

<<Date>> – <<Morning/Afternoon>>

OCR Level 1/Level 2 Cambridge Nationals in Enterprise and Marketing

R067/01 Enterprise and marketing concepts

Sample Assessment Material (SAM)

Time allowed: 1 hour 15 minutes

You can use:

- A calculator



Write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s) _____

Last name _____

INSTRUCTIONS

- Use black ink.
- Write your answer to each question in the space provided.
- Write your answer to each question in the space provided. If students require additional answer space, lined paper may be available at the end of the answer booklet in a live question paper. Remember the question number(s) must be clearly shown.
- Answer **all** the questions.

INFORMATION

- The total mark for this paper is **70**.
- The marks for each question are shown in brackets [].
- This document has **16** pages.

ADVICE

- Read each question carefully before you start your answer.

Section A

Put a tick (✓) in the box next to the **one** correct answer for each question.

1 Which of these is a risk that an entrepreneur could experience when they start a new business?

(a) Limited liability

(b) Opportunity to make a profit

(c) Personal relationship issues

(d) Self-satisfaction

[1]

2 The prices of all products in Li's shop end in 99p. This is an example of:

(a) Competitive pricing

(b) Price penetration

(c) Price skimming

(d) Psychological pricing

[1]

3 Ben's market research shows that customers would like to buy his products 24 hours per day, 7 days per week.

Which of the following is the **best** method for Ben to sell his products?

(a) Face to face

(b) Factory shop

(c) Market stall

(d) Website

[1]

4 In September, Taylor pays the following costs.

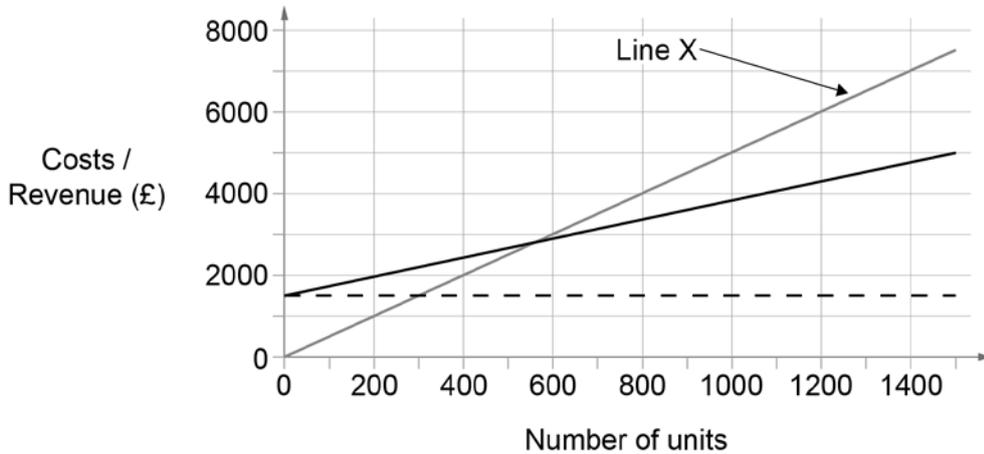
Cost	£
Advertising	2 000
Packaging	1 500
Salaries	6 000
Components	5 000

How much were Taylor's total variable costs in September?

- (a) £5 000
- (b) £6 500
- (c) £8 500
- (d) £14 500

[1]

5 A break-even graph for Kofi's enterprise is shown below.



What does line X represent?

