



Summer Exam A

5TH Year Business

2 hour exam

Each student must answer Q1

**Students can then choose 3 from 4 questions
from Q2->Q5**

Q1 – 75 marks (40 mins)

Q2 -> Q5 – 60 marks each (25-28 mins each)

Using this Marking Scheme

This marking scheme has been created as an additional resource to support you in correcting the upcoming Christmas examination. It is intended as a flexible guide rather than a prescribed format, offering possible solutions and aligning student responses with the learning outcomes and action verbs in the specification.

No formal guidance has yet been issued on how marking schemes for this course should be structured beyond the outcome verbs in the specification, so please feel free to adapt, edit, or re-weight marks in whatever way best fits your class and teaching approach.

Send on any suggestions, feedback or errors to gavin@backinbusinesshub.com



Grainne's Kitchen

Grainne Walsh founded Grainne's Kitchen in 2023 after studying food science at MTU and spotting a gap in the market for healthy, portion-controlled meals delivered to busy professionals and fitness enthusiasts. She used her own savings and a start-up grant from her Local Enterprise Office to launch the business, initially preparing meals in a rented commercial kitchen and delivering them herself. Early challenges included sourcing reliable packaging suppliers and building a customer base with a limited marketing budget.

Today, Grainne's Kitchen employs 12 people, including kitchen staff, delivery drivers, and a part-time social media manager. The business sells directly to customers through its website and app, offering weekly subscription plans. Grainne recently hired a business manager, Ciarán, to handle the day-to-day running of the kitchen operation. Ciarán is responsible for scheduling shifts, managing supplier orders, and ensuring meals go out on time. This has freed Grainne to focus on growing the brand, developing new partnerships, and planning the next stage of the business. Grainne often reflects that her strength lies in spotting opportunities and driving the business forward, while Ciarán keeps the operation running smoothly behind the scenes.

The company has built a strong brand through Instagram, where recipe videos and behind-the-scenes content have attracted over 30,000 followers. Grainne has also partnered with two local gyms to cross-promote her meals to their members. Despite this success, Grainne has noticed that staff are not always clear on their daily targets or kept up to date on menu changes. She recognises that choosing the right way to communicate, whether a team briefing, a message, or a face-to-face conversation, has become more important as the team has grown.

Grainne is now preparing to expand into a second city. She has drafted job advertisements for additional kitchen staff and delivery drivers and has set aside time in her weekly schedule for interviews. Some staff have expressed concern about the impact the expansion could have on their roles and workload. A number of new meal-prep competitors have also entered the Cork market in recent months, offering lower prices. To fund the expansion, Grainne is preparing a business plan to present to potential investors.



LO 6.2: Identify the competencies of innovators and outline why these are significant when starting a business.

(a) (i) Identify **three** competencies of an entrepreneur shown by Grainne Walsh. (6 marks)

———— MARKING SCHEME ————

MS: 6m – 3 @ 2m. Competency named and briefly linked to Grainne (1+1).

Creative

Grainne spotted a gap in the market for healthy meal-prep and developed a new business idea around it.

Risk taker

She invested her own savings into the business with no guarantee of success.

Proactive

She took the initiative to partner with local gyms and build a social media following before the business was fully established.

Other acceptable: Resilient, Decision-making, Human relations, Independent, Flexible, Time Management, Being Realistic.

LO 13.1: Distinguish between leadership and management in organisations.

(a) (ii) Grainne's Kitchen has both a leader and a manager. Outline **two** differences between them under the following headings: (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (3+2). Leader described (3/2), Manager contrasted (3/2).

Role in Business

A leader sets the vision and direction for the business, inspiring others to follow.

A manager focuses on organising day-to-day operations and making sure tasks are completed on time and within budget.

Grainne acts as the leader, setting the growth strategy and building new partnerships, while Ciarán manages the daily running of the kitchen operation.

Risk and Innovation

A leader encourages new ideas and is willing to take risks to grow the business.

A manager tends to focus on maintaining existing systems, reducing risk, and ensuring consistency in how things are done.

