

Examiners' Report
June 2013

GCE Business Studies
6BS02 01

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Introduction

Candidate performance in this series was stronger than in the January 2013 series. In particular there was evidence of good quality work in the higher mark questions on Section B, especially on questions 10, 11 and 12. There were fewer candidates with outstanding performances on Section A, where, once again, candidates appeared comfortable with questions requiring calculations and less comfortable with Q6, which required them to select a 'least likely' response.

Further evidence of better candidate preparation could be found throughout the paper. For example, on Section A questions, a large majority of candidates attempted to make separate points when discounting distracters, rather than bunching responses together; eg A is wrong because... B is wrong because... rather than A and B are wrong because... On Section B there was a greater focus on context, and if this was not always successful, at least the method was much improved. There was little evidence to suggest that candidates struggled with the time allocation - as most of them completed the paper.

Question 1

Many candidates started with a definition of sales or falling sales and this was a good way to ease into the paper. Those candidates who performed particularly well identified that the opening of a library within the public house was designed to attract more customers; and those customers who would perhaps not venture in at all, but who whilst there, consumed some beer or more beer. Understanding of why A (price elasticity is likely to rise) was poor, and there was also some misunderstanding of what the public house was selling. Candidates who performed poorly on this question, in many cases, were the same candidates who gave poor answers to question 3 and question 6.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

- 1 (a) The George and Dragon public house in North Yorkshire has seen its sales fall. It recently opened a small library within the public house.

The reason for doing this was to increase the

(1)

- A price elasticity of beer
- B sale of books
- C brand awareness of alcoholic products
- D amount of beer sold

Answer

- (b) Explain your answer.

(3)

Opening a library in the public house will attract more customers there as there is another attraction. This will then make them more likely to get more sales as the people will be there and may have a drink. This therefore increases the amount of sales. They aren't interested in selling books, a library only rents them and it is not their objective. Sales fell means less purchases are being made by customers.



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Examiner Comments

This candidate immediately recognises that opening a library will attract more customers and provides a link to achieving greater sales. Two marks scored. There is a definition of falling sales and an explanation of why distracter B is wrong. Full marks awarded.

- 1 (a) The George and Dragon public house in North Yorkshire has seen its sales fall. It recently opened a small library within the public house.

The reason for doing this was to increase the

(1)

- A price elasticity of beer
- B sale of books
- C brand awareness of alcoholic products
- D amount of beer sold

Answer

D

- (b) Explain your answer.

(3)

Sales is the income or revenue a business gets by selling goods or service. Option D is correct as opening a library may bring more customers and add value to the product. As more customers come more beer amount of beer sold will increase. Option B is incorrect as this is a library and not a book store to increase sale of books. Only books can be used there or borrowed not sold.



ResultsPlus

Examiner Comments

This candidate starts with a definition of a key term - 1 mark. This is immediately followed by a contextualised reason for opening the library - to bring in more customers who will then purchase beer. For good measure there is an explanation of why distracter B is incorrect. Full marks.



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Examiner Tip

There is always a knowledge mark available in supported multiple choice questions. A definition of a key subject related term in the question or stem will achieve this. A definition of a term from an incorrect response will not gain a mark.

Question 2

Part (a) of this question was the most correctly answered response on Section A of the paper. Marks were generally high on this question with many candidates recognising what a patent was and what it was used for. The only downside was that candidates often copied out the correct response, word for word, without adding to it, presumably expecting a further mark for doing so.

- 2 (a) Anthony Lau, founder of the London based Cycle Hoop firm, has patented an invention for a new bicycle lock.

The **most likely** reason for Anthony doing this is to

(1)

- A increase the number of cyclists in London
- B prevent other inventors from patenting their own designs
- C prevent others from copying his design
- D reduce the number of cycle thefts in London

Answer

D

- (b) Explain your answer.

(3)

A partnership is where two company's join together in order to make a profit to make a product and take equal share of profits. The answer is D as ^{Bike} locks are to keep bikes safe and that would be the prime reason for an invention of a bike lock. The answer would not be C as this has already been a copycat product with other company making them. It might be A however I don't think bike locks would necessarily get more people on a bike so rule that one out.