- (a) Fixed costs
- (b) Profit
- (c) Total costs
- (d) Total revenue

[1]

6 A profitable business has a lack of cash. This means the business:

- (a) May not break even
- (b) May not survive
- (c) Will not employ any staff
- (d) Will not generate any revenue

[1]

7 Which factor does **not** influence the price that Charlie sets for a new product?

- (a) Income levels of target customers
- (b) Limited liability
- (c) Price of competitor products
- (d) Stage of the product life cycle

[1]

8 Jamal wants to calculate the total costs for his business. Which calculation should Jamal use?

- (a) Fixed costs – variable costs
- (b) Fixed costs + variable costs
- (c) Revenue + fixed costs
- (d) Revenue – variable costs

[1]

9 Who can **best** help an entrepreneur calculate the profit made during the past year?

(a) A solicitor

(b) An accountant

(c) The government

(d) The local council

[1]

10 Eve's business sponsors a local football team. This is an example of:

(a) Market research

(b) Product placement

(c) Public relations

(d) Sales promotion

[1]

12 Setting up a new business involves taking risks, but you feel that the potential rewards outweigh these risks.

(a) Identify **three** rewards that an entrepreneur may gain from taking risks.

- 1
- 2
- 3

[3]

(b) Explain **two** entrepreneurial characteristics that you need to operate your new photography business successfully.