Accept any two clear differences with leader vs manager contrasted under each heading.



LO 14.2: Outline the stages of the recruitment process: *identification, application, selection*.

(b) Grainne is recruiting new staff for the expansion. Outline the **three** stages of the recruitment process she should follow. (12 marks)

———— MARKING SCHEME ————

MS: 12m – 3 @ 4m. Stage named (2), explained and applied to Grainne’s Kitchen (2).

Spec names these 3 stages explicitly – only accept: identification, application, selection

1. Identification

The business identifies the need for a new employee and defines the role, responsibilities, and skills required. Grainne has drafted job advertisements for additional kitchen staff and delivery drivers for the new location.

2. Application

The job is advertised and candidates submit applications. Grainne could advertise on job websites, social media, or through local networks, and collect CVs and cover letters from interested candidates.

3. Selection

The business shortlists and interviews candidates to find the best fit. Grainne has set aside time in her weekly schedule for interviews and would check references before selecting the most suitable person for the role.

LO 15.4: Suggest ways of improving communication: *setting clear goals, listening actively, ensuring ongoing engagement, choosing the correct mode*.

(c) Explain **two** ways, apart from *listening actively*, that Grainne could improve communication in her business. (12 marks)

———— MARKING SCHEME ————

MS: 12m – 2 @ 6m (2+2+2). Way named (2), explained (2), applied to Grainne’s Kitchen (2).

The spec specifically lists: setting clear goals, listening actively, ensuring ongoing engagement, choosing the correct mode. Question excludes listening actively. Accept any two from the remaining three.

Setting clear goals

When employees know exactly what is expected of them, communication becomes more focused and effective.

Grainne has noticed that staff are not always clear on their daily targets, so she could set clear targets for meal preparation and delivery so all staff understand their responsibilities.

Ensuring ongoing engagement

Regular check-ins and team meetings keep staff informed and give them a chance to raise concerns. As the team has grown, Grainne could hold brief daily or weekly team meetings to update staff on orders, feedback, and any changes to the menu.

Choosing the correct mode

Using the right communication method for the situation ensures the message is received clearly.



Grainne recognises that choosing the right way to communicate has become more important as the team has grown. For urgent kitchen issues she should communicate face-to-face rather than by message to ensure a quick response.

LO 16.2: Analyse the reasons that underpin resistance to change in an organisation.

(d) Some staff have expressed concerns about the planned expansion. Explain **two** reasons why employees in Grainne's Kitchen may resist this change. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (2+2+1). Reason stated (2), explained with causes/impact (2), applied to Grainne's Kitchen (1).

Fear of the unknown

Employees may worry about how changes will affect their role, workload, or job security. In Grainne's Kitchen, staff may be unsure whether the expansion will mean longer hours, relocation, or changes to their responsibilities.

Lack of communication

When employees are not kept informed about why changes are happening, they are more likely to resist. If Grainne does not explain the expansion plans clearly, staff may feel excluded from important decisions.

Comfort with the current way of working

People often prefer familiar routines and may be reluctant to adopt new processes. Staff who have been with Grainne's Kitchen from the start may feel the current setup works well and see no reason to change.

Other acceptable: lack of trust in leadership, past experience of failed change. Accept any two well-explained reasons applied to Grainne's Kitchen.



LO 16.7: Use a force-field analysis to examine the potential effects of change in a business and explain the importance of planning for change.

(e) (i) Conduct a force-field analysis to examine the potential effects of Grainne's decision to expand into a second city. (20 marks)

———— MARKING SCHEME ————

MS: 20m – any two driving forces + any two restraining forces @ 4m each (2+2) = 16m. Finding 4m. Force named and applied to Grainne's Kitchen (2), impact explained (2). Finding weighs both sides and reaches a conclusion (0/2/4m).

Driving Forces

1. Strong brand and online presence

Grainne's Kitchen has built over 30,000 Instagram followers and a loyal customer base in Cork. Expanding into a second city could increase revenue by reaching new customers using the existing brand and digital infrastructure.

