



# SHORE

Exam Number:

**Year 11**  
**Business Studies**  
**Yearly Examination**  
**2022**

**General Instructions**

- Reading time – 5 minutes
- Working time – 120 minutes
- Write using black or blue pen
- Approved Calculators may be used

**Total marks – 70**

**Section I: Multiple Choice**

**20 marks**

- Attempt Questions 1-20
- Allow about 30 minutes for this section

**Section II: Short Answer**

**30 marks**

- Attempt Questions 21-23
- Allow about 50 minutes for this section

**Section III: Business Report**

**20 marks**

- Attempt Question 24
- Allow about 40 minutes for this section

**Note:** Any time you have remaining should be spent revising your answers.

**DO NOT REMOVE THIS PAPER FROM THE EXAMINATION ROOM**

# Section I

Total marks (20)

Attempt Question 1-20

Allow about 30 minutes for this section

Use the multiple-choice answer sheet for Questions 1-20.

Select the alternative A, B, C or D that best answers the question. Fill in the response oval completely.

Sample  $2 + 4 =$  (A) 2 (B) 6 (C) 8 (D) 9

A  B  C  D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A  B  C  D

If you change your mind and have crossed out what you consider to be the correct answer, then indicate this by writing the word correct and drawing an arrow as follows:

A  B  C  D   
correct

Attempt all questions. Mark answers on the answer sheet provided.

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1. Which of the following is NOT considered a business role?
  - (A) Employment
  - (B) Choice
  - (C) Efficiency
  - (D) Innovation
  
2. Interest rates, demographic changes, consumer tastes and legislation are examples of external sources of change from:
  - (A) Economic, geographic, social and legal influences respectively
  - (B) Government, geographic, social and institutional influences respectively
  - (C) Financial, economic, global and political influences respectively
  - (D) Technological, location, competitive situation and stakeholders respectively
  
3. Which of the following is a feature of a recession in the business cycle?
  - (A) Additional investment in new technology
  - (B) Increased monetary and non - monetary rewards for employees
  - (C) Expansion in the product range of businesses
  - (D) Increased redundancies
  
4. Which of the following types of business have unlimited liability?
  - (A) Public companies and partnerships
  - (B) Sole traders and partnerships
  - (C) Private companies and public companies
  - (D) Sole traders and cooperatives

Use the financial information for a business in the table below to answer Question 5.

	January	February	March
<b>Cash Receipts</b>	\$11 500	\$5 000	\$5 600
<b>Cash Payments</b>	\$10 600	\$6 200	\$ 6 900

5. What is the Opening Balance in March?
- (A) -\$1 200
  - (B) -\$300
  - (C) \$900
  - (D) \$6 200
6. Which of the following are features of a hierarchical organisational structure?
- (A) A long chain of command and a narrow span of control
  - (B) A high level of job specialisation and a short chain of command
  - (C) A short chain of command and a democratic leadership style
  - (D) Multiskilling of employees and a long chain of command
7. What is the name of the employment contract that provides minimum wages, working conditions and other entitlements for employees in a specific industry?
- (A) National Employment Standards
  - (B) Minimum Wage
  - (C) Award
  - (D) Enterprise Agreement

8. Which of the following is NOT a factor influencing choice of legal structure?
- (A) Ownership
  - (B) Revenue
  - (C) Finance
  - (D) Size
9. A business has decided to expand by purchasing one of their suppliers.  
Which of the following terms is used to describe this form of business expansion?
- (A) Backward vertical integration
  - (B) Forward vertical integration
  - (C) Horizontal integration
  - (D) Merger
10. Splash Swimwear Ltd is an Australian swimwear manufacturer.  
Which of the following taxes would Splash Swimwear Ltd pay to the Federal government?

(A) Land tax	Company tax
(B) Payroll tax	Land rates
(C) Pay As You Go tax (PAYG)	Payroll tax
(D) Company tax	Goods and Services tax (GST)

11. Which of the following is an internal influence on a business?
- (A) Government
  - (B) Financial
  - (C) Social
  - (D) Location
12. Which key business function is responsible for carrying out the production of a good or service of a business?
- (A) Marketing
  - (B) Operations
  - (C) Human resources
  - (D) Finance
13. Which of the following is a major difference between a private and a public company?
- (A) Private companies have unlimited liability
  - (B) Private companies may sell shares on the Australian Securities Exchange
  - (C) Private companies pay company tax
  - (D) Private companies are restricted to 50 shareholders

Use the financial information for a business in the table below to answer Question 14.