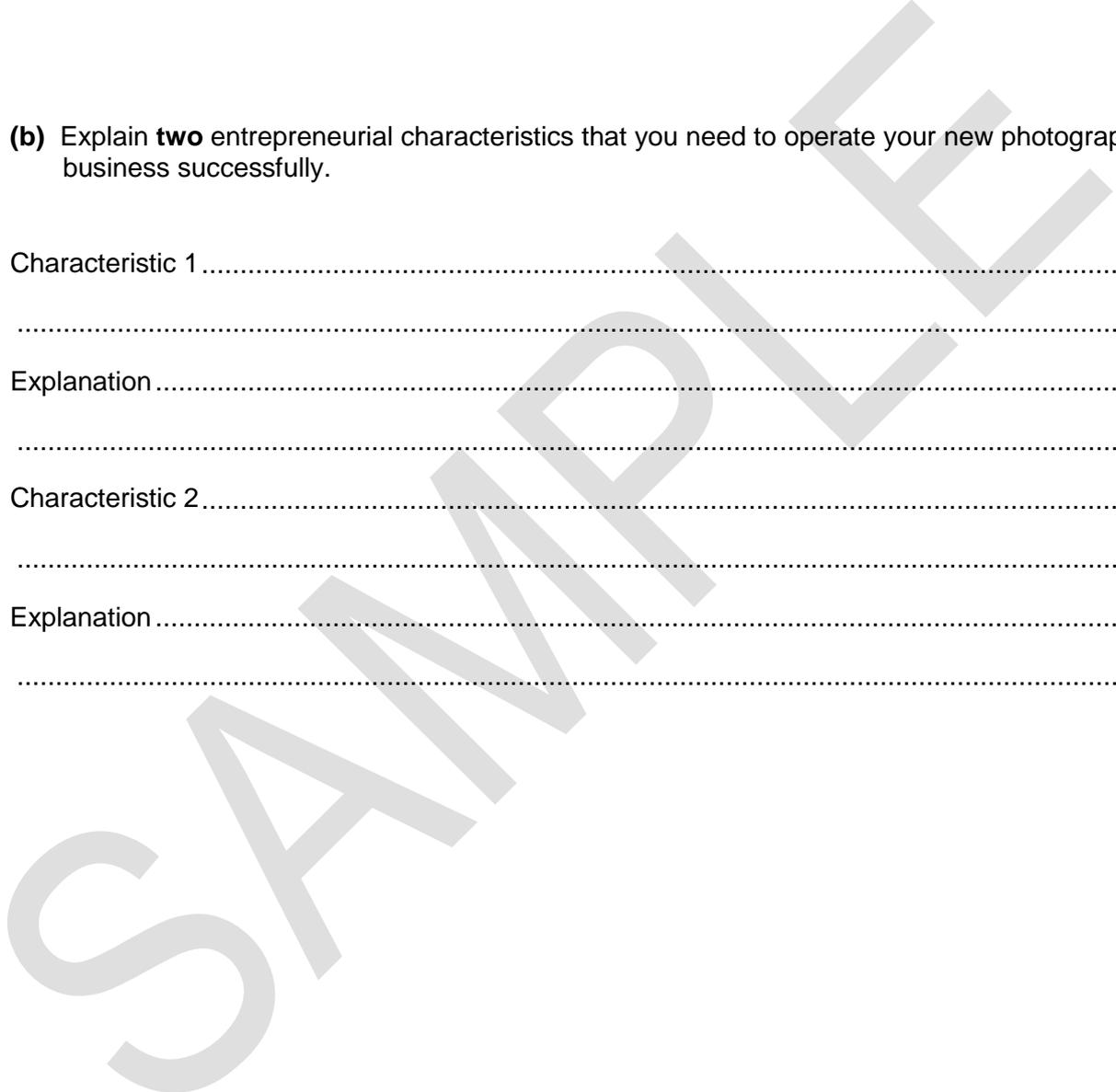
Characteristic 1

Explanation

Characteristic 2

Explanation

[4]



13 Before deciding to start your business, you carried out some secondary market research to collect **quantitative** data.

(a) Identify **two** secondary market research sources that you could have used.

