GCSE
BUSINESS
8132/2

Paper 2 Influences of marketing and finance on business activity

Mark scheme

June 2020

Version: 1.0 Final Mark Scheme

Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

Further copies of this mark scheme are available from aqa.org.uk

Copyright © 2020 AQA and its licensors. All rights reserved.

AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

The own figure rule

General principle: The own figure rule is designed to ensure that students are only penalised once for a particular error at the point at which that error is made and suffer no further penalty as consequence of the error. Where the own figure rule is to be applied in a mark scheme, the symbol OF is used.

Section A

Total for this section: 20 marks

Multiple Choice Questions

Question number	Answer
1.1	A
1.2	D
1.3	B
1.4	A
1.5	C
1.6	B

01.1 – 01.6 = AO1 × 6 **[1 mark for each correct answer]**

1.7	Explain what is meant by the term 'economies of scale'. **[2 marks]**

Marks for this question: AO1 – 2

1 mark for giving limited description and 1 mark for some development.

Answers may include:
- unit cost reduces
- example, eg bulk buying or technical.

Example of a developed answer
Economies of scale arise because unit costs fall (1) as output increases (1).

The individual cost of a product falls (1), for example due to bulk buying (1)

1.8	Identify **two** ways business activity can have an impact on the environment. **[2 marks]**

Marks for this question: AO1 – 2

1 mark for each correct impact on the environment identified up to a maximum of 2 marks.

Answers may include:
- impact on traffic congestion
- disposing of waste
- noise pollution
- air pollution.
- excess packaging/recycled packaging
- destruction of natural environment/habitat

Markers Note

Do not accept pollution on its own

1.9	Explain **one** way a business can minimise risk. **[2 marks]**

Marks for this question: AO1 – 2

1 mark for identifying a way a business can minimise risk and 1 mark for some development.

Answers may include:
- preparing a business plan
- training employees
- market research.
- risk assessment

Example of a developed answer
Conducting market research (1) to prevent launching a product there is no demand for (1).

Markers Note

Do not accept reference to health and safety law.

1.10	Explain **one** way that promoting a good or service can increase sales. **[2 marks]**

Marks for this question: AO1 – 2

1 mark for identifying one way that promoting a good or service can increase sales and 1 mark for explaining how or why this leads to sales.

Answers may include:
- inform/remind customers about the product
- create or change the image of the product
- persuade customers to buy the product.
- increase target market

Example of a developed answer
To show customers the features of a new product (1) which will help to persuade them to purchase it (1).

1.11	Use the break-even chart below to calculate the margin of safety in units if the actual number of units sold was 700. Show all workings. **[2 marks]**

Marks for this question: AO2 – 2

300 (2)

Method
700 – 400 (1) OFR = 300 (1)

Markers note

Please accept an attempt to calculate margin of safety in revenue eg, 1750-1000 = £750 (1) a maximum of one mark can be achieved.

1.12	State and explain **two** extension strategies that can extend the life cycle of a product. **[4 marks]**

Marks for this question: AO1 – 4

1 mark for knowledge of an extension strategy and 1 mark for explaining how the strategy leads to higher sales x 2.

Answers may include:
- updating packaging
- adding more or different features
- upgrading the product
- changing target market
- advertising
- price reduction.

Example of a developed answer
Reducing the price (1) to make the product better value for money and increase sales (1).

Section B

Total for this section: 34 marks

2.1	Identify the business sector that provides services to customers. **[1 mark]**

Marks for this question: AO1 – 1 mark

Tertiary (1)

2.2	Calculate the average number of TradeUp stores opened each year from 2017 to 2019. Show all workings. **[2 marks]**

Marks for this question: AO2 – 2 marks

32 (2)

Method
150 – 86 = 64 (1)
64/2 = 32 (1) OFR

2.3	Analyse **one** benefit for TradeUp of expanding through franchising. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding are applied to the context.
0	**0**	Nothing written worthy of credit.