Current Assets	\$25 000
Non - Current Liabilities	\$20 000
Owner's Equity	?
Non - Current Assets	\$75 000
Current Liabilities	\$45 000

14. The Owner's Equity of this business is:

- (A) \$35 000
- (B) \$65000
- (C) \$100 000
- (D) \$165 000

Use the following information to answer Question 15 and 16.

The Towel Company sells beach towels for \$60 per towel/unit. Fixed costs for The Towel Company are \$5000 and variable costs are \$20 per towel/unit.

15. The breakeven level of output for The Towel Company is:

- (A) 62.5 units
- (B) 125 units
- (C) 250 units
- (D) 500 units

16. If The Towel Company sells 1000 units of beach towels it would operating at a:

- (A) Breakeven
- (B) \$25 000 loss
- (C) \$35 000 profit
- (D) \$60 000 profit

17. Which of the following financial statements show the Net Profit of a business?
- (A) SWOT analysis and breakeven analysis
  - (B) Income statement and cashflow statement
  - (C) Balance sheet and income statement
  - (D) Business plan and cashflow statement
18. A business has implemented a quality management approach characterised by continuous improvement in all aspects and procedures in the business. The quality management approach being used by this business is:
- (A) Human resource management
  - (B) Total Quality Management
  - (C) Quality control
  - (D) Contingency management approach
19. Jesse is the owner of a local restaurant. When sales revenue stabilised, he introduced new menu items and changed the layout of the restaurant causing an increase in sales. Which phase of the business lifecycle is Jesse's restaurant currently in?
- (A) Establishment
  - (B) Growth
  - (C) Maturity
  - (D) Post maturity
20. To reduce the chances of business failure, a manager may choose to:
- (A) Reduce the use of technology
  - (B) Reduce business investment
  - (C) Undertake a trend analysis
  - (D) Increase debt finance across the business

**End of section 1**

**SECTION II SHORE PRELIMINARY EXAMINATION**

**30 MARKS**

**Attempt Questions 21–23  
Allow about 50 minutes for this section**

**Exam Number:**

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Answer the questions in the spaces provided.

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**QUESTION 21 (10 marks)**

Glow Skincare manufactures and retails a range of luxury skincare products for men and women in Australia. They are well known for their products being chemical free and not tested on animals. Glow Skincare’s profits are decreasing and they are investigating various ways of improving their business performance.

- a) Identify TWO business goals Glow Skincare may seek to achieve. (2)

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- b) Describe how staff involvement will have an influence on Glow Skincare’s ability to achieve the business goals identified in (a). (4)

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**QUESTION 22 (10 marks)**

**Exam Number:**

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Mike has been employed as a builder at a construction company for several years. He enjoys the freedom this job gives him where is able to choose his own hours of work and have some say in key decision making. He is now considering establishing his own business so that he can be his own boss. However, he has limited savings to finance his new business and will need to obtain a bank loan.

- a) Outline the management style used at Mike’s construction company. (2)

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- b) Describe the importance of avoiding over-extension and using technology as factors critical to the success of Mike’s business. (4)

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**QUESTION 23 (10 marks)**

Exam Number:

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The financial information below is for a business selling formal wear for school formals.

**Income Statement for Vogue Formal Wear Pty Ltd**

<b>Income Statement Information</b>	<b>\$</b>
Sales	550 000
Cost Of Goods Sold (COGS)	220 000
<b>Gross Profit</b>	<b>?</b>
Operating Expenses	
Wages	70 000
Interest	1 000
Electricity	4 000
Insurance	2 000
Rent	3 000
Advertising	20 000
<b>Net Profit</b>	<b>?</b>

a) From Operating Expenses in the above table, identify ONE variable cost. (1)

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b) Calculate the Gross and Net Profit for Vogue Formal Wear. (2)

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c) Vogue Formal Wear are looking to expand and increase staff numbers to help achieve this. Explain the role recruitment will play in this expansion. (3)

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d) Discuss ONE form of debt finance and ONE form of equity finance Vogue formal wear could utilise to assist with expansion of the business. (4)

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### **SECTION III: Business Report**

#### **Question 24**

20 marks

Allow about 40 minutes for this section.

Write your answers in the booklet provided.