1

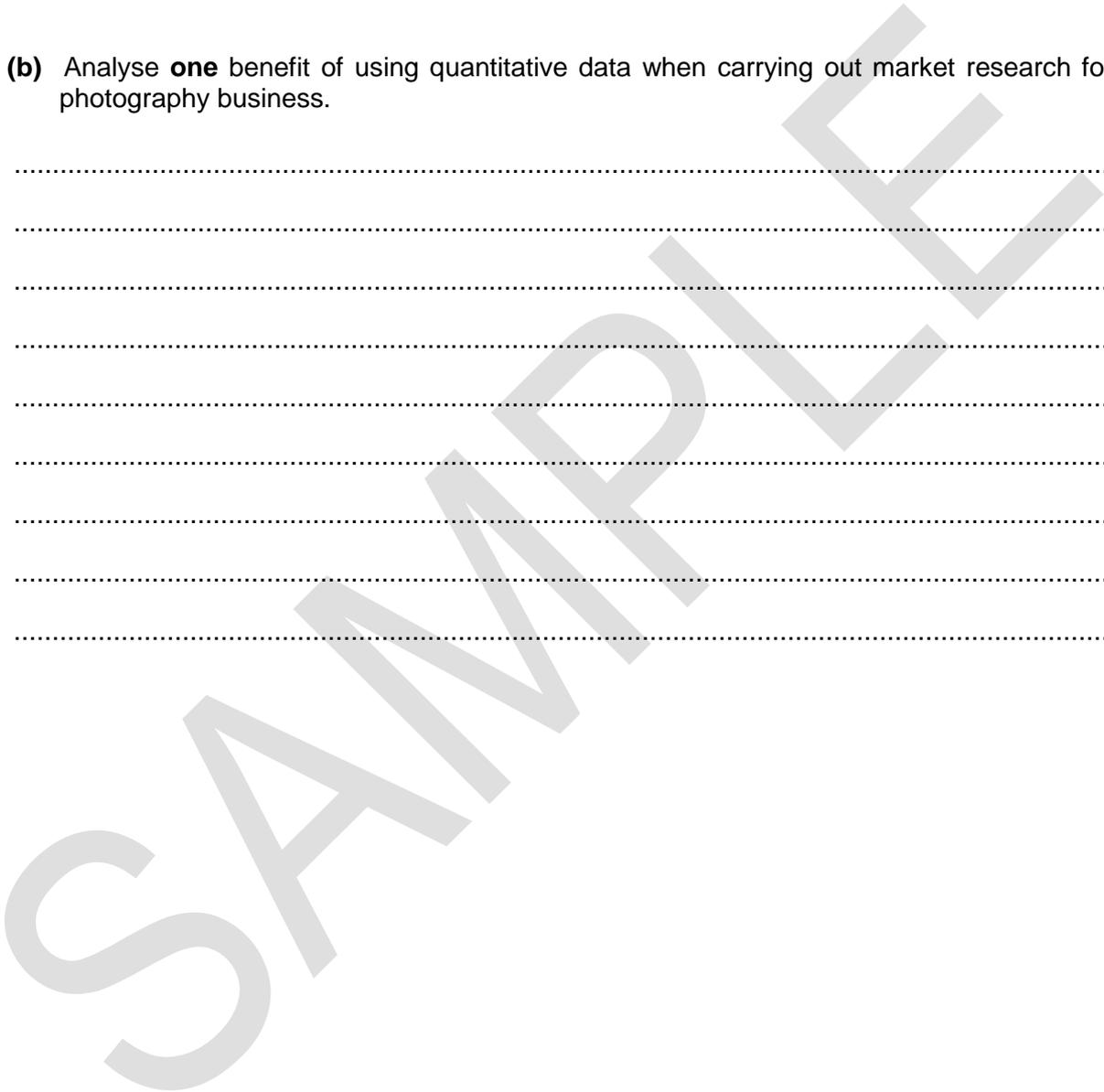
2

[2]

(b) Analyse **one** benefit of using quantitative data when carrying out market research for your photography business.

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.....

[3]



- 14 To support the start of your business you have planned some marketing activities.

Draw a line to link **each** marketing category to **one** example of a relevant marketing activity. You should draw **four** lines in total.

Marketing Category

Marketing Activity

Sales promotion

10% discount off all pictures during December

Reduce the variable costs to produce your pictures

Public relations

SMS texts

Advertising method (non-digital)

Send a press release to a photography magazine

Target a new geographic market

Advertising method (digital)

Design a leaflet for local hotels

[4]

15 Ensuring that the product is financially viable is important.

(a) Identify **two** fixed costs involved with producing your pictures.

1

2

[2]

(b) In March, you sell 64 pictures. You have collected some financial information.

Fixed costs per year	£15 000
Variable costs per picture	£20.50
Selling price per picture	£45.50

(i) Calculate your profit for March.

Show your working.

Answer £.....

[4]

The break-even quantity is calculated using this formula:

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

(ii) Calculate the number of pictures that you need to sell to break even in March.

Show your workings.

Answer.....

[3]

16 Your business has traded very successfully for six months. You are now planning to increase your product range by offering three picture sizes. You will need to raise additional capital to support this expansion and have chosen to use crowdfunding.

(a) Identify **two** other sources of capital that you could have used for this expansion.

1

2

[2]

(b) Analyse **two** advantages of using crowdfunding to raise additional capital for your photography business.

Advantage 1.....

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Advantage 2.....

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[6]

17 You need advice about the new product range and so you contact a local solicitor.

Explain **one** advantage and **one** limitation of seeking advice from a solicitor about the new product range.

Advantage.....
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.....
.....

Limitation
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.....

[4]

18 The market is competitive and you decide to use market segmentation.

(a) Identify **three** types of market segmentation that you could use.

1
2
3

[3]

(b) Explain **two** benefits of using market segmentation for your photography business.

Benefit 1
.....

Explanation
.....

Benefit 2
.....

Explanation
.....

[4]

END OF QUESTION PAPER

SAMPLE

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Sample Assessment Material (SAM)

Cambridge National in Enterprise and Marketing
R067/01 Enterprise and marketing concepts

MARK SCHEME

Duration: 1 hour 15 minutes

MAXIMUM MARK 70

Version: 2 .0
Last updated: 15/07/21
(FOR OFFICE USE ONLY)

This document consists of 13 pages

Crossed Out Responses

If a student has crossed out a response and written a clear alternative response, then the crossed out response is not marked. If no alternative is given, examiners will give students the benefit of the doubt and mark the crossed out response if it is legible.

Multiple Choice Question Responses

When a multiple choice question has only a single, correct response and a student gives two responses (even if one of these responses is correct), no mark will be awarded, as it is not possible to determine which was the first response selected.

Contradictory Responses

When a student provides contradictory responses, no mark will be awarded, even if one of the answers is correct.