Answers may include:

Application:
- Rapid growth – **growing market, average number of stores OFR, limited funds**
- Costs savings - **TradeUp has limited funds, franchisees invest £150 000**
- Increase income/sales - **TradeUp receives a 7% royalty fee which is taken from the franchisee's revenue, encourages franchisees to suggest new ways to increase revenue**

Example of a Level 3 developed answer
TradeUp requires an initial investment of £150 000 from each franchisee. This means that TradeUp can expand despite having limited funds available. If it had to finance all new stores itself then the rate of growth would have been much slower. For example, TradeUp were only able to open 20 stores between 2002 and 2015, but once it began to offer franchise opportunities, TradeUp opened an additional 66 stores between 2015 and 2017. TradeUp also use the investment to pay for management training which means that franchisees can run their stores effectively and provide high levels of customer service.

2.4	Amelia is considering using a focus group of six customers to gain feedback on her idea. Advise Amelia whether it is a good idea to use a focus group for her research. Give reasons for your advice. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**4–6**	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding are applied to the context.
0	**0**	Nothing written worthy of credit.

Indicative content:

Application	Analysis/evaluation
Amelia is going to pay a small fee to participants	Amelia may be able to encourage more customers to participate in her focus group if she offers a small payment. People will be giving up their time to help her and so it is reasonable that she offers a payment in exchange for this. The payment may also motivate people to contribute more during the focus group. Amelia should ensure that any fees are paid after the focus group has taken place to prevent customers from not turning up. Amelia must also plan exactly how she wants the focus group to run so that she is able to collect all of the information she needs, otherwise she may have to conduct a second group which would cost more money.
Focus group will be made up of Amelia's regular customers	By using her current customers, it will be quick to organise the focus group and Amelia is able to question people that already understand how TradeUp works. This means that Amelia would not have to spend time explaining the business to them and could concentrate on finding out whether her new idea is popular. However, if she is too friendly with her current customers then they may be biased towards Amelia and TradeUp and not want to be negative about her idea. This would make the findings of the focus group inaccurate and could lead to Amelia making poor decisions about the new products she sells.

Amelia has previously used questionnaires	Amelia has tried to conduct primary market research in the past by producing questionnaires for her customers to fill in. These were placed next to the till in her TradeUp store, but had a very low response rate. Customers would not have wanted to complete a questionnaire whilst they were paying for goods so may have taken one home and not returned it. As Amelia has had a negative experience with questionnaires it makes sense that she would want to try a different method of primary market research to gather opinions on her idea. A focus group would be a much quicker way to gather a feedback in a short amount of time, which is what she wants. Amelia spent four weeks trying to gather her questionnaire data without much success.
Amelia needs market research to back up her idea	If Amelia can show that there is a demand for TradeUp to sell small home appliances, then there is a better chance of her idea being taken seriously by TradeUp. TradeUp have 150 stores in the UK and this could mean they get hundreds of ideas pitched to them each year. Conducting a focus group shows that Amelia is passionate about her idea and could make her idea stand out to TradeUp. Amelia would be able to build her findings into her presentation.

Evaluation/Conclusion

- Amelia's ability to organise and run the focus group is a factor. Amelia is already very busy running her store and has no experience of running a focus group. If she is unprepared she will have wasted her time and money
- Amelia only plans to run one focus group with six participants. It is unlikely that this will be representative of her whole group of customers and so the information could be misleading. It may be better for Amelia to create another questionnaire now that she understands the pitfalls from her first attempt.

2.5	Explain **one** factor that influences pricing decisions. **[2 marks]**

Marks for this question: AO1 = 2 marks

1 mark for identification of a factor that influences pricing decisions and one mark for explaining how the factor influences pricing decisions.

Answers may include:
- costs
- nature of the market e.g. demand
- degree of competition
- product life cycle
- supply/availability of products.
- Location
- Quality of product

Example of a developed answer
A business that has no competition (1) can determine its own prices as it does not have to worry about being cheaper than the competition (1).

2.6	Amelia is aiming to reduce cost of sales in 2021 so she can improve her gross profit. She predicts her sales revenue will stay the same. Calculate the difference in the gross profit margin between 2020 and 2021 if Amelia increases gross profit by 25%. State the formula for gross profit margin and show your workings. **[5 marks]**

Marks for this question: AO1 = 1 mark, AO2 = 4 marks

1 mark for correct identification of gross profit margin formula.
4 marks for calculation.