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In your answer you will be assessed on how well you:

- demonstrate knowledge and understanding relevant to the question
  - apply the hypothetical business situation
  - communicate using relevant business terminology and concepts
  - present a sustained, logical and cohesive response in the form of a business report
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#### **Question 24 (20 marks)**

Eco Furniture Ltd is an Australian producer of high-quality household furniture. In recent years, Eco Furniture Ltd has experienced strong growth in profits despite rising production costs and increased competition in Australia. Eco Furniture Ltd plan to establish some retail outlets in Australia, having previously relied solely on online sales. Management are unsure what management approach to adopt to assist with the expansion. They have historically utilised a management approach that is adaptive to the current situation.

**You have been employed as a consultant to prepare a report for Eco Furniture Ltd.**

**In your report:**

- Outline ONE business goal other than profit that is relevant to Eco Furniture Ltd.
- Describe ONE management approach Eco Furniture Ltd could implement.
- Analyse how the marketing mix could assist Eco Furniture Ltd to successfully expand.

– End of Examination –



# SHORE

## 2022 PRELIMINARY BUSINESS STUDIES ASSESSMENT EXAMINATION

### MARKING CRITERIA & MARKER COMMENTS

#### AVERAGES

<u>Section</u>	<u>Average Marks</u>
Multiple Choice /20	15.8
21 (/10)	7.7
22 (/10)	6.5
23 (/10)	7.3
24 (/20) Report	14.4
Total (/70)	50.9

#### MULTIPLE CHOICE

<u>Question</u>	<u>Answer</u>	<u>Question</u>	<u>Answer</u>
1	C	11	D
2	A	12	B
3	D	13	D
4	B	14	A
5	B	15	B
6	A	16	C
7	C	17	C
8	B	18	B
9	A	19	D
10	D	20	C

**QUESTION 21 (JIM)**

- a) Identify TWO business goals Glow Skincare may seek to achieve. (2)

<i>Criteria</i>	<i>Marks</i>
Correctly names TWO goals of business	2
Correctly names ONE goals of business	1

- *Answers could include:* profits, market share, growth, share price, social, environmental
- staff involvement – innovation, motivation, mentoring, training

a) Identify TWO business goals Glow Skincare may seek to achieve. (2)

*Profit and market share.*

*2*

- b) Describe how staff involvement will have an influence on Glow Skincare’s ability to achieve the business goals identified in (a). (4)

<i>Criteria</i>	<i>Marks</i>
Clearly defines and gives characteristics and features of ways that staff involvement will help achieve goal stated in part a. Must refer to Glow Skincare.	4
Defines and gives some characteristics and features of ways that staff involvement will help achieve goal stated in part a. May refer to Glow Skincare.	3
Sketches in general terms Staff Involvement and relates to a goal	2
Sketches in general terms Staff Involvement and may relates to a goal	1

*Sample answer: Staff involvement refers to involving employees in decision-making and giving them the necessary skills and rewards. Staff involvement can be achieved through training and mentoring and leads to motivation and innovation. By focussing on staff involvement Glow Skincare can achieve the goal of Profit. If the involve their staff in training the employees will provide better customer service – this leads to increased sales and ultimately more profit for Glow Skincare.*

b) Describe how staff involvement will have an influence on Glow Skincare's ability to achieve the business goals identified in (a). (4)

Staff involvement refers to the inclusion of employees on important decisions related to the business and can be achieved through innovating, motivating, mentoring and training. Innovating refers to adding new ideas to a product to improve it as well as motivating refers to an individual's internal desire to achieve a goal or objective. Moreover, mentoring is the assignment of existing employees and new employees to integrate them into the business and its culture. Glow Skincare are able to train their employees, teaching them how to perform their job efficiently, the business will be able to achieve their goals of profit and market share.

c) Outline TWO skills of management that Glow Skincare must consider to assist with improving their business performance. (4)

Criteria	Marks
Sketches in general terms TWO skills of management that Glow Skincare must consider to assist with their business performance. Answer MUST refer to Glow Skincare	4
Sketches in general terms ONE skills of management AND Identifies ONE Skill of management that Glow Skincare must consider to assist with their business performance. Answer May refer to Glow Skincare	3
Identifies TWO Skills of management OR Sketches in general terms ONE skill of management	2
Identifies One skill of management.	1

Answer may include: skills of management: interpersonal, communication, strategic thinking, vision, problem-solving, decision-making, flexibility, adaptability to change, reconciling the conflicting interests of stakeholders

Sample answer:

A manager is someone who co-ordinates the businesses limited resources in order to achieve specific goals. One skill of management is strategic thinking – which involves being able to see the business as a whole and to take a broad long-term view of the business. Another skill of management is interpersonal skills. This involves having the skills to manage and communicate with people and

understand their needs. If management at Glow Skincare have strategic thinking and interpersonal skills they will be much more likely to achieve their long term goal of profits.