Short Answer Questions (usually worth only **one mark per response**)

If a student needs to give a set number of short answer responses, but gives more, only the set number of responses will be marked. The response space will be marked from left to right on each line and then line by line until the required number of responses have been marked. The remaining responses will not be marked.

Short Answer Questions (worth **two or more marks**)

If a student is required to provide a description of, say, three items or factors and four items or factors are provided, then marking will be similar to the above example (but downwards).

Longer Answer Questions

If a student provides two (or more) responses to a medium or high tariff question which only needs a single (developed) response, and does not cross out the first response, the first response will be marked.

Levels of response marking

- a. **To determine the level** – examiners will start at the highest level and work down until they reach the level that matches the answer
- b. **To determine the mark within the level**, they will 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

Question	Answer	Marks
SECTION A		
1	Indicative content: C	1
2	Indicative content: D	1
3	Indicative content: D	1
4	Indicative content: B	1
5	Indicative content: D	1
6	Indicative content: B	1
7	Indicative content: B	1
8	Indicative content: B	1
9	Indicative content: B	1
10	Indicative content: D	1

Question		Answer	Mark	Guidance
11	(a)	<p>Other than operating as a sole trader, identify two types of business ownership that you could have considered.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Partnership • Limited liability partnerships (LLP) • Private Limited Company (Ltd) • Franchise / Become a franchisee 	2	<p>Award one mark for each type of business ownership identified, up to a maximum of two marks.</p>
11	(b)	<p>Analyse two disadvantages of running your photography business as a sole trader.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • No partner/joint owner to share decision making with • Unlimited liability • May struggle to raise additional finance/capital, e.g. banks may consider the business as a higher risk • May struggle to keep the business in operation if the owner is unwell as there is no other owner to run it • Owner may struggle to take a holiday • Work-life balance – a sole trader may have to work long hours, especially when starting up the business. Excessive hours/lack of work-life balance may lead to stress or possible illness • The sole trader may not have all of the skills required to manage all aspects of the business effectively • The business will cease to exist if the sole trader dies <p><u>Example responses</u></p> <p>I may struggle to raise enough money (1) to buy the specialised software I need (CONT). This may mean I have to use free software which may reduce demand for my product (1).</p>	6	<p>Award one mark for each disadvantage, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each explanation of a disadvantage <u>in context (CONT)</u>, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each analysis of a disadvantage <u>(by showing the impact on the business/you)</u>, up to a maximum of two marks.</p> <p>Ensure that the two disadvantages are different.</p> <p>The third mark in each case may be awarded independently from the second mark for explanation.</p>

Question		Answer	Mark	Guidance
		I cannot share decision making with any other owners (1) who could offer better ideas for pictures (CONT) . This could lead to a poor decision which could harm the performance of my business (1) . ARA		
12	(a)	<p>Identify three rewards that an entrepreneur may gain from taking a risk.</p> <p>Indicative Content</p> <ul style="list-style-type: none"> • Financial • Independence • Self-satisfaction • Making a difference / change • Own boss/making decisions • Flexibility when taking holidays/working hours <p>ARA</p>	3	Award one mark for each reward identified, up to a maximum of three marks.
12	(b)	<p>Explain two entrepreneurial characteristics that you need to operate your new photography business successfully.</p> <p>Indicative Content</p> <ul style="list-style-type: none"> • Creativity • Innovation • Risk-taking • Communication • Negotiation • Confidence • Determination <p>Example response</p> <p>I will need to be creative (1), so that I can develop innovative and unique pictures of local places to develop a strong USP (1).</p>	4	<p>Award one mark for each identified characteristic and one mark for a development of this characteristic for your photography business, up to a maximum of four marks.</p> <p>Ensure that each explanation is clearly different.</p> <p>Do not reward factors/circumstances that may support the likely success of an enterprise, e.g. being wealthy. Marks are only awardable for personal characteristics.</p>