(Total for Question 2 = 4 marks)



ResultsPlus

Examiner Comments

It is not often that a response that scores zero is included in this report but here the candidate does not even mention the word patent in the answer, neither do they provide any knowledge of the relevant area of the specification. The word partnership is mentioned at the beginning. If this is confused with patent then the candidate has little chance of performing well.



ResultsPlus

Examiner Tip

Read the question carefully

- 2 (a) Anthony Lau, founder of the London based Cycle Hoop firm, has patented an invention for a new bicycle lock.

The **most likely** reason for Anthony doing this is to

(1)

- A increase the number of cyclists in London
- B prevent other inventors from patenting their own designs
- C prevent others from copying his design
- D reduce the number of cycle thefts in London

Answer

C

- (b) Explain your answer.

(3)

A patent protects unique aspects of a company's product. A patent has to be applied for and can last up to 7 years. Answer is "C" because this new lock is unique to the market. The new invention is now a USP for the company as this invention has not been done before. If other competitors also use this design then the cycle company will be missing out on potential sales generated by being different, this is the main reason why companies apply for patents. Answer not "B" because a patent can not stop other companies from patenting their own unique designs as well.

(Total for Question 2 = 4 marks)



ResultsPlus
Examiner Comments

A confidently written answer explaining what a patent is, what its purpose is and what benefits the inventor gains from it. There is also an explanation of why distracter B is wrong. Full marks. Patents have different lengths and as we do not mark negatively the time span of 7 years is ignored.

Question 3

This question was poorly answered despite the topic holding a prominent position in the specification. Many candidates attempted to define marketing objective and many failed. Three of the four possible answers were equally popular. These included 'increasing cash flow, which is a financial objective rather than a marketing objective, and 'mass market', whilst appearing to be understood as a concept, was chosen as an answer despite the business having a turnover of only £20,000. Those candidates who chose the correct option, often failed to score 3 marks in part (b).

- 3 (a) Mary Lewis manufactures jewellery of African design in the UK. Her sales revenue in 2011 was £20 000.

Which **one** of the following is **most likely** to be one of Mary's marketing objectives?

(1)

- A Grow into the mass market
- B Maintain market share
- C Increase cash flow
- D Decrease advertising spend

Answer

B

- (b) Explain your answer.

(3)

A marketing objective is set to help a business use marketing to achieve a specific goal or objective. Because African design jewellery is a niche market in the U.K, maintaining market share is key so that she can continue to run her business and make a profit.



ResultsPlus Examiner Comments

The candidate answers correctly and provides a sound definition of a marketing objective. A second mark is achieved for stating that the market for African jewellery is a niche market and that because of this she should seek to maintain her share of that market.



ResultsPlus Examiner Tip

The information provided to candidates is designed to help them get the correct answer. They should reflect on this before rushing to complete their response.

- 3 (a) Mary Lewis manufactures jewellery of African design in the UK. Her sales revenue in 2011 was £20 000.

Which **one** of the following is **most likely** to be one of Mary's marketing objectives?

(1)

- A Grow into the mass market
- B Maintain market share
- C Increase cash flow
- D Decrease advertising spend

Answer

C

- (b) Explain your answer.

(3)

Sales revenue is the money received from the sales that customers make. The answer is C because the ~~main~~ marketing objectives ~~often~~ usually include trying to increase cash flow because that's an ~~incentive~~ incentive. The answer is not A because what she sells is very specific and therefore therefore is aimed at a niche market not a mass market. The answer is not B because she would ideally want to increase market share not maintain a steady level.



ResultsPlus Examiner Comments

The candidate answers incorrectly on part (a) but despite further errors is able to score 2 marks, initially for a definition of sales revenue and then for explaining why distracter A is incorrect.

Question 4

This question was well answered by most candidates. Few candidates scored below three marks. Many scored all four marks, being able to define one of the key concepts as well as displaying a working knowledge of the elements of cash flow forecasting needed in order to complete the calculation.

Questions 4 and 5 relate to the cash flow forecast below.

- 4 (a) Chris Binks' hobby of painting model soldiers has provided him with a business opportunity to sell them. In his business plan he prepared the following cash flow forecast.

£	January	February	March	
Cash Inflows:				
Sales	3 000	5 000	6 000	6600
Cash Outflows:				
Production Materials	600	1 000	1 200	
Wages	1 500	1 750	1 750	
Overheads	900	900	800	
Total	3 000	3 650	X	4000
Net Cash Flow	-	1 350	Y	
Opening balance	2 500	2 500	3 850	
Closing balance	2 500	3 850	Z	

Which **one** of the following is the Net Cash Flow (Y) for March?

