

# Examiners' Report/ Principal Examiner Feedback

Summer 2016

Pearson Edexcel GCE  
in Business Studies (6BS01)  
Unit 1: Developing New Business Ideas

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## **Paper Introduction**

As in previous series for this paper, generally students appeared to be well prepared and continued to show sound approaches to answering both supported multiple choice questions in Section A and the structured questions found in Section B. Questions in both sections were designed to test across two or more assessment objectives. For questions 1 to 5, students' ability to show knowledge, understanding and application was expected. For all other questions, the skills of analysis and/or evaluation were also required.

Students' performance on this paper generally showed an effective grasp of business / economics concepts and theory, together with a good understanding of business practice and behaviour. Quantitative skills and knowledge were demonstrated in response to the operating profit margin question (question 1) and also in response to questions 12 and 13, the latter being a case of appreciating the significance of numerical data. Successful students were able to make effective use of the stems and data in Section A questions, as these provided a context so that students could explain their answers to part (b) of the questions. Likewise, students who wrote answers in context in Section B scored better than those who did not. For example, a clear reference to an aspect of Speed One Sports Ltd, enabled access to higher marks for levels of response questions 11, 12 and 13.

### **Section A**

Examiners expected to see that students at least offered a guess to part a) of these questions. However, as with previous series, this was not always done. The ability of students to gain the three marks for 'explain your answer' in part (b), distinguished better students. Questions 5, 6, 7 and 8, required students to explicitly apply their knowledge, analyse and/or evaluate. Responses to these questions scored at least 1 mark in part (b) for the use of appropriate definitions/descriptions to help them support their correct responses to part a), for example by describing what was meant by 'competitive pricing' in answer to question 2b. Explanations of distracters were often less successful, with a number of students simply defining a distracter without explaining why it was incorrect in relation to the stem and question.

### **Section B**

The Speed One Sports (SOS) Ltd case study appeared to be accessible to most students across the ability range. However, there was still a tendency for some students to misinterpret questions. For example a surprisingly large number of students analysed the effect of price changes on supply in response to question 9a, rather than non-price factors, such as technology or the manufacturing processes of Speed One Sports Ltd. Likewise, a number of students discussed in response to question 13a the pros and cons of an increase in UK interest rates on Speed One Sports, rather than an increase in UK inflation rates on Speed One Sports Ltd.

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#### Comments on Individual Questions:

**Q1** A number of students were able to correctly identify the formula for operating profit margin but, surprisingly, were unable to input the correct data. However, many achieved two marks for calculating sales revenue (£60) and total costs (£30).

**Q2** Many students tried to define competitive pricing by simply referring to competitors/competition and so were unable to be rewarded. It would have been more useful to refer to rival businesses in the same market. However, a large number of students were able to gain two marks by referring to the scenario and by correctly explaining a distractor.

**Q3** Many students confused 'trade-off' with 'opportunity cost' when attempting to explain the correct response. Since time and money was to some extent saved, but at the expense of the sample size, the example best illustrated trade-off rather than opportunity cost. Many tried to explain by simply paraphrasing the information from the stem and so could not be rewarded.

**Q4** This question was well answered by the majority of students. Many were able to define an autocratic leader before using the stem to explain why Tony's actions indicated that he was an autocratic leader.

**Q5** Generally well answered with the majority gaining at least two marks for part (b). However, some students thought that the world's poor were actually shareholders and so suggested that C (profit motive) was the correct response.

**Q6** Many were able to correctly define supply and suggest that the correct response (D) was a demand factor. However, too many failed to link costs such as business rates or rents and their effect on profits and consequently the level of supply.

**Q7** Most realised that this was a 'not true' question and so correctly explained at least one distractor. Niche market was usually well defined but few students linked this to Children Salon being a high end fashion retailer.

**Q8** There was some confusion here between sales volume and sales revenue. The question stated 'most likely' and therefore D was the correct answer since sales revenue may not increase as prices may not stay the same. A number of students correctly chose sales volume (D) in part (a) before explaining the effect of reduced unemployment/increased employment on income, consumer demand and consequently sales.