Question		Answer	Mark	Guidance
		<p>Communication skills are important (1) as I may need to clearly communicate my business idea to others, e.g. explain the business idea to a bank to obtain a loan to buy an expensive camera (1).</p> <p style="text-align: right;">ARA</p>		
13	(a)	<p>Identify two secondary market research sources that you could have used.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Internal data • Books/newspapers/trade magazines • Competitors' data • Government publications and statistics • Mintel or similar <p style="text-align: right;">ARA</p>	2	<p>Award one mark for each secondary market research source identified, up to a maximum of two marks.</p> <p>Do not reward 'the Internet' as it can be used to conduct primary market research and is not a stand-alone source, as stated in the specification.</p>
13	(b)	<p>Analyse one benefit of using quantitative data, when carrying out market research for your photography business.</p> <p><u>Indicative Content</u></p> <p>Benefits may include:</p> <ul style="list-style-type: none"> • Easy/quick to analyse large quantities of data • Can be converted into statistics • Less risk of bias when analysing the data • Market research that collects quantitative data can often include the views of a greater number of individuals <p><u>Example responses</u></p> <p>Easier to analyse large quantities of data (1) because I may have no experience of this (CONT). Large quantities of data will lead to better business decisions (1).</p> <p>The data can be converted into statistics (1) which I could share using my software skills (CONT) to gain support for my idea which could lead to more finance (1).</p> <p style="text-align: right;">ARA</p>	3	<p>Award one mark for identifying a benefit AND Award one further mark for an explanation of a benefit <u>in context</u> AND Award one further mark for an analysis of a benefit (<u>by showing the impact on the business</u>).</p> <p>The third mark may be awarded independently from the second mark for explanation.</p>

Question	Answer	Mark	Guidance
<p>14</p>	<p>Link each marketing category to one example of a relevant marketing activity with a line. You should draw four lines in total.</p> <p>Marketing Category</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Sales promotion</p> <hr/> <p>Public relations</p> <hr/> <p>Advertising method (non-digital)</p> <hr/> <p>Advertising method (digital)</p> </div> <div style="width: 45%;"> <p>Marketing Activity</p> <p>10% discount off all pictures during December</p> <hr/> <p>Reduce the variable costs to produce your pictures</p> <hr/> <p>SMS texts</p> <hr/> <p>Send a press release to a photography magazine</p> <hr/> <p>Target a new geographic market</p> <hr/> <p>Design a leaflet for local hotels</p> </div> </div>	<p>4</p>	<p>Award one mark for each correct answer, up to a maximum of four marks.</p>

Question			Answer	Mark	Guidance
15	(a)		<p>Identify two fixed costs involved with producing your pictures.</p> <p>Indicative Content</p> <ul style="list-style-type: none"> • Advertising • Insurance • Loan interest • Rent • Salaries • Utilities <p style="text-align: right;">ARA</p>	2	<p>Award one mark for each fixed cost identified up to a maximum of two marks.</p> <p>Accept answers which are specific to the business (e.g. software licence)</p>
15	(b)	(i)	<p>Calculate your profit for March.</p> <p><u>Revenue</u></p> <p>64 pictures x £45.50 = £2,912 (1)</p> <p><u>Total cost</u> (£1 250 + [£20.50 x 64]) = £2,562 (1)</p> <p>Profit = Revenue – Total costs = £2,912 - £2,562 = £350 (2) OFR</p>	4	<p>Award four marks for correct answer of £350 (with or without workings)</p> <p>Award one mark for correct answer for revenue</p> <p>Award one mark if total variable cost is calculated correctly (£1,312)</p> <p>Own Figure Rule (OFR) can be awarded if there is evidence of the wrong figure for revenue being subtracted from the wrong figure for total cost (with clear working/labelling)</p>
15	(b)	(ii)	<p>Calculate the number of pictures that you need to sell to break even in March.</p> <p>Fixed costs for the month = £15,000 / 12 = £1,250 (1)</p> <p>£1,250 / (£45.50 – £20.50) (1)</p> <p>Break-even = 50 (units/pictures) (1) OFR</p>	3	<p>Award three marks for the correct break-even figure (with or without workings).</p> <p>Award one mark for correctly calculating the fixed costs for the month.</p> <p>Award one mark for correctly calculating contribution per unit (£25). Maximum 2 marks if incorrect units (e.g. £)</p>