(1)

- A 2 250
- B 3 750
- C 3 850
- D 6 100

Answer A

- (b) Explain your answer (show your workings).

(3)

Net cash flow = sales - (fixed + variable costs)

$$x = 1200 + 1750 + 800$$

$$x = 3750$$

$$6000 - 3750 = 2250$$

Cash flow refers to money coming in and out of a business bank account.

(Total for Question 4 = 4 marks)



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Examiner Comments

The candidate did as requested, showing the workings, enabling two marks to be given. A third mark was awarded for explaining that, in this context, net cash flow was the difference between the sales revenue and that of total costs.



ResultsPlus

Examiner Tip

Always show workings because, even if the eventual answer is incorrect, there may be marks awarded for getting part of the calculation right.

Questions 4 and 5 relate to the cash flow forecast below.

- 4 (a) Chris Binks' hobby of painting model soldiers has provided him with a business opportunity to sell them. In his business plan he prepared the following cash flow forecast.

£	January	February	March
Cash Inflows:			
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Cash Outflows:			
Production Materials	600	1 000	1 200
Wages	1 500	1 750	1 750
Overheads	900	900	800
Total	3 000	3 650	X 3 750
Net Cash Flow	-	1 350	Y
+ Opening balance	2 500	2 500	3 850
→ Closing balance	2 500	3 850	Z

Which **one** of the following is the Net Cash Flow (Y) for March?

(1)

- A 2 250
- B 3 750
- C 3 850
- D 6 100

Answer

A

- (b) Explain your answer (show your workings).

(3)

Net cash flow = cash inflows - cash outflows.

$$\therefore 6,000 - 3,750 = \text{£}2,250$$

\therefore A must be the correct answer.

(Total for Question 4 = 4 marks)



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Examiner Comments

A textbook answer which included a definition of net cash flow and the correct calculations to go with it.

Question 5

This question was well handled by the vast majority of candidates. Examiners were instructed to award calculation marks when the figures were correct, even though the process of calculation could not be seen.

- 5 (a) Assume that in March Chris's sales had been 10% higher than forecast and cash outflows were £4 000, what would the closing balance (£) be?

(1)

- A £2 600
- B £3 850
- C £6 450
- D £6 600

Answer

C

- (b) Explain your answer (show your workings).

(3)

$$6,000 \times 10\% = 600 = 6600$$
$$6600 - 4000 = 2600$$

$$3850 \text{ (Feb closing balance)} + 2600 \text{ (net cashflow)}$$
$$= \underline{\underline{6450}}$$



ResultsPlus Examiner Comments

Rather surprisingly some candidates struggled to calculate 10 per cent of £6,000 but this candidate was not one of them, gaining all three part (b) marks.

- 5 (a) Assume that in March Chris's sales had been 10% higher than forecast and cash outflows were £4 000, what would the closing balance (Z) be?

(1)

- A £2 600
B £3 850
C £6 450
D £6 600

Answer

C

- (b) Explain your answer (show your workings).

(3)

$$6000 \div 10 = 600$$

$$6000 + 600 = 6,600$$

The closing balance is how your account looks at the end of the month

$$6,600 - 4000 = 2600$$

£6450

$$2600 + 3850 = 6,450$$

I divided Chris budget forecasted income to get a new cash inflow then took away his outflows.

Then I added his starting balance for that month and his new cash inflows to get my answer

(Total for Question 5 = 4 marks)



ResultsPlus

Examiner Comments

One of many candidates to provide a running commentary on their choice of figures and what they represented, this person adopted a belt and braces approach in order to achieve full marks.

Question 6

Many candidates provided clear and well expressed responses to this question, some replicating the reasoning provided in the mark scheme. Others struggled with the format of being asked which of the responses was 'least likely' to be the result of flexible working. The context of the question provided an example of flexible working but many candidates appeared reluctant to use 'working from home' as part of the explanation of flexible working.

- 6 (a) HSBC Bank believes in flexible working and has given one third of its UK staff the choice to work from home.

Which **one** of the following is the **least likely** consequence of working from home?

