



Pearson

Mark Scheme (Results)

Summer 2017

Pearson Edexcel GCE A Level
In Business Studies /Economics and Business
(6BS01/6EB01)

Unit 1: Developing New Business Ideas

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question Number	Question	Marks
1(a)	Answer - A (resilience)	(1)
1(b)	<ul style="list-style-type: none"> • An entrepreneurial characteristic is a trait of an entrepreneur (1) • Resilience means not to give up easily/persevere (1) • Which enables them to set up/be more successful/survive in their own business (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • B is wrong because many entrepreneurs are motivated/driven by being their own boss (1) • C is wrong because entrepreneurs are motivated/driven by altruistic /ethical reasons (1) • D is wrong because entrepreneurs/Sophie and Holly may be motivated/driven by having more flexibility/freedom/choice than having to work away from home (1) <p>Any acceptable answer which shows selective knowledge/application and/or development.</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
2(a)	Answer - B (Market orientation)	(1)
2(b)	<ul style="list-style-type: none"> • Market orientation takes into account customer product preferences (1) • In response to customer demand / 20,000 letters (1) • Which in this case caused Lego to begin manufacturing the wheelchair toy figure (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because this relates to break-even analysis not marketing / market research (1) • C is wrong because there is no evidence that the wheelchair toy figure is being test marketed (1) • D is wrong because adding value is the difference between the price charged and the cost of the inputs - there is no information for these (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Mark
3(a)	Answer - C (Operating profit margins remained the same)	(1)
3(b)	<ul style="list-style-type: none"> Operating profit margin is operating profit/sales revenue x100 (1) 2013: $123\ 000/615\ 000 \times 100 = 20\%$ (1) 2014: $392\ 000/1\ 960\ 000 \times 100 = 20\%$ (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> A is not correct because we do not know the value of costs in either year (1) B is not correct because this is the difference between sales revenue and operating profit in 2014 (1) D is not correct because the increase in sales revenue could have been caused by an increase in sales volume (1) <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
4(a)	Answer - B (contribution)	(1)
4(b)	<ul style="list-style-type: none"> Sales revenue is the value of prices multiplied by sale volume (1) Contribution is the difference between prices / average revenue and average variable costs (1) Therefore we cannot guarantee that an increase in contribution occurred because it may be, for example, that average variable costs increased (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> A is wrong because repeat purchases suggests an increase in sales volume (1) C is wrong because an increase in market size suggests an increase in number of potential buyers/<i>Apple</i> products, which determines sales volume (1) D is wrong because an increase in prices could increase revenues given that price x sales volume = revenue (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
5(a)	Answer - C (trade credit)	(1)
5(b)	<ul style="list-style-type: none"> • A business plan is a document usually prepared for a business start-up which features details of the product or service to be produced/marketing plans/premises and equipment needed/human resources required to implement the business <p style="text-align: center;">OR</p> <p>Trade credit is an agreement between suppliers and buyers to buy now pay later (1)</p> <ul style="list-style-type: none"> • Which may be granted to a business start-up on the basis of a business plan which demonstrates a potential healthy cash flow (1) • And therefore an ability to pay back the trade creditor (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because limited liability can only be secured by seeking limited liability with Companies House for a fee (1) • B is wrong because a margin of safety is only gained by selling products above the break-even level of output (1) • D is wrong because market segmentation relates to dividing the consumers into groups which have distinctive preferences (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
6(a)	Answer - A (complements)	(1)
6(b)	<ul style="list-style-type: none"> • Complements are products or services which have demands that go together (1) • As children purchase the Star Wars merchandise, this will increase their curiosity to see the film (1) • Then lead to an increase in the demand to see the film at the cinema at Christmas (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • B is wrong because although income is a demand factor, it does not explain the LINK between demand for the Star Wars merchandise and the film (1) • C is wrong because if substitutes were available then it is more likely that these will be demanded, not the Star Wars film (1) • D is wrong because improvements in technology are a non-price supply factor (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
7(a)	Answer - D (an increase in UK tourists to Denmark)	(1)
7(b)	<ul style="list-style-type: none"> • An exchange rate is the price of one currency in terms of another (1) • In this case the UK tourist will now get more Danish Krone for their £ sterling (1) • which means that UK tourists are more likely to visit Denmark as they should get better value for money/cheaper hotels/cheaper souvenirs/cheaper meals out (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because the UK chocolate bars would now be more expensive for the Danish consumer (1) • B is wrong because tourism to the UK would now prove more expensive for the Danish tourist (1) • C is wrong because if effective prices fall for the UK consumer, then sales of Danish exports should increase (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Question Number	Question	Marks
8(a)	Answer - B (demand for exports)	(1)
8(b)	<ul style="list-style-type: none"> • Inflation is an increase the general level of prices in an economy (1) • Lower inflation rates should mean that costs and prices will only increase gradually (1) • Which means that the demand for UK exports may increase as prices may be lower (1) <p>Up to 2 of the marks above can be achieved alternatively by explaining distracters, e.g.</p> <ul style="list-style-type: none"> • A is wrong because uncertainty should fall (1) • C is wrong because a rise in interest rates is not guaranteed - the UK base rate has been at 0.5% since 2008 (1) • D is wrong because import costs are not determined by domestic inflation rates (1) <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB Maximum of 2 additional marks for reason if part (a) is incorrect or if only the wrong answers are focused on in the explanation.</p>	(3)

