

Mark Scheme (Results)

Winter 2010

GCE

GCE Economics and Business (6EB04/01)
Unit 4B: The Wider Economic Environment and Business

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Unit 4b: The Wider Economic Environment and Business

January Marking Scheme

Question Number	Question	
1.	What is meant by the term 'buyer power' (see Additional Evidence J, line 5)	
	Answer	Marks
	<p>Knowledge up to 2 marks: A valid definition of buyer power e.g. The ability of a buyer to reduce the price below a supplier's normal selling price, or more generally the ability to obtain trade terms more favourable than a supplier's normal trade terms.</p> <p>Note: 1 mark for partial or vague definition (but a valid example lifts to 2 marks)</p>	1-2

Question Number	Question	
2.	What is meant by the term 'competitive prices' (see Additional Evidence J, line 9)?	
	Answer	Mark
	<p>Knowledge up to 2 marks: A valid definition of competitive prices e.g. Prices comparable with those of rivals/ low enough to attract consumers.</p> <p>Note: 1 mark for partial or vague definition (but a valid example lifts to 2 marks)</p>	1-2

Question Number	Question	
3.	Explain the impact of monopsony power on pubcos.	
	Answer	Marks
	<p>Knowledge 2, Application 2</p> <p>Knowledge/understanding: up to 2 marks are available, e.g. for defining or describing monopsony power. e.g. monopsony is a market in which goods or services are offered by several sellers but there is only one buyer. The buyer therefore has the power to be the price maker.</p> <p>Application: up to 2 marks are available, e.g. for explaining the impact in context. e.g. pubcos are the majority purchasers of beer in the market and are able to negotiate favourable prices from brewers.</p>	<p>1-2</p> <p>1-2</p> <p>(total 4) marks</p>

Question Number	Question	
4.	Briefly explain two externalities of alcoholic drinks consumption.	
	Answer	Marks
	<p>Knowledge 2, Application 2, Analysis 1</p> <p>Knowledge up to 2 marks: An externality is an indirect consequence of an economic activity (1 mark) that is experienced by unrelated third parties (1 mark). Or an externality can be either positive or negative (1 mark).</p> <p>Application up to 2 marks: In this case, negative externalities include costs to the NHS (1 mark) and by extension society at large (1 mark). Another externality is the impact on those innocently caught up in scuffles (1 mark).</p> <p>Analysis 1 mark: E.g. according to the evidence, one positive externality is lower health costs due to the apparent benefits of moderate drinking.</p> <p>Note: Do not reward points made about consumers unless they directly link to third party consequences.</p> <p>There are other valid approaches and there is no prescriptive response, credit any logical arguments.</p>	<p>1-2</p> <p>1-2</p> <p>1</p> <p>Total (5 marks)</p>

Question Number	Question		
5.	Punch and Enterprise, the two leading pub companies, together own more than a quarter of Britain's 56,000 pubs. Examine the likely consequences of this combined market share for the UK pub industry.		
Level	Mark	Descriptor	Possible Content
Level 4	8-9	Expect to see evaluative points. Advantages and disadvantages explained and support some evaluation.	Their market power could be abused. Their approach to tenants may not be sustainable in a recessionary market.
Level 3	6-7	Candidate analyses the consequences of high combined market share.	This has resulted in increased pub closures as tenants fail A less competitive market.
Level 2	3-5	Answers should be related to Punch and Enterprise	Both are prepared to use this in relationships with tenants and suppliers leading to higher prices less choice for consumers lower prices for suppliers
Level 1	1-2	Vague application Candidate shows knowledge of Market Share/Market Power	Together, they have considerable market power. High Market Share gives High Market Power

Question Number		Question	
6.		"Taxation and pricing of alcoholic beverages are the most effective methods of reducing alcohol misuse and its consequences". (Evidence E). Using this and other evidence, to what extent do you agree with this statement?	
Level	Mark	Descriptor	Possible Content
Level 4	7-8	Expect to see strong analysis and convincing evaluative points based on analysis of the business situation and numerical data. Answer is coherent, has some balance, is related to the context and makes good use of toolkit.	Evidence F supports the view that legislation could be more effective than increased taxation, particularly among binge drinking young adults.
Level 3	5- 6	Good awareness of the main advantages or disadvantages of increasing prices and/or taxation of alcohol. Some understanding of price elasticity of demand for alcohol should be evident.	Evidence E suggests that beer and wine are relatively price inelastic, with spirits close to unitary elasticity (0.9) which means that taxation would be more effective on spirits.
Level 2	3-4	Some relevant reasons identified in the context but they lack development. Toolkit use may be limited.	Evidence E suggests that 10% price increases in rich EU states could save 9000 lives a year.
Level 1	1-2	Vague application Candidate shows knowledge of alcohol taxation.	Tax increases the price of alcoholic drinks.