(1)

- A Lower rate of absenteeism
- B Higher productivity
- C Better staff retention
- D Reduced communication problems

Answer

D

- (b) Explain your answer.

(3)

flexible working is, ^{for example} the willingness and ability of staff to rotate and change job roles and tasks and work irregular hours

D is correct as if more people are working from home, then the manager or whoever it is that tells them what to do can't tell them straight away as ~~that~~ they're not physically near the manager or in the ~~store~~ bank meaning communication can take longer as phone calls have to be made or emails have to be sent in order to

(Total for Question 6 = 4 marks)

Communicate which takes longer **TOTAL FOR SECTION A = 24 MARKS**
than talking face to face.

C is incorrect as working from home means that staff are happier and more motivated and therefore more likely to work from home.



ResultsPlus

Examiner Comments

A well crafted and confidently written answer which included a good definition, a carefully argued reason why working from home may lead to communication problems (and therefore was the least likely benefit of this type of flexible working), followed by a good explanation of why distracter C was incorrect.



ResultsPlus

Examiner Tip

The method chosen by this candidate in answering this question, ie a definition, a reason for the chosen response and an explanation of a distracter is more frequently becoming a preferred route to three marks.

- 6 (a) HSBC Bank believes in flexible working and has given one third of its UK staff the choice to work from home.

Which **one** of the following is the **least likely** consequence of working from home?

(1)

- A Lower rate of absenteeism
- B Higher productivity ✓
- C Better staff retention
- D Reduced communication problems

Answer

D

- (b) Explain your answer.

(3)

Flexible working is allowing employees to work odd or flexible working hours or place to give employees more autonomy and control on their life and work. This makes employees more happy and believe can increase productivity. As time of going to work is ~~is~~ more flexible and may even be chosen by employees, rate of absenteeism would decrease and employees more likely to stay in the company to continue working. Better staff retention as they feel comfortable and being respected for their wishes. However, it is difficult for ~~team~~ work, level of (Total for Question 6 = 4 marks)

communication between ~~the~~

TOTAL FOR SECTION A = 24 MARKS

colleagues or employees and manager may decrease. This increases communication problems. So answer is D.



ResultsPlus
Examiner Comments

Although this candidate does not adopt the approach of specifically stating that 'A is wrong because...' the answer provided is clear enough due to the sound explanation. Coupled with this is a good explanation of what flexible working entails and an explanation of why there may be communication difficulties.

Question 7

There is ample evidence in the case study to assist candidates in explaining, in context, why Nissan would not want too much cash tied up in stock, yet only a small proportion of candidates used it. Using individual car parts across multiple brands and models has enormous cost implications if items are over-ordered, especially so when some of these parts are found to be faulty. It was disappointing not to see this information being used, for although this was only a four mark question, it led to some fairly bland analysis and if the candidate did not define the key concepts, marks were hard to come by. More able candidates will know and remember that on questions 7 and 8 marks are awarded for knowledge (usually 2 marks on one of the questions and one mark in the other, with one or two marks for each of application and analysis).

7 Explain **one** reason why a car manufacturer, such as Nissan, would aim to reduce cash tied up in stock.

Stock is the amount of a certain product eg. tires that Nissan has ready to either sell or use for production. Nissan may want to reduce its stock is because of new technology. If a new car is announced and Nissan has millions of pounds worth of old cars that people do not want to buy then they are going to lose a lot of money. By reducing the amount of stock they have they would have extra money to spend on other areas of the business such as marketing. If the stock suddenly becomes worthless, the Nissan either has to sell the stock at a loss or scrap it. Also by reducing the stock, the company would save a lot of money on storage costs or warehouses.

(Total for Question 7 = 4 marks)



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Examiner Comments

This is a worthy attempt; the candidate giving a good definition of what stock is with a contextual response (one mark). It is a pity that the context shifts from tyres (a part) to vehicles (a finished article) as marks could have been more readily available in the former example. Nevertheless there is understanding that this money could have been better put to use elsewhere - marketing (one mark) and the ramifications are understood when having to discount surplus stock (1 analysis mark).

7 Explain **one** reason why a car manufacturer, such as Nissan, would aim to reduce cash tied up in stock.

Cash is the money readily available to pay day to day expenses of running a business.

Cash tied up in stock involves an opportunity cost.