Skills of management refer to the desirable characteristics of effective management within a business. Two main skills of management include communication and problem solving. Communication refers to the exchanging of information between ~~and~~ individuals. If Glow Skincare want to improve business performance, it is important to maintain positive employer-employee communication. In addition, the ability to problem solve could also help improve business performance. Problem solving refers to management establishing a plan in place and executing that plan to resolve an unwelcome situation. If Glow Skincare can maintain positive communication and ability to problem solve, this could aid in the business improving performance.

**QUESTION 22 (EAL)**

a) Outline the management style used at Mike's construction company. (2)

Criteria	Marks
Sketches in general terms the management style used at Mike's construction company, with a clear reference to Mike's business.	2
Identifies the management style used at Mike's construction company OR Identifies the management approach of Behavioural without linking to democratic / participative	1

Answers could include: participative/democratic leadership style. Behavioural approach was accepted.

Sample answer: Mike's management style is participative/democratic. This style a leadership style in which the manager consults with employees to ask their suggestions and then seriously considers these suggestions when making decisions.

a) Outline the management style used at Mike's construction company. (2)

Behavioural management style (approach) refers to a business stressing the importance of the employee to business organisation. Furthermore characteristics include management as leading, communicating, motivating, democratic leadership style and terms

b) Describe the importance of avoiding over-extension and using technology as factors critical to the success of Mike's business. (4)

Criteria	Marks
Provides characteristics and features of avoiding over-extension and using technology as factors critical to the success of Mike's business.	4
Provides characteristics and features of avoiding over-extension and using technology without reference to Mike's business.	3
Sketches in general terms avoiding over-extension OR using technology with reference to Mike's business	2
Sketches in general terms avoiding over-extension OR using technology with no reference to Mike's business	1

Sample answer: Over extension relates to exceeding the capacity to repay capital. The capital to be repaid may relate to the purchase of equipment, the purchase of stock or wages to pay to staff. Mike must ensure that he carefully manages these costs to ensure it does not lead to a situation where the business does not have the capacity to continue to operate. Technology relates to new machinery and equipment which improves efficiency. It is imperative that Mike leverages technology to ensure that the business is competitive and efficient.

Over extension refers to the overuse of debt finance and purchase of excess stock, leading to an inability to pay off loans. This is important to avoid, as acquiring too much debt can lead to <sup>the</sup> bankruptcy or liquidation of Mike's business. Technology refers to the innovations created to improve business efficiency. It is important that Mike uses technology so that he is able to get through the establishment phase of his business by ~~utilising~~ utilising equipment and practices that improve efficiency.

- c) Discuss TWO legal structures Mike could adopt when he establishes his own business.  
(4)

Criteria	Marks
Provides clear advantages and disadvantages of TWO appropriate legal structures for Mikes new business	4
Provides characteristics and features of TWO appropriate legal structures for Mikes new business	3
Sketches in general terms of TWO appropriate legal structures for Mikes new business	2
OR	
Provides clear advantages and disadvantages of ONE appropriate legal structure	
Identifies TWO appropriate legal structures	1
OR	
Sketches in general terms of ONE appropriate legal structure for Mikes new business	

*Sample answer:* A legal structure relates to the form of ownership relevant to a particular business. Two appropriate legal structures are sole trader and private company. A sole trader is a business that is owned and operated by only one person. Advantages include it has a low start-up cost and can be started very quickly. Disadvantages include it has unlimited liability and the burden of management falls completely on the owner. A private company has the advantage of limited liability and a lower company tax rate while disadvantages include the high cost of formation and the need for public disclosure.

c) Discuss TWO legal structures Mike could adopt when he establishes his own business.

(4) /4

Sole trader refers to an unincorporated <sup>business</sup> ~~entity~~ with unlimited liability. Furthermore, Sole trader is run by 1 person.

This is a possible structure for Mike as it is less relatively cheaper to start-up, he will have full control over the business decisions however there is also unlimited liability.

~~Private~~ Partnership is an unincorporated business with unlimited liability. Furthermore, it is operated by 2 or more people. This is a structure Mike should consider as ~~favoured~~ as there is a greater pool of capital however he will not be able to be his own boss to a degree and will have to share decision making.

