generally well answered with most candidates gaining 3 or 4 marks. The most common error was with regards to 'price', with some candidates linking it to 'calculate the variable costs' which would be the role of the finance function, not marketing.

Question 14

14 You decide to set up your business as a sole trader.

Explain **one** advantage and **one** disadvantage of operating your mobile car repair business as a sole trader.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

.....

[4]

This question was not well answered and had a high omit rate. The knowledge about the sole trader structure is a key part of the specification and the topic was always well answered on the previous R064 unit.

In most answers, candidates were able to identify either an advantage or disadvantage but were then unable to develop their answer by providing any application. It was common to read answers which identified an advantage as the ability to keep all profits but then 'explained' this by writing that this meant you would not have to give profits to anybody else. Regardless of this not being applied to the business, it is repetition, not explanation or development. This was common amongst most of the answers.

The small minority of better answers tended to write that it was easy to make decisions, such as whether to retain the 6-mile target market, and the difficulty in raising capital due to your age and limited working experience.

Question 15

15 You need to choose a source of finance to buy a van. Money is limited and you need to keep control of your costs each month.

Explain **one** advantage and **one** disadvantage of taking out a bank loan to buy a van.

Advantage

Explanation

Disadvantage

Explanation

[4]

This question was the least well answered in Section B and showed many of the same weaknesses as Question 14. Answers often gained no marks for the advantage as many candidates seemed to think that banks would give you as much money as you wanted. Another common mistake was to write that the process was 'quick and easy', and you would have the money immediately.

Another weakness in many answers was to give answers that applied generally to raising capital (rather than taking out a bank loan); other answers wrote about how having a van would be beneficial to the business which was not the question being asked.

Only a handful of answers gained 3 or 4 marks. These often considered the ability to pay back the loan in regular instalments and the need to pay interest on the loan, in both cases recognising the nature of the business as new and/or being run by an inexperienced entrepreneur.

Assessment for learning



The performance on Questions 14 and 15 (and, to a lesser extent, Question 16) shows the need for centres to ensure that candidates know what skills need to be shown for the second mark when asked for advantages, disadvantages, methods, etc.

The explanation cannot be a simple repetition (or reverse argument) of the answer. It must add to the answer and be applied to the context of the scenario provided.

Examples are provided in the mark scheme and the candidate exemplar materials.

Question 16

16 You advertise your mobile car repair services using leaflets.

Explain **one** advantage and **one** disadvantage of using leaflets to attract customers to your mobile car repair business.

Advantage

Explanation

Disadvantage

Explanation

[4]

This was answered slightly better than the previous two questions, although many weak answers gave advantages or disadvantages that could have applied to any method of advertising, rather than being focused on leaflets.

There was better evidence of application in answers, usually by referring to the 6-mile radius of the target market which the leaflets could be focused on. However, even better answers were often unable to show application in both parts of their answer, as shown in Exemplar 2.

Exemplar 2

Advantage Good for reaching people in a local area.....

Explanation This is good as I am not planning on going past 6 miles
so the leaflets will be given out to potential customers.

Disadvantage They are often thrown in the rubbish.

Explanation People will not be informed about my business and
I will lose out on possible potential customers.

This shows an answer which does and does not show application. In the case of the advantage, the benefit of being able to target local audiences is explained by referring to the plan to not operate more than 6 miles from where you live. However, the disadvantage could apply to any business or scenario. Even a simple reference to the business being new and wanting to gain attention quickly would have been enough to be given the mark for application.

Question 17 (a) (i) and (ii)

17 You charge £45 per hour for car repairs. Each repair takes an average of two hours to complete.

- (a)**
- (i)** During your first month you repaired an average of 15 cars per week.

Calculate the total revenue for your first month (assume four weeks in a month).

Show your workings.

Answer £

[4]

- (ii)** You have forecast financial information for your first year of operation. You assume each repair continues to take two hours.

Fixed costs	£12 000
Variable costs per repair	£35
Cars repaired	800

Calculate your forecast annual profit for the year.

Show your workings.

Answer £

[5]

As previously stated, performance on the two quantitative questions in this section was very good. Most candidates scored full marks on the first question.

The second question polarised candidates, with a third of candidates gaining no marks or omitting the question, and about a third gaining full marks. The most common mistake in the second question was to use the answer from part (i) to calculate the annual revenue. This ultimately led to an answer of £24,800 which could gain 4 marks, as long as any workings were clear.

Some candidates continue to make it difficult to gain marks for incorrect answers. There are marks available for workings, but these can only be awarded if those workings are clear. In particular, many candidates make examiners 'guess' what a figure represents as they have not written out the relevant formula or stated what a calculation represents.

Question 17 (b)

(b) Identify **two** fixed costs you will have to pay for your mobile car repair business.

- 1
- 2

[2]

This question was one of two with the highest omit rate, with 10% of candidates not attempting it. Candidates need to know the difference between fixed and variable costs (as set out in the specification).

A majority of those who answered the question gained at least 1 mark, although many gave incorrect answers that were either variable costs (e.g., petrol or repair parts) or would not be paid by this business (e.g., rent or utilities).