Question		Answer	Mark	Guidance
16	(a)	<p>Identify two other sources of capital that you could have used for this expansion.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Own savings • Friends and family • Loans • Grants • Business angels <p style="text-align: right;">ARA</p>	2	<p>Award one mark for each source of capital identified, up to a maximum of two marks.</p>
16	(b)	<p>Analyse two advantages of using crowdfunding to raise additional capital for your photography business.</p> <p><u>Indicative Content</u></p> <p>Advantages may include:</p> <ul style="list-style-type: none"> • No fees or interest may have to be paid on the capital/finance obtained • Suitable for high risk businesses which may not qualify for other sources of capital • Can test the market's reaction to a new product/business idea • A large sum can be raised from a lot of contributors • No security is required by the business <p><u>Example responses</u></p> <p>Suitable for a high-risk business (1) as money is offered based on the market confidence of your new idea to introduce more picture sizes (CONT). Traditional lenders such as banks may assess finance applications against strict criteria which I may not qualify for (1).</p> <p>I can raise a large sum quickly (1) which means that I can quickly launch the new picture sizes (CONT) and beat competitors to the market creating a clear USP (1).</p> <p style="text-align: right;">ARA</p>	6	<p>Award one mark for each advantage, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each explanation of an advantage <u>in context (CONT)</u>, up to a maximum of two marks</p> <p>AND</p> <p>Award one further mark for each analysis of an advantage <u>(by showing the impact on the business/you)</u>, up to a maximum of two marks.</p> <p>Ensure that the two advantages are different.</p> <p>The third mark in each case may be awarded independently from the second mark for explanation.</p>

Question	Answer	Mark	Guidance
17	<p>Explain one advantage and one limitation of seeking advice from a solicitor about the new product range.</p> <p><u>Indicative Content</u> Advantages may include:</p> <ul style="list-style-type: none"> • A solicitor is a qualified professional so I should be able to trust their advice • A solicitor is bound by rules of confidentiality • Up to date advice • Provides unbiased advice, unlike some other sources of advice <p>Limitations may include:</p> <ul style="list-style-type: none"> • Solicitor may not have detailed knowledge of the specific area of law that I require advice for • Expensive • May have to wait to obtain the advice if the solicitor is busy <p><u>Example responses</u></p> <p>A solicitor undergoes years of training to qualify so will be knowledgeable (1), so that I can trust that the advice about expanding my product range is accurate (CONT).</p> <p>A solicitor will charge to provide advice (1) which I may struggle to afford as a sole trader (CONT).</p> <p style="text-align: right;">ARA</p>	4	<p>Award one mark for a valid advantage and one mark for a development of this for your photography business.</p> <p>Award one mark for a valid limitation and one mark for a development of this for your photography business.</p>
18	<p>(a)</p> <p>Identify three types of market segmentation that you could use.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Age • Gender • Occupation • Income • Location • Lifestyle <p style="text-align: right;">ARA</p>	3	<p>Award one mark for each type of market segmentation identified, up to a maximum of three marks.</p> <p>Accept answers which are specific to the business (e.g. local landmark/attraction).</p>