Answer = 10% (4)

Gross Profit Margin = Gross Profit/Sales Revenue x 100 (1) **or** GP/SR X 100 (1)

<u>Method</u>
2021 Gross Profit = 56 x 1.25 = 70 (1)
2020 Gross Profit Margin = (56/140) x 100 = 40% (1)
2021 Gross Profit Margin = (70/140) x 100 = 50% (1) OFR

Difference = 10% (1) OFR

2.7	Recommend whether Amelia should relocate her TradeUp store from the town centre to the retail park. Give reasons for your answer. **[9 marks]**

Marks for this question: AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
3	**7–9**	**Detailed analysis and evaluation of topics based on the context** • Sustained line of reasoning, which is coherent, relevant, substantiated with a focused conclusion that is fully justified. • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**4–6**	**Sound analysis and evaluation of topics based on the context** • A line of reasoning, with a conclusion that has some justification. • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic analysis and evaluation of topics based on the context** • Basic line of reasoning with a conclusion. • Basic analysis of business areas. • Basic knowledge and understanding are applied to the context.
0	**0**	Nothing written worthy of credit.

Indicative content:

Application	Analysis/evaluation
Amelia is currently located in a busy town centre	Proximity to market is an important factor of location for Amelia, as a store like TradeUp should be near to potential customers and passing trade. Her current location has provided Amelia with lots of regular customers who like the convenient location of TradeUp. If someone has a DVD to sell to TradeUp, they are unlikely to want to travel to an out-of-town location because it would probably not be worth it for the money they will make. People now have lots of options for buying and selling goods and if her store is not in a convenient location then customers are more likely to use eBay or Marketplace to trade their goods.
No direct competition, but another retailer soon to offer a similar buy/exchange service	As Amelia has never had any direct competition this means that anyone in the local area wanting to buy, sell or exchange their goods with a high street retailer would have used TradeUp. This has given Amelia lots of regular customers who return to TradeUp. Although another retailer is due to offer a similar service, Amelia is experienced in this market and if she continues to offer the same service, they should stay loyal to her. The new competition may also have an impact on the buying and selling prices at Amelia's TradeUp store. She might have to pay more for goods being traded in and lower her selling prices in order to remain competitive.

Retail park is an out-of-town location	Customers currently like the convenience of Amelia's store being in the town centre. It allows them to pop in when they are already in town visiting other shops. Moving to an out-of-town location would mean that people would have to make more of an effort to visit TradeUp, so they are likely to go less often, especially if the retail park does not have any other stores they want to visit. Customers may choose to use an alternative online trade in service if they do not want to travel to the retail park. There is a bus link that goes to the retail park every hour but waiting for an hour for a bus would inconvenience customers used to walking into town to visit TradeUp. There is also the additional cost of taking the bus as well as the time this would take.
Retail unit is much bigger than current store with lower rent	Amelia could use the extra space to redesign her store and make it more attractive to customers. Having to pay £275 less rent a month (£3300 per year) would reduce Amelia's costs, however it is likely that she would have to spend any spare money on marketing to attract customers to her out-of-town location as she would have less passing trade. As rent is a fixed cost Amelia must pay this no matter how much revenue she makes, therefore lower is an important factor to consider.

Evaluation/Conclusion

- Amelia must consider whether the reduction in rent at the retail park is big enough to justify losing the convenience of her current location and her regular customers.
- Moving to the bigger store at the retail park would incur other costs for Amelia, such as buying extra fixtures and fittings and recruitment costs – will she make enough revenue to cover this?
- Does Amelia need the additional space that the retail store offers? Although the rent is lower, she will have to spend more on fixtures, fittings and stock to fill the store.

Section C

Total for this section: 36 marks

3.1	Explain **one** way that shareholders can have an impact on a business. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for giving limited description and 1 mark for some development.

Answers may include:
- business objectives – focus on profit to receive high dividends
- owners of the business – vote in major business decisions/new ideas
- provide further investment – source of finance/expansion

Example of a developed answer
Shareholders provide investment (1) so that a business can expand and produce more goods (1).

3.2	Using **Item C**, explain **one** way that Devine Jewellery is able to compete successfully internationally. **[2 marks]**

Marks for this question: AO2 – 2 marks

1 mark for applying knowledge of a way Devine Jewellery is competing successfully internationally and 1 mark for some development of how this allows them to compete successfully internationally (1).

Answers may include:
- better designs/USP – **personalisation of products, high quality gold/gemstones**
- higher quality products – **high quality gold/gemstones**
- brand name – **personalisation of products, high quality gold/gemstones**

Example of a developed answer
Devine Jewellery produces very high-quality jewellery using gold and gemstones (1). This makes them stand out from the competition globally (1).