**QUESTION 23 (WPD)**

a) From Operating Expenses in the above table, identify ONE variable cost. (1)

Criteria	Marks
Correctly identifies ONE variable cost from the table	1

Answers could include: wages or electricity or cost of goods sold

Electricity.

b) Calculate the Gross and Net Profit for Vogue Formal Wear. (2)

Criteria	Marks
Correctly calculates gross profit and net profit for Vogue Formal Wear	2
Correctly calculates gross profit OR net profit for Vogue Formal Wear	1

Sample answer: Gross profit = Sales - COGS = 330 000, Net profit = GP - expenses = 230 000

Sales - COGS = GP = 550 000 - 220 000 = \$330 000  
 GP - expenses = 330 000 - 70 000 - 1 000 - 4 000 - 2 000 - 3 000 - 20 000  
 NP = \$230 000

- c) Vogue Formal Wear are looking to expand and increase staff numbers to help achieve this. Explain the role recruitment will play in this expansion. (3)

Criteria	Marks
<ul style="list-style-type: none"> <li>Clearly relates cause and effect of how recruitment will play a role in the expansion of this business.</li> </ul>	3
<ul style="list-style-type: none"> <li>Provides characteristics and features of recruitment</li> </ul>	2
<ul style="list-style-type: none"> <li>Sketches in general terms recruitment</li> </ul>	1

Answers could include: identifying, attracting, interviewing, selecting, hiring and onboarding of employees

Sample Answer: Recruitment refers to the process of identifying, attracting, interviewing, selecting, hiring and onboarding employees. Management of Vogue Formal Wear will need to identify the staff requirements, draw up a job description, advertise for the position, interview possible candidates, complete a background and reference check on their preferred candidate and then select the employees which best suit Vogue's needs. Once the staff are selected then a period of on-boarding would be best. Effective recruitment will allow Vogue to hire the most suitable person to fill the vacancies which will ensure its ongoing productivity and an excellent corporate culture. Without effective recruitment Vogue will not be able to hire the best staff it would need for the expansion.

Recruitment is the process of identifying, advertising, interviewing, selecting, hiring and onboarding within the acquisition process of the HR cycle. By engaging in an effective recruitment process, Vogue Formal Wear will be able to reach a large number of people, looking for ~~the~~ that specific job. This in turn will allow (VFW) to <sup>and hire</sup> choose the best fitted employees for their business, and thus ~~expand~~ expand and increase staff numbers which will benefit the business, and allow for

- d) Discuss ONE form of debt finance and ONE form of equity finance Vogue formal wear could utilise to assist with expansion of the business. (4)

<i>Criteria</i>	<i>Marks</i>
Provides advantages and/or disadvantages of ONE form of debt AND ONE form of equity finance this business could use to expand	4
Provides advantages and/or disadvantages of ONE form of debt OR ONE form of equity finance this business could use to expand AND provides characteristics and features of the other	3
Provides characteristics and features of ONE form of debt AND ONE form of equity finance	2
Identifies ONE type of debt finance OR ONE type of equity finance	1

*Answers could include: debt: mortgage, unsecured notes, business loan, leasing, overdraft, factoring, commercial bills; equity: capital, retained profits and venture capital.*

*Sample Answer: Finance refers to the funds required to carry out the activities of a business. Debt finance relates to the short-term and long-term borrowing from external sources by Vogue. One type of debt finance that Vogue formal wear could use is a mortgage. A mortgage is a loan secured by the property of the borrower. The advantage of using a mortgage loan to finance the purchase of property Vogue will need for its expansion is the low interest rate on the loan and the length of time (around 25 years) given to the business to repay this loan. Equity finance are funds contributed by Vogue owner(s). The business could source venture capital by offering possible investors a stake in the business. Venture capital (VC) is a form of private equity and a type of financing that investors provide to small businesses like Vogue that are believed to have long-term growth potential. The advantage of this is that the money is not technically owed and there is no interest commitment.*

A ~~bank~~ loan is a form of debt finance that is  
lended by a bank over a period of time in exchange  
of for the principle back plus interest at the conclusion of  
the set term. It is good as it gives the business a lot  
of money fast however it means they have to pay back  
significant interest<sup>out of the initial amount</sup>. Shares is a form of equity finance that  
involves selling part ownership in return for greater access to  
capital plus the cost of the shares. A positive of shares is  
that ~~there~~<sup>there</sup> is no repayment needed, hence no money is  
lost. However, it means the business has sold off part  
ownership so profits must be shared with more owners.