**Q9** This was a question which tested students' understanding of non-price supply factors and it would seem that for a sizeable group, their understanding was more limited than it would have been for demand factors. Indeed a number of students insisted on answering this question looking at demand factors and this may well explain that there were more students than usual struggling to get to three marks and quite a few obtaining no marks.

**Q10** A number of students responded to this question by regurgitating Tony's life history. Some of the answers seemed to stumble upon the importance of being self-confident after considering Tony's history. There were quite a few answers where the definition of self-confidence appeared at the end. The question discriminated well with regard to obtaining the full two analysis marks, so it was pleasing to see a number of answers where the analysis had been developed.

**Q11** Analysis of profit as a key motive for Tony was generally well presented, often with reference to how Speed One Sports Ltd had grown and developed into a business with three factories and a city centre office. Evaluation provided more of a challenge, though there were a number of students who achieved this by referring to the free workshops or even Tony's 'enthusiasm for enterprise'. There were many answers that did look at the more "ethical" motive but then didn't carry it through with regard to analysis in line with what the question was referring to.

**Q12** Probably the least popular question on the paper with a number of students failing to attempt or complete a response. Some incorrectly linked break-even with sales forecasting. Many failed to use the context and so often were only able to achieve five marks. A number of students simply described break-even analysis with no critical reference to SOS.

**Q13** For part (a), the problems occurred if students did not fully understand what a rise in inflation concerned such that they went straight into changing interest rates or the effect on imports and exports. Some then spent a part of the answer considering how interest rates could reduce the rate of inflation.

There was a danger here that reference to luxury goods and necessities clouded the answer. In some cases, the argument still stood if the words "luxury goods" were taken out but in others, they were so embedded in the answer, then there was not going to be any meaningful analysis.

On the other hand there were a number of students who did manage to obtain Level 4 marks; often the case of reconsidering the disadvantages of a rising inflation rate and then limiting the effects in their analysis.

There were quite a few students who brought into their arguments about coaching (sometimes the feeling that this was the main part of SOS services) and also the business and careers advice which was free. Some students did bring in the fact that demand for some of these goods was likely to be price inelastic, but then did not explain why.

For part (b), there was ease in obtaining three or four marks and there should have been little excuse for failing to note the fact that SOS did import (from a Nike wholesaler in the US) so a Level 2 mark was there for the taking, in effect. The problem was moving the answer to evaluation and this was more of a challenge. There were fewer students that did evaluate this and though many did attempt evaluate, it was done from the view of exporting which SOS did not do. It was good to see, nonetheless, those that did obtain the top mark here.

There were a few students who did not get the correct impact from a stronger £. The majority realised the relevance of Nike/Adidas suppliers but failed to suggest an alternative argument. Better students considered the magnitude of exchange rate changes

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## Paper Summary

Based on their performance on this paper, students should:

1. Remember to answer all part (a) sections of Section A, even if it means guessing as this would at least give them a 25% chance of getting the answer right
2. Use definitions or written formulae in part (b) of Section A since this often attracts a knowledge mark; the concept defined should normally be in the question or found in the correct response
3. Remember to explain why one distracter is wrong in part (b) when the supported multi-choice question in Section A reads 'most likely', 'least likely', 'except' or 'best' because these questions are asking the student to make a judgement which they can very often strengthen by not only explaining the answer they chose in part (a) itself, but also one of the alternatives dismissed. In this paper this applied to questions 2, 3, 5 and 8.
4. Read the case study in Section B carefully – students are advised to spend 5 mins reading this and, if necessary, highlighting key words or points which might enable them to answer the questions that follow
5. Read questions carefully and attempt to answer the question actually set. On a number of occasions evidence has shown, particularly in Section B, that students can waste valuable time struggling with an answer to a question that was not on the paper or trying to gain marks through an 'all I know about approach' which rarely scores any marks.
6. Students should spend time to plan their answers to levels of response questions 11, 12 and 13. These carry the most marks (8, 8 and 12, respectively) so writing a balanced answer can make all the difference to the awarded grade. Conclusions/recommendations are not required at AS, even to score the top marks.
7. Students are advised to work on the basis of a '1 minute per 1 mark rule' given that this paper is for 75 mins, with 70 marks and the recommended 5 minutes reading time for the case study.

## 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>