Question	Answer	Mark	Guidance
(b)	<p>Explain two benefits of using market segmentation for your photography business.</p> <p><u>Indicative Content</u></p> <ul style="list-style-type: none"> • Ensures specific customer needs are matched and met • Potential for increased profits/profitability • Enables targeted marketing • Increased customer retention • Potential for an increase in market share <p><u>Example responses</u></p> <p>Market segmentation enables me to target specific types of customer within my promotions (1). This can help me to use my limited marketing budget that I may have as a sole trader more effectively (CONT).</p> <p>My profits may increase (1) as my promotions will better meet the needs of people who visit my local area for their holiday (CONT).</p> <p style="text-align: right;">ARA</p>	4	<p>Award one mark for each identified benefit and one mark for a development of this benefit for your photography business (CONT), up to a maximum of four marks.</p> <p>Ensure that each benefit is clearly different.</p> <p>No marks awarded for a definition of market segmentation.</p>
19	<p>Discuss whether you should use social media or local newspapers to advertise your new product range. Your recommendation should include:</p> <ul style="list-style-type: none"> • An advantage and a disadvantage of using social media • An advantage and a disadvantage of using a local newspaper campaign • A justification for your decision. <p><u>Indicative Content</u></p> <p>Social media: <u>Advantages may include:</u></p> <ul style="list-style-type: none"> • Global reach • Can be easily updated/amended • Can use animations, video and sound • Can target specific groups depending on the type of social media used 	8	<p><u>Levels of response</u></p> <p>All level descriptors describe the TOP of the level.</p> <p>Level 3 (7-8 marks) A thorough discussion which:</p> <ul style="list-style-type: none"> • shows clear analysis of advantages and disadvantages of both options • Makes a justified decision, using appropriate context • consistently uses appropriate terminology • shows detailed understanding

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> • Low cost <p><u>Disadvantages may include:</u></p> <ul style="list-style-type: none"> • Has to compete against a lot of other advertising – users may ignore the advert • Risk of negative comments/reviews • Age restrictions to legally use some social media applications <p>Local newspapers:</p> <p><u>Advantages may include:</u></p> <ul style="list-style-type: none"> • Can use colour • Can include lengthy information/message • Targets customers from the local area only <p><u>Disadvantages may include:</u></p> <ul style="list-style-type: none"> • Limited to print – no animations, video or sound • Limited shelf life as the newspaper may be published daily, weekly or monthly • Readership of some local newspapers is in decline <p><u>Application may include:</u></p> <ul style="list-style-type: none"> • You are a new business (set up six months) • You have just finished a photography qualification • You live near popular tourist attractions • Your pictures are purchased by people after a visit to your local area • The business is a sole trader • You are expanding the range of products • Product sold via an online marketplace • You have carried out some market research which collected quantitative data • Raising more capital using crowdfunding • Asking a solicitor for advice regarding new product range <p><u>Justification may be based on:</u></p> <ul style="list-style-type: none"> • Which method will best target your chosen market segment(s) • Value for money 		<p>Level 2 (4-6 marks) An adequate discussion which:</p> <ul style="list-style-type: none"> • shows sound analysis of an advantage and a disadvantage of both options • makes limited use of appropriate context • uses some appropriate terminology • shows sound understanding <p>Level 1 (1-3 marks) A basic discussion which:</p> <ul style="list-style-type: none"> • shows limited analysis of an advantage or a disadvantage of an option • makes limited use of appropriate context • makes limited or no use of appropriate terminology • shows limited understanding <p>0 marks – no response or no response worthy of credit.</p>

Question	Answer	Mark	Guidance
	<ul style="list-style-type: none"> • Ability to keep advertising in the long-run • Ability to showcase product range • A clear linkage to any contextual evidence provided in Section B <p><u>Example response</u></p> <p>Social media adverts can include videos, pictures and audio to showcase my pictures and can be easily updated to reflect new pictures that I create. Local newspapers can include detailed descriptions about my pictures in the advert (CONT). <i>(L1 so far)</i></p> <p>However, as a sole trader which was only formed six months ago (CONT) I may have limited time available to keep updating social media pages. On the other hand, local newspapers have a low readership, especially amongst younger people. <i>(L2 so far)</i></p> <p>I would recommend that I should use social media to advertise my business. It is cheaper and matches my use of an online marketplace to sell my products (CONT). <i>(L3)</i></p> <p style="text-align: right;">ARA</p>		