**SECTION III: Question 24 – Business Report (JIM and WPD)**

<i>Criteria</i>	<i>Marks</i>
<ul style="list-style-type: none"> <li>Clearly sketches in general terms one business goal other than profit that is relevant to Eco Furniture limited</li> <li>Provides characteristics and features of one management approach Eco Furniture limited could implement</li> <li>Draws out and clearly relates the implications of how the marketing mix could assist Eco Furniture limited to successfully expand</li> <li>Makes effective use of the information provided, demonstrating extensive knowledge and understanding relevant to the question</li> <li>Presents a sustained, logical and cohesive business report integrating relevant business terminology and concepts</li> </ul>	17-20
<ul style="list-style-type: none"> <li>Sketches in general terms one business goal other than profit that is relevant to Eco Furniture limited</li> <li>Clearly sketches in general terms one management approach Eco Furniture limited could implement</li> <li>Makes evident the relationship between the marketing mix and the expansion of Eco Furniture limited</li> <li>Makes some use of the information provided, demonstrating some knowledge and understanding relevant to the question</li> <li>Presents a logical and cohesive business report using relevant business terminology and concepts</li> </ul>	13-16
<ul style="list-style-type: none"> <li>Attempts to sketch in general terms one business goal other than profit</li> <li>Sketches in general terms one management approach</li> <li>Provides characteristics and features of the marketing mix</li> <li>Includes features of a business report and uses some business terminology and concepts</li> </ul>	9-12
<ul style="list-style-type: none"> <li>Identifies one business goal other than profit</li> <li>Attempts to sketch in general terms one management approach</li> <li>Sketches in general terms the marketing mix</li> <li>May includes some features of a business report and uses basic business terminology</li> </ul>	5-8
<ul style="list-style-type: none"> <li>Refers to goals and/or management approach and/or marketing mix</li> <li>Uses basic business terminology</li> </ul>	1-4

*Answers could include (from syllabus):*

*Business goals other than profit: market share, growth, share price, social, environmental*

*Management approach: classical approach – management as planning, organising and controlling, hierarchical organisational structure, autocratic leadership style OR behavioural approach – management as leading, motivating and communicating, teams, participative/democratic leadership style*

*Marketing Mix:*

*Product – branding, packaging, quality, design, labelling, warranty*

*Price – methods: cost, market and competitive based; strategies: skimming, penetration, loss leaders, price points*

*Place - exclusive, selective and intensive exposure; warehousing, inventory control and transport*

*Promotion – Promotions Mix: Personal selling and relationship marketing, sales promotions, publicity and public relations, advertising, word of mouth and opinion leaders.*

## **Markers report**

Marks Range: 5-20

Areas that students performed well:

- Reports overall demonstrated an understanding of the style, format, tone and language required for a business report.
- Students were able to articulate an understanding of the executive summary and could summarise the main issues at Eco Furniture Ltd.

Areas that students need to continue to work on:

- The executive summary needs to be more specific with the SOLUTIONS you are planning to recommend in the body of the report. Do NOT rewrite the question!
- The reports need to be specific in relation to the question and the syllabus. In particular there were 3 distinct parts (SAQs): goals, management approaches and the marketing mix (4Ps). The syllabus specifically states points to be included for each of the SAQs and they must therefore be referred to.
- Students MUST relate their response in line with the requirements of the directive term. Too many students, in particular in relation to the 'Analyse', didn't address the directive term appropriately. (Analyse: Draw out and clearly relate implications)
- Many reports had tokenistic comments at the end of each paragraph which did not accurately address analyse.
- Remember you are hired to provide specific advice/solutions for THIS business!
- Summarise the main points of the report in the summary of recommendations rather than repeating the executive summary.

## **High order response comment:**

Students who achieved in this band recognised that given the stimulus (the business name and facts about the business) in terms of goals, market share or environmental goals were the most important goals in an effort to help with the expansion and improve the businesses reputation. Students achieving in this mark range were able to define and build on the financial or environmental goals and then link it to the business demonstrating how this would help with the expansion and maintain its competitive edge.

With respect to the management approach – students in this range were able to identify, outline and then describe (provide characteristics and features) an alternative approach

(theory) to the contingency approach. Students either described the classical or behavioural approach. Part of the description included key points from the syllabus including: a hierarchical structure, leading, motivating, communicating and a democratic management style. Students in this range clearly linked the management approach to Eco Furniture Ltd and described how this approach would best be used by management to positively impact this business.

