

| Question number | Indicative content | | Mark |
|-----------------|--|---|------------------------|
| 5(c) | <ul style="list-style-type: none"> The owners of <i>Frog Bikes</i> operate in a competitive market, with rivals such as Halfords, and sticking to legislation will reassure potential customers who are looking to buying a child's bike (AO2). By having to meet all safety requirement due to government legislation, <i>Frog Bikes'</i> costs will be higher than they would be without such rules (AO2). This will mean that <i>Frog Bikes</i> will establish a strong reputation with its market segments that will choose its bikes knowing they have the latest safety features. This will potentially lead to higher sales, which may lead to higher profits if other costs do not increase due to implementing the requirements of the legislation (AO3). As a result of these higher costs, prices of its bikes may have to rise. Prices for a small business like <i>Frog Bikes</i> are likely to be higher than some of the larger producers. The price of the bikes may be more important than the safety features for parents, and as a result sales revenue may fall (AO3). | | (6) AO2=3 AO3a=3 |
| Level | Mark | Descriptor | |
| | 0 | No rewardable material. | |
| Level 1 | 1–2 | <ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). | |
| Level 2 | 3–4 | <ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). | |
| Level 3 | 5–6 | <ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). | |