

## Examiners Report

Exam Name and Code: Business Strategy and Technology

Date of exam: 26 July 2021

### Paper performance overview

what worked well with candidates and areas that they were weak on, how they responded etc

There was a very high standard of scripts within the candidates who passed this exam.

Strong areas of performance were shown in outsourcing, franchising and change management.

Weak areas of performance were ethics and stakeholder analysis.

Candidates who failed to obtain the pass mark struggled with 3 things:

1) Using theories where possible to enhance an answer. Having a theory with headings usually helps to generate more points to say (such as using the 4 P's for marketing)

2) Applying a theory to the information in the question.

3) Matching the number of points made to the marks in the question e.g. if you are asked to evaluate if a product should be brought in house for 8 marks then write 8 things such as - 4 pro's, 3 cons and a recommendation would give 8 marks, if there are 4 marks for pricing strategies explain 4 strategies, 6 marks for ideas of what to do above a shop write 6 ideas or explain 3 in more detail.

### Question 1 performance (also include the breakdown of syllabus area covered)

#### Question 1

Providing a report format at the start of the answer should generate an easy mark. Candidates should ensure that they are able to provide a report format using the date supplied in the question. All four elements (to, from, date and subject must be supplied)

#### 1.1a (syllabus area 1g)

It was pleasing to see many answers for data analysis with a summary of calculations at the beginning. Some candidates still try and attempt answers without using many of the numbers supplied.

When given financial and operating data and asked to comment on the performance of Bestar compared to the foil fuel manufacturer (FFM) candidates should be looking for data that

stands out. In this case areas where Bestars data showed better performance than the FFM. It is useful to look at revenue growth and whether this is volume or price that has caused the growth as well as profit margins. To get the written marks, reasons for the differences must be explained rather than just saying operating margins have increased as revenue has increased more than costs. This is merely a description of the movement, not an explanation of what the underlying cause is.

Operating data is always provided as a steer to items to discuss. Candidates that didn't use the data on the number of employees and dealerships had less to comment on. Most candidates picked up the R&D which was obviously higher in Bestar than the FFM and calculated R&D costs as a percentage of revenue to support their comments.

Those that did not do any calcs on the FFM scored less marks as this meant they missed the discussion about the comparison of performance which was the main focus of the question.

Some candidates seemed to have missed the point of the question and although their calculations were based on Bestars performance, were not writing about Bestar's performance when compared to the FFM but instead were discussing why the Bestar car was better than a fuel car.

#### 1.1b (syllabus area 2i)

A company should not start a marketing strategy without knowing what customer needs they are trying to satisfy. Some candidates missed this important starting point although a pleasing number picked this up within a discussion of desk and field research.

Candidates who used the marketing mix and put answers under the 4 P's generated many more marks than those who didn't use a model. Two points under each of the four headings would have generated 8 of the 12 marks available.

Under the product heading good candidates were able to think about the basic product as well as the augmented product. Most candidates did not comment that the product had some quality flaws to iron out.

Place is where to put it to sell. Whilst the actual ordering of the car was encouraged to be carried out online by Bestar the question clearly had Bestar operating from car dealerships. Exhibits even gave the number of car dealerships for Bestar and yet a surprising number of candidates still suggested that opening dealerships and allowing potential customers to test drive should be offered.

Within promotion Bestar already does social media so unless additional ideas were made in this area it didn't score any marks.

A few candidates fell into the trap of thinking marketing is just advertising rather than the 'process that identifies, anticipates and supplies customer needs'

#### 1.2i (syllabus area 1d)

Many candidates made very good points about the tech company not having a long history of experience in car manufacturing, brand loyalty to cars and the purchase being a large spend

for a family so they needed assurances on quality.

Identifying that Bestar was a differentiator with a high price tag and so quality would be expected would have scored a mark.

Very few candidates recognised that Bestar cars were in the introduction/growth stage of the industry life cycle and so customers were likely to be innovators/early adopters who are more likely to overlook faults on products because they are the first to have in the market. If Bestar deals with the faults well in after sales service this will not be a problem. As the cars enter later growth/early maturity phase and Bestar is selling to the mass market they must ensure these faults don't continue as the larger population will not be willing to accept these faults and it will start to damage reputation.

1.2ii (syllabus area 1d)

When evaluating whether to bring the battery production in house a good approach taken by many candidates was to look at the pros and cons of moving the batteries in house. This was a good layout and candidates overall applied their knowledge well to the scenario.

Those who picked up the point that the patented battery was exclusive to Bestar and key to competitive advantage recognised that there was therefore a need for secrecy around the details of the battery. This helped them form a much better argument and gave them a stronger confidence in their conclusion.