2. Proven business model

The subscription model, recipes, and delivery system are already established and working in Cork. This proven formula could be replicated in a new location with lower risk than starting from scratch.

3. Investor interest

Grainne is preparing a business plan to present to potential investors, suggesting external funding may be available to support the expansion.

Restraining Forces

1. Staff concerns

Some employees have expressed concern about the impact of the expansion on their roles and workload. This resistance could slow the expansion and affect morale if not addressed through clear communication.

2. Increased competition

New meal-prep competitors have entered the Cork market offering lower prices. Expanding while the core market is under pressure could stretch resources and reduce the quality of service in both locations.

3. Financial risk

Expanding into a second city requires significant investment in a new kitchen, equipment, and additional staff. Reliance on external investment adds financial risk if the business plan does not attract funding.

Finding

On balance, the driving forces support expansion given the strong brand and proven model, but only if Grainne secures adequate funding and addresses staff concerns through clear communication. A phased approach would reduce overall risk.

Accept any relevant driving/restraining forces applied to the stimulus. Finding must weigh both sides. Student may conclude for or against expansion once the conclusion is justified.



LO 16.7 (continued): Explain the importance of planning for change.

(e) (ii) Explain the importance of planning for change for a business like Grainne's Kitchen. (5 marks)

———— MARKING SCHEME ————

MS: 5m (2+3). Importance stated (2), explained with development (3).

Planning for change helps a business anticipate challenges and prepare solutions in advance. Without proper planning, changes can cause disruption, confusion among staff, and financial losses. For Grainne's Kitchen, a clear plan ensures that resources are in place, staff are informed, and the move into a second city is managed as smoothly as possible.

Accept any relevant explanation. Credit any answer that references the expansion context.



Question 2 (60 marks)

LO 7.1: Determine the factors that impact on the development of business ideas.

The Smooth Company was founded by Áine Kennedy, a Dublin entrepreneur who spotted a gap in the market while scrolling TikTok during lockdown in 2020. She noticed people using makeshift products to tame flyaways and baby hairs, and spent two years developing a solution. In 2022, she invested her savings into launching the SmoothStick, a premium hair-taming wand, from her attic — with her grandfather Billy helping to pack the orders.



Áine built the business entirely through organic social media content, posting TikTok videos without any paid advertising. The brand has amassed over 150 million views on the platform, which drove direct sales through its website. Half of all sales come from overseas, with the US and UK as key markets. The Smooth Company is predominantly an ecommerce business but has recently expanded into retail, securing listings with stockists in Ireland, the UK, and Europe.

(a) Outline **two** factors that can impact on the development of business ideas for businesses like **The Smooth Company**. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (2+2+1). Factor named (2), explained (2), applied to The Smooth Company (1).

Shift in market trends

Changing consumer habits create new opportunities. The growing popularity of beauty content on social media showed demand for quick styling tools. Áine recognised this and created the SmoothStick.

Technological advancements

New technology creates opportunities not possible before. TikTok allowed Áine to showcase her product to millions at very low cost, leading to 150 million views.

Other relevant answers acceptable including: Availability of Resources, Change in Legal Requirements...



LO 7.2: Outline design thinking as an innovative approach to idea development and appreciate how the process is iterative and both solution and person centred.

(b) (i) Name the **four stages** of design thinking.

(ii) Explain how this process is both **iterative** and **person-centred**, using The Smooth Company as an example of how each could apply. (10 marks)

MARKING SCHEME

MS: 10m – 4 @ 1m; 2 @3m explained (2), example/application (1).

(i) Clarify — Ideate — Develop — Implement

Iterative

Design thinking is iterative because it is an ongoing, repeating process rather than a straight line from start to finish.

The SmoothStick took two years of testing and refinement before launch, suggesting the development process involved repeated cycles of improvement.

Person-centred

Design thinking is person-centred because the needs of the customer drive the process from the start.

Áine observed real people on TikTok struggling with flyaways before developing the SmoothStick, putting the customer's experience at the centre of the idea.