The third part of the business report required students to analyse how the marketing mix could assist this business to successfully expand. Students in this range did more than merely define and describe the 4 Ps of product, price, place and promotion. These students clearly drew out clear implications of each of the 4Ps and explained how these strategies would assist this business in its expansion. These students also used the information in the stimulus to formulate an appropriate set of marketing strategies relevant to this business which would contribute to its future success.

#### Mid-range response comment

Students who achieved in this band were able to define a relevant goal other than profit from the syllabus and attempt to link it to the business demonstrating how this would help.

With respect to the management approach – students in this range were able to identify, outline and attempt to describe (provide characteristics and features) an alternative approach (theory) to the contingency approach. Students either described the classical or behavioural approach. Students in this range had some points from the syllabus but needed more of them. Several students did not link the management approach specifically to this business.

The third part of the business report required students to analyse how the marketing mix could assist this business to successfully expand. Students in this range merely defined and described the 4 Ps of product, price, place and promotion. These students attempted to draw out clear implications of each of the 4Ps. There was limited explanation on how these strategies would assist this business in its expansion. These students used limited information in the stimulus to formulate an appropriate set of marketing strategies relevant to this business which would contribute to its future success.

#### Low range response comment

Students who received a mark in this band generally identified a relevant goal, however, it often wasn't relevant to this business and sometimes was not a goal from the syllabus. It is imperative that students read the stimulus AND the question and then provide answers that are from the syllabus and linked clearly to the stimulus.

In terms of management approach, many students continued to talk about the contingency approach without describing an alternative approach from the syllabus. Most students listed dot points without providing characteristics and features of the management approach.

Unfortunately, many students in this band did not address the last part of the question (marketing mix) as they either ran out of time or did not know what to write. By not addressing a key part of the question you are having a significant impact on your overall mark.

Exemplar

To: eco furniture LTD

RE: Future expansion of Eco furniture LTD.

From: Quiet Langer Consultants

## Executive Summary

Eco furniture LTD (EFH) is a manufacturer of high quality domestic furniture. Having experienced strong growth recently despite heavy competition they would like to expand their business. They plan to establish retail outlets all over Australia and are unsure what management style to adapt for their new retail employees.

## This Report will:

Outline Market Share as a goal that EFH ~~should~~ <sup>must</sup> implement in order to sustain growth in the retail market.

Describe the behavioural approach as a productive management approach for EFH to adapt

In order to increase employee satisfaction and involvement.

Analyze the marketing mix and how successful marketing will allow EFH to expand into the Australian market.

\* Please see bottom of page.

Market Share is the percentage of consumers which choose to purchase products from a certain industry at a particular time. Market Share is imperative to business performance as it influences the amount of sales a firm can receive. Identifying and sustaining competitive advantage allows a business to increase market share as they take customers from other businesses. In relation to EFH market share is imperative to the success of their expansion into the retail market.

A business goal is a set objective either social, financial or environmental that a business targets to achieve over a period of time.

with increased competition in the furniture industry, EFH must identify and ~~is~~ establish a competitive advantage in order to break into the retail market. To achieve this goal EFH may choose to focus on customer service as a defining factor, if they are able to achieve excellent customer service consumers are more likely to shop at their store. This will cause an increase in sales which, if managed correctly will lead to increased profits which will allow the business to further expand.

A management approach is how a business chooses to treat their employees within the work place. The behavioural management approach developed by Mayo focuses on the satisfaction and concerns of employees rather than their efficiency. This approach uses employee input into the design process and monetary and non monetary benefits to increase the engagement of employees. This in turn increases their productivity ~~and~~ by motivating them to do well for the business.

The Approach works best in Service Industry's where the consumer is actively interacting with the employees. In relation to EFL the behavioral management approach will assist them in gaining traction in the retail industry. While the company has previously used the contingency management approach this may impact the morale of low level employees as they have to constantly deal with a change in management styles. The behavioral management approach will have both internal and external benefits for the ~~company~~ company. Internally, the approach will allow the business to increase the satisfaction of their retail employees and also on a managerial level. A behavioral management approach will allow retail worker to gain benefits from the company which will increase motivation and morale. This will in turn increase productivity in the form of excellent customer service. This will allow EFL to gain sales and market share in their industry and entrench themselves in

to the furniture market. This behavioral approach will also increase manager morale as they do not have to constantly discipline employees which can be difficult. This will lead to increased productivity of their employees as the managers find it easier to motivate them to work. This approach will also have external consequences as potential investors analyzing the company will gain a positive outlook. This is due to the modernity of the companies employee approach that investors will believe will increase sales in the long run. This will lead to an increased access to capital for the company that may lead to further expansion or greater return on investment.