These cash could be utilised elsewhere for advertising perhaps to improve their company brand image.



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Examiner Comments

A relatively brief answer with just two points, each well enough made but there is only one mark per definition and the second point made has not been taken to the next level of analysis. Two marks awarded.

Question 8

There was an element of all or nothing in the responses to this question. There were some beautifully crafted answers, all of which understood the meaning of the key concept - short product development lead time, and some poor answers which defined 'lead time', a different concept all together. It was possible to score some marks if the second approach was used but these were rare. Marks of two or three were usually awarded when the correct concept was explained but not fully developed.

8 Why might car manufacturers want to achieve a short product development lead-time?

A product development lead-time is the time it takes from the initial research and development process to the point where it is ready for sale. Nissan amongst other car manufacturers would want a short product development lead-time because the car market is fiercely competitive and therefore being first to the market allows for first mover advantage which would give a car manufacturer a competitive advantage. Retailers will stock your car before all the other cars and (Total for Question 8 = 4 marks)

therefore customers wanting a new car will purchase yours which will increase sales revenue and then profits and allow a car manufacturer to start paying off research and development costs.



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Examiner Comments

All the key points are addressed in this answer. A good explanation of the key concept, quickly followed by a contextual response - the competitiveness of the market place. Analysis followed - first mover advantage leading to increased sales revenue. Full marks scored.

8 Why might car manufacturers want to achieve a short product development lead-time?

~~Lead-time~~ is the product development lead-time is the time it takes from a product to be conceptualised or thought of, to the ~~time~~ introduction of the said product such as a BMW car. This is crucial to car manufacturers as they are in a fiercely competitive market and in order to gain a competitive advantage, they may look towards being innovative, as brand loyalty is often achieved in the ~~at~~ early stages of a new market. Therefore minimising the lead-time increases the chance of them being first movers and not having to follow others, which can have a significantly positive impact on revenue.



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Examiner Comments

Another first class answer demonstrating that when the key concept of the question is understood all the marks can be readily, if not easily, obtained. Excellent response - full marks.

Question 9

Reports from examiners indicate that a significant minority of candidates did not know, when referenced to Toyota, what consumer protection legislation was. A further problem was that many candidates identified 'fit for purpose' as a key area but then went to say that products should not be faulty, but treated this as a separate area.

9 With reference to Toyota, explain **two** purposes of consumer protection legislation.

Consumer protection legislation provides rights to consumers in order to safeguard them against unethical market practices and other losses they may suffer due to faults of businesses.

One such right that consumers have is to be ~~able~~ entitled for a refund or replacement when a product they have purchased is faulty. A defect in a car is likely to pose severe threats to a consumer's life as such, consumer protection legislation forces Toyota to provide consumers with a free ^{refund} repair or replacement.

Furthermore, consumer protection legislation requires that all products sold in a market are fit for its purpose. Hence, Toyota is required to produce cars of acceptable safety, comfort and reliability even if the cars are sold for a lower price. Thus, consumers will not experience cars that will only last for one or two years ~~at~~ even at a very low price.



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Examiner Comments

This is a perfectly reasonable response but the two points made are really one and the same thing. A faulty product is not fit for purpose but it is also unreliable and unsafe. The context is sound but the candidate should really have been examining the area of products not being as described. Three marks awarded.

9 With reference to Toyota, explain **two** purposes of consumer protection legislation.

Consumer protection is when consumers are safe guarded by authorities from unfair practices by the producers and help them with problems regarding certain products.

In 2010 and 2011 Toyota had to recall their cars because they spotted a flaw in their cars.

Two functions of consumer protection legislation is that it to protect the customer from products which do not fit their description. If customers got a car from Toyota saying it has auto parking systems and later the customer finds out it doesn't have the consumer could complain and he will be compensated or he will get a new car.

Another function is that if consumers get a car from Toyota which has problems or flaws before the guarantee or warranty period the consumer protection legislation will help the consumer get a new car with no flaws or get the problem solved by Toyota.

(Total for Question 9 = 6 marks)



ResultsPlus Examiner Comments

This response is one of the few to be awarded full marks with two separate reasons explained in context and related to different aspects of legislation. Part of the explanation of the first reason is to be found at the end of the answer but nevertheless it is there.