Section B

Question Number	Question	Marks
9	Analyse two non-price factors that could affect the supply of <i>Arrive 'n' Shine's</i> services.	(6)
	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge and understanding: up to 2 marks are available for identifying any two non-price supply factors, e.g. costs of production, taxation, changes in technology, expected profitability</p> <p>Application: up to 2 marks are available by using the context, e.g. the cost of supplies like deionised water or carbon filters; vehicle tax for Dean's van; improved window cleaning equipment; more than £520 in annual profit.</p> <p>Analysis: up to 2 marks are available for explaining the effects of the above on <i>Arrive 'n' Shine's</i> services, e.g. in the increase in costs/taxation might cause Dean to supply less at £8; Dean may be able to clean windows faster and cleaner causing Dean to supply more at £8; Dean may buy better equipment / newer van increasing supply.</p> <p>NB Limit to 4 marks if only ONE non-price supply factor is referred and candidate provides a clear definition of supply</p>	<p>(1-2)</p> <p>(1-2)</p> <p>(1-2)</p>

Question Number	Question	Marks
10	Using the case study, explain how Dean's business, <i>Arrive 'n' Shine</i> , adds value.	(4)
	<p>Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge and understanding: 1 mark is available for defining added value, e.g. the difference between the price charged and the cost of the inputs needed to provide a product/service.</p> <p>Application: up to 2 marks are available for contextualising answer, e.g. Dean is friendly; Dean uses deionised water; windows are cleaner; Dean supplies his own water.</p> <p>Analysis: 1 mark is available for explaining why, e.g. because these give him a competitive advantage over rivals (1).</p>	<p>(1)</p> <p>(2)</p> <p>(1)</p>

Question Number	Question		Marks
11	Evaluate the importance of income as a key motive for Dean to become an entrepreneur		(8)
Level	Marks	Descriptor	Possible content
1	1-2	Knowledge and understanding of income/motive	e.g. total revenue from sales e.g. what drives an entrepreneur
2	3-4	Application should be present, i.e. the answer must be contextualised	e.g. Dean may have wanted more income to pay for his family's living expenses/ replace his savings of £5 000
3	5-6	Analysis must be present, i.e. in this case the candidate will explain the costs, causes or consequences of having income as a key motive	e.g. Dean earns £1 600 per calendar month which may be more than previous employment so income could be seen as a key motive for Dean
4	7-8	Evaluation must be present, i.e. the candidate will present arguments for and against the income being a key motive	e.g. Dean does not appear to be an income maximiser, but rather a someone who seems happier with flexible hours and a job that is safe /enjoyable

Question Number	Question		Marks
12	Evaluate why product trials might be useful to <i>Arrive 'n' Shine</i>		(8)
Level	Marks	Descriptor	Possible content
1	1-2	Knowledge and understanding of product trials	e.g. selling his services to gauge demand and then modifying based on feedback
2	3-4	Application should be present, i.e. the answer must be contextualised	e.g. Dean cleans windows for over 300 clients already e.g. to develop new ways of cleaning windows, new equipment/carbon brushes then asking customers for their comments re quality/price
3	5-6	Analysis must be present, i.e. in this case the candidate will explain the value or not of product trials to <i>Arrive 'n' Shine</i> NB A mark of 5 can be awarded when analysis is not in context	e.g. to avoid making unnecessary mistakes when launching a new window cleaning service e.g. to increase the number of customers who have not been influenced by word of mouth recommendations/find out for themselves how good Dean is
4	7-8	Evaluation must be present, i.e. the candidate will present arguments for AND against <i>Arrive 'n' Shine</i> using product trials	e.g. the service he is offering is not really appropriate for product trials given the risks involved - window cleaners who can't clean windows soon go out of business! e.g. Dean does not need to have product trials because he is already working for major clients, such as Motorpoint.