LO 9.5: Demonstrate an understanding of the disruptive impact of digital technology on market research and marketing.

(c) Explain an impact of digital technology on **both** market research and marketing. Refer to The Smooth Company in your answer. (12 marks)

MARKING SCHEME

MS: 12m – 2 @ 6m (2+2+2). Impact stated (2), explained (2), example/application (2).

Market Research

Digital technology enables real-time feedback through online surveys, social media comments, and analytics.

The Smooth Company can use TikTok and Instagram analytics to track which videos get the most engagement.

Marketing

Digital technology allows targeted campaigns by age, location, and interests.

The Smooth Company's viral TikTok reached 150 million views, driving brand awareness at very low cost compared to traditional advertising.

Market Research (real-time insights, AI tools, affordable analytics).

Marketing (targeted ads, measurable data, low-cost creative tools). Accept any with application.



LO 1.1: Outline the key internal and external stakeholders in a business and demonstrate their importance.

(d) Outline **two** stakeholders of The Smooth Company and explain their importance to the business.
(10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (2+2+1). Stakeholder named (1), role explained (2), importance (2).

Consumers / Customers

Consumers buy the product and provide revenue. The Smooth Company's customers are mostly young people who discovered the SmoothStick through TikTok. Their loyalty and recommendations are essential for growth.

Suppliers

Suppliers provide materials needed to manufacture the SmoothStick. Reliable suppliers ensure high quality and timely delivery. If suppliers cannot keep up with demand, customer satisfaction could suffer.

Spec names: Business owner, investors, employees, consumers, suppliers, local community, government. Accept any with importance explained.

LO 13.2: Analyse the significance of organisational culture and innovation in successful organisations.

(e) Analyse **three** ways organisational culture can contribute to the success of a growing business.
(18 marks)

———— MARKING SCHEME ————

MS: 18m – 3 @ 6m (2+2+2). Point stated and linked to culture/innovation (2), significance explained (2), impact on business success (2).

1. Creates shared values and purpose

A strong culture is built around shared values and a clear mission. When employees understand what the business stands for, they work with purpose and make decisions that support long-term goals.

2. Encourages innovation and creative thinking

A culture that supports innovation encourages staff to share new ideas without fear of failure. This helps develop new products or better ways of working, staying ahead of competitors.

3. Improves employee loyalty and retention

When employees feel valued and connected to the culture, they are more likely to stay. This reduces staff turnover, saving time and money on recruiting and training.

Accept any well-outlined point including: employee wellbeing/ work-life balance...



Question 3 (60 marks)

(a) Fill in the missing term in each of the following statements. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2m per correct answer.

1. Insurance
2. Canvas
3. Subscription
4. Feasibility
5. Proposition

LO 9.2: Outline the elements of the marketing mix and explain their significance for a business and how they are influenced by the target market.

Gym+Coffee is an Irish athleisure brand targeting young, active consumers who value comfort, community, and sustainability.

(b) Outline **three** elements of the marketing mix and explain how they might be influenced by Gym+Coffee's target market. (15 marks)

———— MARKING SCHEME ————

MS: 15m – 3 @ 5m (2+2+1). Element named (2), explained (2), link to target market (1).

Promotion

Promotion is how the product is advertised and marketed (sales promotions, endorsements, online ads...).

Gym+Coffee uses Instagram and TikTok rather than traditional ads, matching where their young target market spends time.

Product

The elements of the product like the design, features, branding and logo.

Gym+Coffee designs comfortable, stylish athleisure clothing because its target market values both fitness and lifestyle fashion...

Spec names 7 Ps. Accept any element with clear link to the target market.



LO 8.4: Identify the key elements of the business model canvas and outline the role of business models in successful enterprises.