Question 10

Candidates were clearly well prepared on organisational structure. There were theoretical errors at times but most candidates were able to explain tall (and for that matter flat) organisational structures. This then enabled candidates to analyse and many scored a minimum of 5 marks. A significant proportion bettered this by placing their arguments in context and arguing points for and against. This allowed full marks to be awarded in a number of cases.

10 Assess the likely effects on a large car manufacturer of having a tall organisational structure.

A large car manufacturer will have many different stages and processes within the company therefore a tall organisational structure allows work to be delegated easily to different departments etc. in the structure. In a tall organisational structure there is likely to be different sub managers that would be controlled by the managing director, eg. a manager for production of cars, the design process, marketing etc. This would ensure each job is done separate and communications are clear, also makes less overhead of work and more efficient. One negative would be communication within the business as by having many layers due to structure being tall, the information is not passed on. This could be the cause to why certain faults are not picked up and dealt with soon enough by the car manufacturers.



ResultsPlus
Examiner Comments

This candidate has prepared well. There are good examples of analysis in context, all placed correctly in the areas that would prove advantageous to a car manufacturer. The balance is given when referring to communication problems and the context is more difficult to spot but it is there when the candidate refers to 'certain faults not picked up'.

10 Assess the likely effects on a large car manufacturer of having a tall organisational structure.

Tall is an organisational structure with many levels of hierarchy with a long chain of command. An advantage of using a tall structure is that there are more areas for promotion which may motivate the workforce. As said by Herzberg, 'Money is not a motivator but recognition is'.

A disadvantage is that communication is usually better when using a flat structure as it has a short chain of command. However, if the company is large then it will need more managers which increases span of control.

A tall organisational structure can benefit a large car manufacturer as roles can be delegated to people in the workforce. This may save time for managers.

However, communication will not be as efficient as a message may have to be passed down to save time. Whereas in a flat structure, communication is better.



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Examiner Comments

This is a good example of a knowledgeable, well written answer, but without context. The candidate mentions large car manufacturer but that phrase is in the question and could be replaced with large caravan manufacturer and the meaning would still be the same. A mark of 5 is awarded.



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Examiner Tip

Use the case study to bring the answer to life. Bring in examples and if you can't find them it shouldn't be difficult in this instance to formulate your own. Don't just re-write theory you have learnt from the textbook.

Question 11

In many cases candidates made good use of the case study to put at least one side of their answer in context. It was surprising to note that not all candidates mentioned that manufacturers other than Toyota recalled products. When candidates recognised this a mark of eight was commonplace. We would have liked to have seen a greater examination of the short and long term effects, but generally this was a well answered question.

11 Evaluate the likely effect on Toyota's future sales of a product recall.

product recall is having a product brought
back to the companies manufactures to be
fixed. ~~as it is not to be recalled~~

Product recall will have a negative effect on
toyota as consumers will not want to go to
a car company which produces faulty products.
and is unreliable & could lead to consumers
going to competitors and led to Toyota losing
out in sales



ResultsPlus
Examiner Comments

A brief one-sided answer which nevertheless contained analysis and is awarded a mark of 5. An argument could be put forward for a mark of six but the analysis is thin on the ground and no other named competitors are given.

11 Evaluate the likely effect on Toyota's future sales of a product recall.

product recall is when there is something wrong within that product so consumers have to return it back. If Toyota had a product recall on one ~~car~~ type of car, fix the problem then put the car back out onto the market. It will be harder to sell it, as Toyota will have lost the trust of the consumers ~~is~~ ~~the~~ from that car having a problem. This could damage the Toyota brand leading to consumers buying cars from other rival companies and not repeat purchasing from Toyota again. Sales will be ~~great~~ greatly ~~effect~~ effected on a product recall.

However ~~some~~ customers could see it as a good thing from the company to recognise their mistake and offer compensation back to the customer. This could increase sales if Toyota fix the problem of a product recall admitting their mistake but fixing it.

Here Toyota's future sales will suffer mostly on a product recall as it damages the brand of Toyota. They shouldn't have had to do a

product recall in the first place. But
this allows Toyota to see why they let
that fault happen and ~~be~~ ~~about~~
~~about the car management~~

(Total for Question 11 = 10 marks)



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Examiner Comments

Although there have been stronger answers with better use made of the evidence there is balance to this response and the candidate recognises the importance of the brand in the car industry and that Toyota may respond with a compensation offer.