Question 18 (a)

18 There are other successful mobile car repair businesses in your area with loyal customers so you decide to use competitive pricing.

(a) Analyse **one** advantage and **one** disadvantage of using competitive pricing for your mobile car repair business.

Advantage

.....

.....

.....

.....

.....

Disadvantage

.....

.....

.....

.....

[6]

This question was poorly answered, with close to half of candidates gaining no marks. This was due to misunderstanding what competitive pricing means. These answers usually wrote about the advantages and disadvantages of how a significant undercutting of the competition would be good or bad for the business. Most of these answers would have been more suitable for a question about penetration pricing.

A small number of excellent answers were seen which considered the simplicity of setting prices in line with competitors, although this may not allow a new business (which may have higher costs than established firms) from making any profit. These better answers usually showed application by referring to the loyal customers which the competitors have.

Misconception



As was the case in the previous R064 examinations, there continues to be significant confusion about the different pricing strategies that a business may use. In simple terms, high to low, price skimming is the setting of an initial high price (to take advantage of having a new or unique product), competitive pricing is setting prices in line with competition (as the name suggests), and penetration pricing is setting a price at a low (possibly loss-making) level to become established in a market.

Centres need to ensure that candidates are familiar with these strategies and can justify when each may be best used by a business.

Question 18 (b)

(b) State **two other** pricing strategies you could have used.

1

2

[2]

This was the other question with the highest omit rate. However, the majority of candidates could name two pricing strategies. A small number of candidates gave wrong answers which were methods of promotion (e.g., BOGOF).

Question 19

19 To attract new customers you produce regular press releases for your mobile repair business which are sent to your local newspaper. However, after repairing the car of a famous actor who lives in your town, the actor tells you they will endorse your business on social media.

Discuss whether you should continue to produce press releases **or** use celebrity endorsement instead. Your recommendation should include:

- an advantage and a disadvantage of using press releases
- an advantage and a disadvantage of using celebrity endorsement
- a justification for your decision.

[8]

This question is of a similar style to the one which used to conclude the R064 examination. The one change is that instructions are now given to the candidate as to what is required in an answer. This did lead to a slight improvement in the performance on this question. However, many candidates did not incorporate any context into their answers which limited them to 5 marks, the mark available for an answer which correctly explains an advantage and a disadvantage of both options.

However, without any context in any part of the answer it is not possible to make a reasoned justification. This means that a candidate who goes straight from generic advantages and disadvantages to a decision cannot access a Level 3 mark – the mark scheme clearly sets out what needs to be seen at each level.

Another reason for a low mark was when an answer did not provide a correct advantage and disadvantage for **both** options. This would typically limit the mark which could be given to between 2 and 4.

About a quarter of candidates did gain a Level 3 mark. These answers, one of which is seen in Exemplar 3, tended to make a contextually reasoned decision to choose the option of celebrity endorsement, even though this was not really the best option for a new business which was initially focusing on a very local market. This did not prejudice the mark given but possibly says a lot about the mindset of those writing the answers!

Exemplar 3

One advantage of using press release to attract new customers to my mobile car repair business is that I could ~~also~~ gain market presence in my local area, this means that I would be able to attract customers who live near me; therefore, I could spend less money on the gas it takes to travel to my clients' houses because they do not live faraway. Moreover, this means I would have lower cost and it would take me less time to reach my breakeven point and start making profit.

However, a disadvantage of using press release for attracting customers to my mobile car repair business is that I might not be able to reach my target market. This is because not everyone who owns cars read the local newspaper which means that ~~my sales~~ ~~the~~ demand for my services would not increase and I would not be able to make an increase of profit which could lead to a loss. Also, the money that I would've spent on releasing the press release would have gone to waste due to the lack of increase in customers.

One advantage of using celebrity endorsement as a way to attract new customers is that famous celebrities can attract many people which means that my mobile car repair business, leading to an increase in the demand for my services. This means that people would be willing to pay the premium price which could lead to an increase in my revenue.

~~that~~ However, a disadvantage ~~of~~ of using celebrity endorsement as a way to attract customers to my business is that they need demand for high pay. This would lead me to having to increase my current prices in order to be able to pay them for promoting my car repair business. ~~Therefore~~ Furthermore, I could lose some of my loyal customers due to the increase in price

Overall, I would choose celebrity endorsement for attracting customers to my business because a chance like this does not come often for new ~~to~~ entrepreneurs such as myself. Also I believe that having a great market presence could increase ~~the~~ profit I receive.

This is a well-structured, full mark answer (if possibly a little too long). The first two paragraphs set out an advantage and disadvantage of using press releases. This is specifically about the business in the scenario as it recognises that the entrepreneur travels to their clients' houses. It also links the use of a local newspaper with a business focused on a local target market.

The third and fourth paragraphs move on to the pros and cons of using celebrity endorsement, although this discussion could apply to any business. The answer could have been very simply applied to this business by asking whether a small business could afford to pay for a celebrity to endorse them.

However, the presence of context in the discussion about press releases is enough to satisfy the entry into Level 3 once a decision is made. However, the answer was given full marks as the justification is applied to the context; it is at this point that the candidate mentions that you are a new entrepreneur and a chance like this is not typical for someone in this situation.

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