Question Number			Marks
13a*	Assess the likely value of trade credit to <i>Arrive 'n' Shine</i>		(6)
Level	Mark	Descriptor	Possible content
1	1	<p>Knowledge/understanding of trade credit</p> <p><i>QWC: To achieve a mark of 1, the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing</i></p>	e.g. being able to obtain stock from a supplier and pay for it a later date
2	2	<p>Application should be present, i.e. the answer must be contextualised</p> <p><i>QWC: To achieve a mark of 2, the candidate will use some business terms but the style of writing could be better/there will be some errors in spg/the legibility of the text could have been better in places</i></p>	e.g. Dean's supplies of brushes or carbon filters, or membranes
3	3-4	<p>Analysis must be present, i.e. in this case the candidate will explain the causes, costs, or consequences to <i>Arrive 'n' Shine</i> of trade credit</p> <p>NB A mark of 3 can be awarded when analysis is not in context</p> <p><i>QWC: To achieve a mark of 3-4, the candidate will use business terminology quite well/style of writing is appropriate to the question/reasonable to good spg</i></p>	<p>e.g. in which case the cash flow of <i>Arrive 'n' Shine</i> will be improved</p> <p>e.g. this might enable Dean some extra time to collect any debts from customers</p> <p>e.g. deferred payment means <i>Arrive 'n' Shine's</i> short term funds can be used for other purposes</p>
4	5-6	<p>Evaluation must be present, i.e. the candidate will present arguments for AND against why trade credit may be useful to <i>Arrive 'n' Shine</i></p> <p><i>QWC: To achieve a mark of 5-6, the candidate will use business terminology precisely and effectively and will organise the answer to provide a coherent and fluent response/good to excellent spelling, punctuation and grammar</i></p>	e.g. trade credit, however, is only a short term method of finance and therefore not suitable for purchasing capital equipment, such as a new van

Question Number			
13b*	Assess the likely value of an overdraft to <i>Arrive 'n' Shine</i>		(6)
Level	Mark	Descriptor	Possible content
1	1	<p>Knowledge/understanding of overdraft</p> <p><i>QWC: To achieve a mark of 1, the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing</i></p>	e.g. an amount that a bank will allow a customer's account to be in negative balance
2	2	<p>Application should be present, i.e. the answer must be contextualised</p> <p><i>QWC: To achieve a mark of 2, the candidate will use some business terms but the style of writing could be better/there will be some errors in spg/the legibility of the text could have been better in places</i></p>	e.g. there may be an unplanned expenditure, such as an increase in fuel price costs for his van or van repairs
3	3-4	<p>Analysis must be present, i.e. in this case the candidate will explain the causes, costs, or consequences to <i>Arrive 'n' Shine</i> of an overdraft</p> <p>NB A mark of 3 can be awarded when analysis is not in context</p> <p><i>QWC: To achieve a mark of 3-4, the candidate will use business terminology quite well/style of writing is appropriate to the question/reasonable to good spg</i></p>	e.g. should there be any unplanned expenditure, the overdraft will enable him to keep trading as a window cleaner and so not disappoint customers who expect to see him on a monthly basis
4	5-6	<p>Evaluation must be present, i.e. the candidate will present arguments for AND against why an overdraft might be useful to <i>Arrive 'n' Shine</i></p> <p><i>QWC: To achieve a mark of 5-6, the candidate will use business terminology precisely and effectively and will organise the answer to provide a coherent and fluent response/good to excellent spelling, punctuation and grammar</i></p>	<p>e.g. overdrafts do, however, cost extra in interest payments and these are usually higher than bank loan interest rates</p> <p>e.g. Dean will not depend on an overdraft too much/often as he may have to put up his prices from an average £8 to say £9 per residential customer</p>