Flahavan's is a seventh-generation family business based in Kilmacthomas, Co. Waterford, milling oats on the same site since 1785. The company works closely with local oat farmers within 60 miles of the mill, who supply the raw materials for its range of porridge oats, granola, and oat drinks. Flahavan's sells its products through major supermarket chains across Ireland and to retail partners in over 20 countries, making export sales an increasingly important part of the business. The company has built a loyal following of health-conscious consumers who value its Irish heritage and natural ingredients, and it engages with customers directly through social media and its website. Flahavan's is a founding member of Origin Green, Ireland's national food sustainability programme. Running a milling operation means the business carries significant costs on its premises, including energy, equipment maintenance, and the wages of its workforce, alongside costs such as oat purchasing and packaging.

(c) Identify three of the following elements of the business model canvas for Flahavan's. (10 marks)

Value Proposition	Customer Segments	Channels
Revenue Streams	Cost Structure	Customer Relationships

———— MARKING SCHEME ————

MS: 10m – 4 (2+2), 2 @ 3m (1+2). Element named (2/1), outlined and applied to Flahavan's (2). 2/1m available for a specific, accurate reference to Flahavan's that goes beyond the example given (e.g. naming a real product, route to market, or partner).

Value Proposition

The unique value a business offers to customers. Flahavan's offers high-quality, natural oat-based products produced at the same Waterford mill for over 200 years.

Customer Segments

The groups of people a business sells to. Flahavan's targets consumers across Ireland and in international export markets.

Channels

How the business reaches its customers. Flahavan's sells through major supermarket chains across Ireland and through international export markets.

Cost Structure

Flahavan's might have fixed costs for the premises in rent or mortgage. They have variable costs for materials, energy and wages.

Revenue Streams

How the business earns money. Flahavan's generates revenue through the sale of oat-based products in Irish supermarkets and through international exports.

Customer Relationships

How the business builds and maintains relationships with its customers. Flahavan's engages with customers directly through social media and its website, building loyalty around its Irish heritage, natural ingredients.



LO 14.4: Investigate the factors that impact on employee motivation.

(d) Describe **three** factors that impact on employee motivation in a workplace. (15 marks)

———— MARKING SCHEME ————

MS: 15m – 3 @ 5m (2+2+1). Factor stated (2), explained with reasons or causes (2), example or impact on workplace (1).

1. Pay and rewards

Fair pay and financial rewards encourage employees to work harder and feel valued. When staff are paid well and receive bonuses, they are more likely to stay motivated. Poor pay can lead to dissatisfaction and higher turnover.

2. Recognition and praise

Feeling valued boosts morale. When managers acknowledge good work through praise or awards, employees feel appreciated and continue performing well. A lack of recognition can lead to disengagement.

3. Career progression

Clear promotion paths and development opportunities give employees something to work towards. When staff can see a future within the business, they are more motivated to perform well and remain committed. A lack of progression opportunities can result in talented employees leaving.

Accept any well-outlined point including: pay and rewards, working conditions, teamwork, recognition and praise, career progression...

LO 1.2: Demonstrate how stakeholders interact and identify potential conflict between stakeholders.

(e) Outline **two** ways stakeholders in a business may interact and, for each, identify a potential conflict that could arise. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (2+3). Interaction outlined (2), conflict identified and explained (3).

1. Business owner and employees

Interaction: The owner sets pay, conditions, and direction. Employees carry out daily work.

Conflict: Dispute over pay or conditions. Employees may want higher wages while the owner needs to keep costs low.

2. Business and local community

Interaction: Business operates within a community, providing jobs and services.

Conflict: Expansion may increase noise or traffic. Community may object if it affects quality of life.



Question 4 (60 marks)

(a) Indicate whether each of the following statements is true or false by putting a tick (✓) in the correct box. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2m per correct answer.

1. False – A democratic leader consults employees; an autocratic leader makes decisions alone.
2. True
3. True
4. False – Greenwashing is when a business falsely claims to be sustainable.
5. True

LO 6.1: Identify examples of innovation, intrapreneurship, and entrepreneurship and explain the importance of innovation for business, the economy and society.

(b) Explain the importance of innovation for **both** business and the economy. (10 marks)

———— MARKING SCHEME ————

MS: 10m – 2 @ 5m (2+3 or 2+2+1). Importance stated (2), explained with development (3).