Quite a few conclusions didn't conclude. A conclusion needs to be a quick recap on the main drivers for your decision, but we need to see a clear yes or no. Answers that say it depends on further income or that you would say yes if this happened but no if this did are not conclusions.

1.2iii (syllabus area 1h)

In the scenario the non-executive director had asked whether the self-drive option should be sold in the UK if it was illegal. This was the ethical issue. Whilst many answers addressed this some decided to instead discuss the ethical issues of a self-drive car which was not requested.

Whilst is it right to establish the facts in this question to gain marks you need to decide what facts need to be established. Candidates will not get marks for just writing 'establish the facts' to score the answer should look at 'is it being sold in the UK? What are they advertising to customers? Are they making clear it is illegal and should only be used when travelling to other countries?

Answers that were laid out with the ethical issue discussion first followed by a list of actions generated more marks for candidates. For many it was not always clear where the actions were, clearly head up the actions and explain each one.

Question 2 performance (also include the breakdown of syllabus area covered)

### 2.1a (syllabus area 2j)

The calculation of the number of shelves that could be left empty before Annie made a loss was well attempted by most candidates. Many candidates failed to recognise that Annie could sell her glass art without the shop so this revenue and associated costs should be ignored when calculating the number of shelves that could be left empty.

The discussion on which shelves seemed to cause problems for many candidates with most with little ideas of what to say. Good candidates recognised that having the window full is key to enticing people into the shop and so these should be kept full.

### 2.1b (syllabus area 2i)

Pricing strategy answers were a mixed bag with better candidates giving examples of different strategies for prices to enable more shelves to be sold. Those that could remember pricing strategies such as cost plus, differentiated pricing and were able to apply how this could be used in the sale of shelves scored well.

Some candidates discussed the 4 C's that can be used to formulate a price but unless within it they actually suggested a price to increase shelf sales this didn't get marks

### 2.2i (syllabus area 2a)

Where a question is asking for ideas such as what Annie could do with the room above the shop, this is testing a candidate's ability to solve business problems or generate business ideas. For 6 marks there should either be 3 well explained ideas or 6 ideas. Whatever happens in the room it does need to generate extra income. Ideas that didn't link to extra revenue did not score. Many candidates passed this question with sensible revenue generating ideas.

### 2.2ii (syllabus area 3c)

Evaluating whether Annie should expand by franchising should have been the advantages and disadvantages to Annie of growth by franchise. A clear recommendation should be given at the end.

There was a very clear divide on this question with good answers applying the generic textbook pros and cons of franchising to the scenario to provide well-reasoned advice. Those that merely provided a textbook list did not pass this section.

A small number of candidates incorrectly thought that Annie was going to take a franchise with another brand rather than offer her brand as a franchise. This is likely due to not reading the question carefully.

### 2.2iii (syllabus area 3c)

Many candidates came out with very good ideas of what Annie could offer her potential franchisees in return for their investment incorporating not only her art experience but also experience of setting up the shop as well as systems operated within her business. Many

candidates had clearly thought about the mark allocation and gave a number of ideas that matched the marks available.

### Question 3 performance (also include the breakdown of syllabus area covered)

#### 3.1 (syllabus area 2c)

Stakeholder analysis should be a gift in the exam for a well-practised candidate. Stakeholders were easily identified by all. But the analysis was not done very well. Common mistakes were:

- not explaining why stakeholders were interested in The Village
- not describing what power the stakeholders could exert on the council
- not recognising that they were looking at the power to influence the councils' decisions to pass the plan

A small handful of candidates gave practical ideas on how the council could 'keep stakeholders informed', 'let stakeholders participate.' These phrases alone do not show application of the theory.

#### 3.2 (syllabus area 3j)

Some candidates seemed very prepared for a change management question with answers first stating the type of change that the move to The Village would be, before then identifying the barriers and finally talking through how to deal with the change through a model such as Lewins unfreeze/move/refreeze.

Candidates who split their answer between the three stakeholders requested in the question scored much higher marks than those who didn't. The three stakeholders would all have different barriers and how to sell the changes to each would also require different tactics.

Some candidates didn't apply the theory to the scenario offering no practical ideas on how/what needed to be communicated to break down barriers. The refreeze section of Lewin continues to be a weak part of any answer with candidates having very few practical ideas to reinforce the new behaviour except to throw money at people as a thank you through bonuses or pay rises which would not often be an option in real life.

## Summary and helpful hints

The exam was well attempted by the majority of candidates, with strong areas of understanding of the material shown. Coupled with good business knowledge to be able to understand the issues of organisation in the scenario it was pleasing to see candidates offering great business ideas, solutions and recommendations.

The layout of all exams was well considered with great use of headings and breaking down points into succinct sentences.

The opening statement offers hints and tips for those who were not successful in this diet of exams.