Section B

Question Number	Question		
7.(a) QWC i-iii	Assess the case for taxpayers money being spent on initiatives such as free flip flops, lollipops and bubble blowers. (20)		
Level	Mark	Descriptor	Possible Content
Level 4	15-20	<p>High Level 4: 18 - 20 marks Works to convincing evaluation on the initiatives and provides a supported conclusion.</p> <p>Low Level 4: 15 - 17 marks Some evaluative points are made, based on analysis of the situation and / or evidence.</p> <p>Candidate uses Economics and Business terminology precisely and effectively with good to excellent spelling, punctuation and grammar.</p>	Given the revenue raised from alcohol in the UK, the expenditure is minimal. It is therefore arguable that its cost is significantly outweighed by the potential savings to the NHS, police etc. However, it can always be argued that public money could be put to better use.
Level 3	7-14	<p>High Level 3: 13 - 14 marks Expect to see strong analysis using evidence</p> <p>Medium level 3: 10 - 12 marks Expect to see some sound analysis.</p> <p>Low level 3: 7 - 9 marks Narrower and or weaker analysis relevant to the question.</p> <p>The candidate uses Economics and Business terminology quite well with reasonable to good spelling, punctuation and grammar.</p>	Flip flops may save broken ankles and cuts to feet, lollipops, bubble blowers and safe buses may avoid crimes of violence and public disorder at relatively minimal cost.
Level 2	4-6	<p>Candidate applies information in evidence to raise points in context.</p> <p>Candidate uses some Economics and Business terms but the style of writing could be better. There will be some errors in SPG. Legibility of the text could have been better in places.</p>	Rise in alcohol related problems (ambulance call-outs), so some response necessary e.g. flip flop distribution in Torquay
Level 1	1-3	<p>Candidate shows knowledge and understanding.</p> <p>To achieve a mark of 1 - 3 the candidate will have struggled to use Economics and Business terminology legibly with frequent errors in SPG and / or weak style and structure of writing.</p>	Knowledge of tax and/or taxpayers

Question Number	Question		
7.(b) QWC i-iii	Evaluate the case for government regulation of promotions as a means of reducing the social costs of alcohol consumption.		
Level	Mark	Descriptor	Possible Content
Level 4	24-30	<p>High Level 4: 28 - 30 marks An answer displaying the ability to convincingly weigh up the costs and benefits of alternative approaches.</p> <p>Balanced conclusions and recommendations based on sound analysis of the evidence.</p> <p>Low Level 4: 24 - 27 marks An answer displaying good knowledge of possible approaches, together with good awareness of the complexities of the situation and ability to weigh up which of the evidence is key.</p> <p>Candidate uses Economics and Business terminology fluently with good spelling, punctuation and grammar.</p>	<p>Supermarkets have continued to retail alcohol at below cost price, voluntary code not working.</p> <p>More alcohol is now sold in supermarkets than pubs</p> <p>Supermarket promotions aimed at the vulnerable and young.</p> <p>On the other hand, supermarkets would argue that booze is just another commodity and it would be unfair on the consumer for them to treat it differently.</p> <p>The alcohol industry has pumped money into Drinkaware and the Portman group.</p>
Level 3	17-23	<p>Attempted Evaluation and clear Analysis with reasonable application to the evidence and use of toolkit.</p> <p>Answer may be less clear than Level 4 and may lack balance.</p> <p>The candidate uses Economics and Business terminology quite well/style of writing is appropriate for the question/reasonable to good spelling, punctuation and grammar.</p>	<p>Some clubs still offer "girls drink free" promotions.</p> <p>Young tend to drink at home before catching the bus to "town".</p> <p>Pubs have already shied away from "happy hour" promotions.</p>
Level 2	7-16	<p>High level 2: 12 - 16 marks Some elementary conclusions or recommendations attempted, but may lack depth and/or development.</p> <p>Low level 2: 7 - 11 marks Candidate analyses consequences of regulating promotions.</p> <p>The candidate may use some Economics and Business terminology but the style of writing could be better/there may be some</p>	<p>Reduction in cost to taxpayer. Improved health.</p> <p>Less street disturbances.</p>

		errors in spelling, punctuation and grammar.	
Level 1	1-6	<p>High level 1: 4 - 6 marks Some application and knowledge of reasons behind regulating promotion.</p> <p>Low level 1: 1 - 3 marks Candidate shows knowledge of regulation and/or promotion.</p> <p>Written communication may be poor with frequent errors in spelling, punctuation and grammar and a weak style and structure of writing. There may be problems with the legibility of the text</p>	<p>Regulation would reduce problems.</p> <p>Regulation is a set of rules, promotion is a marketing tactic to increase sales</p>

Assessment Objectives

Question No.	Knowledge	Application	Analysis	Evaluation	Spec
1	2				4.3.2ba
2	2				4.3.2ba
3	2	2			4.3.2ba
4	2	2	1		4.3.1ba
5	1	4	2	2	4.3.2ba
6	1	2	3	2	4.3.2bc
7 (a)	3	3	8	6	4.3.4bb
7 (b)	3	3	10	14	4.3.4bb
Total	16	16	24	24	

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