For Business: Competitive advantage

Innovation allows businesses to stand out by offering better or more unique products. This attracts more customers and increases market share.

For the Economy: Job creation and economic growth

Innovation drives productivity and creates new industries, leading to more jobs and higher incomes. Sectors like green technology and digital health contribute to Ireland's GDP.

Open LO. Accept any relevant point for business or economy.



LO 10.1: Outline the main elements that are key to the operational model of a business and explain why these may change over time.

LO 10.2: Identify the key costs and sources of finance for a business and explore why these may change over the lifecycle of the product or service.

All Real Nutrition is a Kerry-based business producing protein bars using natural ingredients. The company has grown from selling their bars at local markets to selling across Ireland, the UK, and international markets.

(c) (i) Outline the elements of the **operational model** for a business and explain why these may change as a business like **All Real Nutrition** grows. (15 marks)

(c) (ii) All Real Nutrition currently earns revenue through single transactions in retail stores. Suggest one other revenue stream it could use and how it would benefit All Real Nutrition. (5 marks)

———— MARKING SCHEME ————

MS: 15m – 3 @ 5m (2+2+1). Element named (2), explained (2), why it may change + applied (1).

Key Partners

Stakeholders that help the business operate. As All Real Nutrition grew from local markets to US export, its partners changed to include international distributors and packaging suppliers.

Key Activities

Main tasks like production and marketing. Activities evolved from small-batch production to large-scale manufacturing and international logistics.

Key Resources

The assets a business needs to operate. As All Real Nutrition grew from local markets to exporting, its key resources expanded from a small production facility in Kerry to larger manufacturing equipment and the technology needed to manage international orders and distribution.

MS: 5m (2+3). subscription / recurring revenue (2), benefit explained (3).

A subscription box service — customers pay a monthly fee to receive a regular delivery of protein bars. This would give All Real Nutrition a predictable, steady income each month rather than depending on individual retail purchases, making it easier to forecast production and manage cash flow.



LO 9.6: Evaluate the influence of ethics and sustainability on marketing.

Sculpted by Aimee is an Irish makeup brand founded by Aimee Connolly. The company is committed to cruelty-free testing and sustainable packaging.

(d) Evaluate the influence of ethics and sustainability on marketing for a business like Sculpted by Aimee. (20 marks)

— MARKING SCHEME —

MS: 20m – Evaluate = essay-style response. Award up to 6m per well-developed point (max 3 points = 18m). Overall judgement 2m. Points must cover both positive influences and challenges to earn full marks.

Builds trust and brand loyalty

Consumers are drawn to responsible brands. Cruelty-free and sustainable credentials build trust and repeat purchases.

Creates a competitive advantage

Ethical marketing helps stand out, appealing to eco-conscious buyers willing to pay more.

Challenge: Higher costs

Sustainable materials cost more, putting pressure on pricing and margins.

Challenge: Risk of greenwashing

Exaggerated claims risk backlash. Claims must be genuine and evidence-based.

Overall judgement

Largely positive – benefits of trust and differentiation outweigh cost challenges as demand for responsible business grows.

Open LO so accept any relevant points made. Evaluate requires both sides + overall judgement.



Question 5 (60 marks)

(a) Match each approach to appraisal in Column A to its correct description in Column B. (10 marks)

MARKING SCHEME

MS: 10m – 3,3,2,2 give 3m for first two correct answers.

1	2	3	4
C	D	B	A

LO 16.8: Explain what is meant by contingency planning in terms of crisis management.

LO 16.9: Discuss the factors that should be considered when developing a contingency plan.

(b) (i) Explain what is meant by contingency planning in terms of crisis management. (5 marks)

(b) (ii) Outline **two** factors that should be considered when developing a contingency plan. (10 marks)

MARKING SCHEME

MS: (i) 5m (2+3 or 3+2). Definition (2–3), context of crisis management (2–3).

(ii) 10m – 2 @ 5m (2+2+1). Factor named (2), explained (2), example (1).

(i) Contingency Planning

Preparing backup plans to deal with unexpected events or crises that could disrupt a business. It helps respond quickly, protect assets, and minimise damage.