Question 12

In general, candidates performed more confidently on part (a) than on part (b) although the difference in marks was not huge. Candidates in the main recognised the advantages and disadvantages of JIT but often forgot to put answers in context. In part (b) the understanding of the product design was less evident and even when candidates included the three elements of product design there was often a tendency just to describe them rather than contrast the need for them.

*12 Evaluate the likely importance to Toyota of:

(a) Just In Time (JIT) management of stock

(7)

Just in time refers to a firm bringing in supplies for manufacture when it is needed for production.

Toyota has used ^{Just} ~~Just~~ in time as a lean management technique to reduce wastes during the production or manufacture of their car parts.

Through the use of just in time ~~by~~ Toyota can be able to ~~eliminate~~ eliminate wastes and be more efficient in producing their cars such that stock such as the raw materials required to make the car parts are stored for a long time and ends up being waste due to rusting of metals. Thus being efficient will reduce their costs and can help ~~to~~ Toyota gain a competitive advantage over its competitors like Jaguar, thus as higher profits can be achieved with low costs and higher sales.

However Toyota will have to rely on their suppliers to bring the raw materials for ~~production~~ ^{manufacturing} the parts when needed and delay from the suppliers would result in an increased time wasted for production as this may affect the sales negatively since manufacturing process takes longer.

(b) product design.

(7)

Product design refers to a product's economic value, function and aesthetic value. Toyota is said to use advanced product design such as the features of their cars such as rotating wheel caps are attractive consumers.

Through product design Toyota can be able obtain a competitive edge over its competitors such as BMW and Jaguar as they can provide their cars with affordable prices for the consumers, that is the economic value and attractive features, which would increase demand for their cars as sales will increase, resulting in a rise in profits.

However consumer tastes or preferences change from time to time such that after Toyota have implement their design, consumers may shift their demand for cars such as the BMW who may have their product design adjusted to the current tastes and preferences.



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The candidate has performed well on this final question, remembering to put each part of the answer in context. There is a clear understanding of the concepts involved and arguments for and against are provided in part (a) and there is a recognition that more than one part of the product design has to be considered by Toyota in part (b).

*12 Evaluate the likely importance to Toyota of:

(a) Just In Time (JIT) management of stock

(7)

~~Just~~ + JIT is when deliveries ~~are~~
come for when they are needed.

JIT may be ~~an~~ important to Toyota as
it means that car parts arrive for when
they are needed this is an advantage to
Toyota because it means that less cash is being
held as stock meaning ~~that it isn't used~~
that Toyota won't waste stock. If Toyota have
a ~~sudden~~ sudden rise in demand for a
car they can order stock ~~and~~ meaning
that stock won't be wasted. If Toyota
use JIT it means that ~~is~~ the right amount
of stock will be needed and it means stock
doern't have to be stored ~~and~~ therefore stock
isn't going to waste.

(b) product design.

(7)

product design is important to Toyota because it is part of the design mix and the product must be aesthetically pleasing. therefore the product must have a good design to attract customers. However they manufacture manufacturers must be careful when designing the car because they must appeal to everyone to ensure that sales are made.



ResultsPlus

Examiner Comments

There is analysis of why JIT is important to Toyota but there are no downsides included so this limits the mark to four. Similarly, in part (b) there is an understanding of aesthetics as a component of design mix and a reference is made to Toyota but there is no understanding of how other components impact on the firm. A mark of four is awarded in each part.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

- The second part of the paper - Section B, in which 46 of the 70 marks are available is case study based, candidates should carry forward their theoretical knowledge into a contextualised environment as they are expected to show understanding of the course via a particular real business.
- Mark scheme should be studied.
- Become more aware of the mark allocation between the four assessment objectives at AS level, viz: Knowledge 21 marks; Application 21 marks; Analysis 14 marks; Evaluation 14 marks. Candidates should also be aware of which questions carry the most marks for analysis and evaluation.
- That in Section A, part (b) there are a number of routes available to achieve full marks, for example, three marks available for the correct answer; a definition and explanation of why two distracters are incorrect; a combination of the two.
- Candidates should refer to a bank of questions available in previous exam papers. Regular practice on these items will help candidates prepare for the exams.

Grade Boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

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