3.3	Use the information in **Item C** to calculate the percentage decrease in the selling price of a bracelet if it is made from silver instead of gold. Show all workings. **[2 marks]**

Marks for this question: AO2 – 2 marks

75% (2)

Method
4700 – 1175 = 3525 (1)
3525/4700 x 100 = 75% (1) OFR

3.4	Analyse **one** potential impact of the new jewellery collection on Devine Jewellery. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding are applied to the context.
0	**0**	Nothing written worthy of credit.

Answers may include:

Application:
- USP - **the personalised gold jewellery**
- brand image - attracts **wealthy customers, silver jewellery will have a lower price point, high-quality gold and gemstones**
- lower costs - **silver jewellery compared with gold**
- competition - **lots of businesses sell silver jewellery, competitive market**
- target different customers - **silver jewellery will allow DJ to target a new segment of the market**

Example of a Level 3 developed answer
DJ currently has an exclusive brand image and USP which makes the business stand out from the competition. Dev only uses high quality gold and gemstones in his jewellery, and this has attracted wealthy customers from all over the world who want jewellery that is different to other products in the market. Using silver to produce his next jewellery collection will mean his jewellery no longer has a USP. Therefore, the jewellery will not be seen as special or exclusive by customers, and they may decide to go to a competitor who is able to provide personalisation and gemstones.

3.5	Explain **one** way a business can use digital technology to communicate with customers. **[2 marks]**

Marks for this question: AO1 – 2 marks

1 mark for identifying a method/way that digital technology can communicate and 1 mark explaining how this communicates with customers.

Answers may include:
- email – order confirmations/relay information, eg promotions
- text message – delivery updates/instant one-way
- webchat – instant messaging with feedback
- social media – new product information/comments/feedback

Example of developed answer
A business can use text messages (1) to keep customers updated on delivery times (1).

3.6	Explain **one** way that Devine Jewellery will be affected if the exchange rate of the pound falls against other currencies. **[4 marks]**

Marks for this question: AO1 – 2 marks AO2 – 2 marks

Level	Marks	Description
2	**3–4**	**Sound understanding and application of the topics** • Applies knowledge and understanding to the context sufficiently. • A sound understanding of one or more business concepts and issues.
1	**1–2**	**Basic understanding and application of the topics** • Applies basic knowledge and understanding to the context. • A basic understanding of one or more business concepts.
0	**0**	Nothing written worthy of credit.

Answers may include:
- imports become more expensive – **purchase of diamonds from India**
- more pounds need to buy foreign currency - **purchase of diamonds from India**
- higher cost of raw materials - **purchase of diamonds from India**
- less foreign currency to buy pounds – **sale of jewellery to US**
- exports become cheaper - **sale of jewellery to US**
- higher sales of exports - **sale of jewellery to US**

Example of a developed answer
More pounds are needed to buy foreign currency and so when purchasing the diamonds from India then the cost will increase. This means that importing becomes more expensive for the business. If they can't buy the diamonds in the UK or find a cheaper supplier their costs will rise.

3.7	Analyse **one** benefit to Devine Jewellery of using sponsorship of the fashion show to promote its jewellery. **[6 marks]**

Marks for this question: AO2 – 3 marks AO3 – 3 marks

Level	Marks	Description
3	**5–6**	**Detailed analysis of topics based on the context** • Business areas are fully analysed. • Applies knowledge and understanding to the context sufficiently.
2	**3–4**	**Sound analysis of topics based on the context** • Business areas are partially analysed. • Applies some knowledge and understanding to the context.
1	**1–2**	**Basic analysis of topics based on the context** • Basic analysis of business areas. • Basic knowledge and understanding are applied to the context.
0	**0**	Nothing written worthy of credit.

Answers may include:

Application:
- improved competitiveness - **competition have been sponsoring events to promote their brands**
- promotion of the brand/brand image – **fashion show streamed live and televised, models wearing DJ's collection**
- target market - **Devine and the British designer both produce expensive goods so will attract same target market**
- competing globally - **DJ are a global business, designer is world-famous, expensive clothing range, fashion show will attract reporters and photographers from around the world**

Example of a Level 3 developed answer
As the fashion show will attract customers who are wealthy this will therefore promote the brand image for DJ. As the models in the fashion show will be wearing jewellery from the DJ collection alongside the expensive clothing it will create more desire for the jewellery brand in its target market. This will be more effective than advertising to their wealthy customers through magazines as more people will be reached as the fashion show will attract reporters and photographers from around the world.