(ii) Cost

Preparing for emergencies involves expenses like training and backup equipment. Must weigh costs against potential losses without a plan.

Risk

Not all threats are equally likely or serious. Focus on risks causing the most disruption first. Prioritising high-impact risks makes the plan practical.

Time

A plan should be ready in advance and regularly updated. Staff need to know how to respond immediately.

Spec names: cost, time and risk. Communication was added. Accept any two.



LO 8.5: Identify and compare the most common business models.

Second Captains is an Irish sports media company producing daily podcasts. A limited number of weekly podcasts are available for free each week with ads, while members can pay €5 a month for access to daily ad-free podcasts. The podcast launched its paid subscription service in February 2017 and within the first day had attracted 2,500 subscribers.

The Second Captains team originally produced and presented the Off The Ball show on Newstalk radio for eight years, winning nine PPI national radio awards.

(c) Identify the business model used by Second Captains. Choose another common business model and compare them under the headings '**revenue generation**' and '**how they deliver value to the customer**'. (10 marks)

———— MARKING SCHEME ————

MS: 10m – Models named (2), Revenue compared (4), Value compared (4).

Subscription (e.g. Second Captains)

Revenue: Recurring fee for continued access. Income is predictable.

Value: Ongoing access, personalised content, community.

Retail (e.g. Spar)

Revenue: Buys goods from wholesalers and sells with a markup.

Value: Convenience, variety, accessibility.

Spec names: retail, manufacturing, subscription, franchise, affiliate. Accept any two with comparison under both headings.



LO 11.2: Use Porter's five forces model to identify and analyse competition in the market and use these findings to identify the competitive advantage of a business.

McDonald's is one of the world's largest fast food chains, operating over 40,000 restaurants across more than 100 countries, including over 100 locations in Ireland. The business operates primarily through a franchise model, where individual owners run restaurants under the McDonald's brand and system. McDonald's supplies its franchisees with ingredients, packaging, and equipment through a network of approved suppliers. Customers can order in-store, through self-service kiosks, via the McDonald's app, or through delivery platforms such as Deliveroo and Just Eat. The fast food market in Ireland includes well-established competitors such as Burger King, KFC, and Subway, as well as a growing number of independent burger and chicken restaurants.

(d) Analyse the competitive environment for **McDonald's** using *Porter's five forces model*. Based on your analysis, identify **McDonald's** competitive advantage. (25 marks)

MARKING SCHEME

MS: 25m – 5 forces @ 4m each (2+2). Competitive advantage (5m).

Forces are named in the question. Per force: level of threat identified / explained with reference to the industry (2), applied to McDonalds (2).

Competitive advantage (5m) must follow from the analysis and explain what sets McDonalds apart.

1. Rivalry among existing competitors — High

The fast food market is highly competitive with well-established chains such as Burger King, KFC, and Subway competing directly with McDonald's, as well as a growing number of independent restaurants entering the market.

2. Threat of new entrants — Low

Independent burger and chicken restaurants are entering the Irish market, but the scale and brand recognition required to grow to compete with an established chain like McDonald's makes it difficult for new entrants to pose a serious threat.

3. Bargaining power of buyers — Low

Customers have plenty of choice between McDonald's and its competitors, but individual buyers purchase in small amounts and have little power to influence pricing or menu decisions.

4. Bargaining power of suppliers — Low

McDonald's have strong bargaining power as they need so much materials beef, dairy etc... Suppliers depend on McDonald's for large, consistent orders, giving McDonald's strong negotiating power.

5. Threat of substitute products — High

Customers can easily choose alternatives including other fast food chains, independent restaurants, or ordering through delivery platforms such as Deliveroo and Just Eat.

Competitive Advantage McDonald's competitive advantage is its brand recognition, operating over 40,000 restaurants across more than 100 countries with a consistent customer experience.

LO 11.2. All five forces must be addressed. Accept any well-developed analysis with level of threat identified and competitive advantage clearly drawn from the analysis.