The marketing mix is the conglomerate of strategies that a firm uses to make their product more desirable to consumers. The 4 strategies of a goods based business are product, place, price and promotion. The focus of a firm on these things will lead to an increase of

Sales in the long run and ultimately allow a firm to expand successfully.

Product as a form of promotion is the way in which a business packages and brands its goods. In order to make the product more appealing to consumers, product is important because it is the first thing a consumer sees when they come into contact with a consumable. Having packaging that is appealing and vibrant to consumers is important. A firm may use packaging to appeal to their target market specifically, e.g. cartoonish like packaging for children. Branding is also important as it is the image that consumers think about when they hear your product. Unique and powerful branding can increase brand awareness and reputation. Innovation in the EKH firm must use successful branding and packaging of their product in order to create a competitive advantage in the industry.

~~White the out~~ Domestic furniture products are often very similar to consumers so they must use marketing to make their product stand out. Vibrant packaging or eco friendly packaging may appeal to younger consumers and allow Ekh to establish themselves in the market. As a new player in the retailing of furniture Ekh must establish themselves in a ~~new~~ target market and target by their packaging towards a certain demographic may allow them to do so.

Place is the environment in which a company chooses to sell their product to consumers. Place can influence a consumer's perception on the quality and brand image of a product. Selling products in affluent areas may influence a customer to think the quality of the product is high. Furthermore the place may limit or expand a consumer's ability to access the product. If a business chooses to sell the product in exclusively their own stores

accessibility of a product. In relation to ETH place is imperative to establishing themselves in their expansion into the retail market.

The company has chosen to open it's own retail outlets in which it can sell it's products.

This allows them to limit their costs as they do not have to pay another retailer to sell their product. The presentation of their retail stores is imperative in marketing to their target market. They must choose a design that appeals to certain people and will make them enter the store. Furthermore the amount of retail stores the company opens will influence the amount of sales they receive as the visibility of their products. The company must take these things into consideration to successfully entrench themselves in the market.

Price is the amount at which a <sup>business</sup> customer chooses to sell the product for. Price influences the demographic of people who purchase a

Grass product. Price points are strategies that businesses use to influence certain people to purchase their product. Often the higher the price of the product the higher the perceived quality of the product is.

In relation to ETH they must use pricing as a way to break into the market. While the low and medium cost furniture market is saturated ETH must price their quality furniture highly to create the consumer perception of a quality product. This will allow the firm to create a competitive advantage and entrench themselves in a target market that will ultimately allow them to successfully expand. The company may use a variety of pricing strategies such as given good pricing where the demand for a product increases in relation to the increase in price. Due to this pricing strategy will both increase the profit margin that ETH can make on each sale and also increase the amount of sales they receive.

Promotion is the act of advertising a firm's product to consumers in order to increase brand awareness and perception. Advertising is arguably the most important of the 4 Ps as with advertising consumers are able to know about your product. Advertising can occur in many forms such as mass media advertising through television or radio or targeted advertising through things such as social media. Advertising increases the amount of consumers who are aware of your product and can also improve customer perception of your product. In relation to ETH they must undertake extensive advertising in order to gain customers and a foothold in the furniture industry. Due to them being a new brand in the industry, limited consumers would be aware of the existence of ETH and without advertising they would see a very slow increase in sales after their establishment. The firm may choose to undertake a variety of advertising mediums.

The firm must use a combination of mass advertising and targeted advertising in order to achieve successful advertising. I recommended that this firm use television AD's as form of mass advertising in order to gain brand awareness with a marketing campaign which highlights the quality of their product. It is also recommended that the firm undertakes a social media advertisement, using platforms such as Facebook and Instagram in order to individually target consumers who they believe will be susceptible to their product. If the company ~~chooses~~ does this it may incur heavy expenses, however this marketing strategy in the long run ~~is~~ will increase the sales of this business, allowing them to establish themselves in the industry.

## Summary of recommendations

~~Quest~~

### Quetinger Consultancy recommends

- ETH establishes the business goal of increasing market share in order to increase sales and establish themselves within the Furniture Industry.
- ETH employs a behavioural management style in order to boost employee motivation and satisfaction which will increase productivity.
- ETH uses a variety of marketing strategies to appeal to their target market, increasing brand awareness and quality perception to increase sales.