3.8	Dev wants to improve the financial performance of Devine Jewellery. Dev is considering **two** options to achieve this. Recommend whether Devine Jewellery should: • use the hotel chain as a channel of distribution to sell its jewellery • remove the current credit scheme so that customers can no longer pay for jewellery in monthly instalments. Analyse the effect of **each** of these **two** options on Devine Jewellery. Evaluate which of these **two** options will have the biggest impact on the future success of Devine Jewellery. **[12 marks]**

Marks for this question: AO1 – 3 marks AO2 – 3 marks AO3 – 6 marks

Level	Marks	Description
4	**10–12**	**Developed integrated analysis and evaluation of topics with sustained judgement based on context.** • An integrated line of reasoning, which is coherent, relevant, with a conclusion with the area which has been impacted on the most has been fully justified. • Interdependent nature of business areas are fully analysed. • Applies knowledge and understanding to the context and successfully draws together several functional areas of business.
3	**7–9**	**Detailed analysis and evaluation of topics based on the context**. • A line of reasoning, which is coherent, relevant, with a conclusion that is justified. • Different business areas are analysed independently or the interdependent nature of business areas is partially analysed. • Applies knowledge and understanding to the context and starts to draw together several functional areas of business.
2	**4–6**	**Sound analysis and evaluation of topics in isolation of their interdependence based on the context.** • A line of reasoning, with a conclusion that has some justification. • One business area is analysed independently. • Applies some knowledge and understanding to the context.
1	**1–3**	**Basic generic discussion of topics.** • A basic understanding of business concepts in isolation. • A basic understanding of one or more business concepts. • Partial relevance to the question.
0	**0**	Nothing written worthy of credit.

Indicative content:

Understanding	Application	Analysis/evaluation
Brand image must be managed carefully if it is to be maintained	DJ must maintain its luxury brand image and high-quality customer service	Selling through the hotel chain will reduce the amount of control that Dev has. Dev can inspect the hotels to check the appearance of the shop and customer service skills of employees before agreeing to allow them to sell his jewellery. However, he cannot check that standards are maintained day-to-day. If the standards of the hotel become lower than what DJ customers expect then this will have a negative impact on the reputation of the business and its sales will decline.
Selling through retailers gives businesses access to new markets	The hotel chain has over 100 luxury properties around the world that have a shop	By allowing the hotel to sell its products Devine will reach more customers in more places than it currently does. As the hotel chain already has a store that sells jewellery, DJ will not have to pay any set up costs and the staff will have experience of selling jewellery items. As it is a luxury hotel chain Dev can be confident that standards will be high and this fits with the brand image of DJ. As more potential customers will be exposed to the DJ brand sales revenue will increase, having a positive effect on the future success of DJ.
Factors, such as costs, affect the pricing decision	The hotel would want to add 20% to the selling price of each piece of jewellery	If the hotel adds 20% to the selling price of each item of jewellery, then customers may be unhappy if they see the same item on sale in a DJ store at a cheaper price. This will put them off purchasing the jewellery from the hotel and they might just decide to buy something from one of the less expensive brands also on sale in the hotel shop. Selling products at a higher price in the hotels could mean that customers no longer trust the DJ brand.
Offering credit can positively affect sales revenue	Credit has enabled more customers to purchase jewellery costing £2000 or more	Being able to pay for an expensive jewellery item in instalments has made DJ more affordable for many people. This means that DJ can attract customers who do not usually have enough money to pay the full amount at the time of purchase. Removing this offer will have a negative effect on future success as some customers will no longer be able to shop at DJ and will instead choose the competition who still offer credit options.

What does it depend on? Evaluation and integration

- If the increase in sales revenue from selling through the hotel chain can cover any additional costs incurred.
- If DJ can produce enough jewellery to supply the hotel chain.
- DJ cannot remove the credit scheme until current customers have repaid their ten instalments.
- Whether the jewellery will be promoted by the hotel chain.
- Shareholders will want a say in any decision making.