

Mark Scheme (Results)

June 2011

GCE Economics & Business
(6EB04) Paper 01

Edexcel is one of the leading examining and awarding bodies in the UK and throughout the world. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers.

Through a network of UK and overseas offices, Edexcel's centres receive the support they need to help them deliver their education and training programmes to learners.

For further information, please call our GCE line on 0844 576 0025, our GCSE team on 0844 576 0027, or visit our website at www.edexcel.com.

If you have any subject specific questions about the content of this Mark Scheme that require the help of a subject specialist, you may find our **Ask The Expert** email service helpful.

Ask The Expert can be accessed online at the following link:
<http://www.edexcel.com/Aboutus/contact-us/>

Alternatively, you can contact our Business/Economics Advisor directly by sending an email to Business specialist on
BusinessSubjectAdvisor@EdexcelExperts.co.uk.

You can also telephone 0844 372 2187 to speak to a member of our subject advisor team.

June 2011

Publications Code UA027749

All the material in this publication is copyright

© Edexcel Ltd 2011

Question Number	Answer	Mark
1.	<p>Knowledge up to 2 marks: A definition of duopoly e.g. "the form of oligopoly where only two firms have dominant control over a market." or equivalent demonstrating understanding = 2 marks.</p> <p>Note: 1 mark for partial or vague definition (but a valid example lifts to 2 marks). Any valid extension or plausible application to the context demonstrating understanding will also gain the 2nd mark.</p>	1-2

Question Number	Answer	Marks
2.	<p>Knowledge up to 2 marks: A valid definition of publicly owned e.g. Under state ownership and control. Contrast public and private sectors.</p> <p>Note: 1 mark for partial or vague definition (but a valid example lifts to 2 marks). Any valid extension or plausible application to the context demonstrating understanding will also gain the 2nd mark.</p>	1-2

Question Number	Answer	Marks
3.	<p>Knowledge 1 mark: A valid definition of merit good e.g. "A good which if left to the open market would be underconsumed". Alternatively, "A good carrying a positive externality".</p> <p>Application up to 2 marks: Channel 4 carries public service remit (1 mark) any example from the evidence (1 mark). Free at the point of delivery (1 mark) social benefit exceeds social cost (1 mark).</p> <p>Analysis 1 mark: Evidence E shows falling market share, so maybe underconsumed?</p> <p>There are other valid approaches and there is no prescriptive response, credit any logical arguments.</p>	<p>1</p> <p>1-2</p> <p>1</p> <p>Total (4 marks)</p>

Question Number	Answer	Mark
4.	<p>Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge: 1 mark An understanding of Channel 4's source of revenue. (Advertising).</p> <p>Application: up to 2 marks Schools programmes only offer limited advertising opportunities (1 mark). This could result in limiting potential revenue (1mark).</p> <p>Analysis: 1 mark Evidence E suggests that market share is falling, but still significant at around 16% of terrestrial viewing. Maybe little impact (1 mark). Not all educational programmes aimed at schools (1 mark). Kids are often the gatekeeper on discretionary family spending. "pester power" (1 mark). Satellite and Cable broadcasters have no such restriction (1 mark).</p> <p>There are other valid approaches and there is no prescriptive response, credit any logical arguments.</p>	<p>1</p> <p>1-2</p> <p>1</p> <p>Total (4 marks)</p>

Question Number			
5.			
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Candidate shows some knowledge of economic downturn.	<ul style="list-style-type: none"> Economic downturn e.g. fall in GDP
Level 2	3-5	Answers should be related to the context.	<ul style="list-style-type: none"> Lower revenues mean hard to keep up with competition. It is likely that candidates will be aware of the rising threat of internet, satellite & cable TV on demand. ITV and Channel 4 may not be able to match this.
Level 3	6-7	Candidate uses the evidence to analyse the situation.	<ul style="list-style-type: none"> May not be able to afford new technologies. Lower programming budgets might lead to further decline.
Level 4	8	Expect to see evaluative points. Advantages and disadvantages explained and support <i>some</i> evaluation.	<ul style="list-style-type: none"> Fixed costs which may not be met from falling advertising revenues. More unemployed daytime viewers Lower wage bill possibly Cheaper contracts from production companies.

*N.B. If analysis but no context restrict to bottom L3.
If evaluation but no context restrict to top L3*

Question Number	Level	Mark	Descriptor	Possible Content
6.	Level 1	1-2	Candidate shows some knowledge.	<ul style="list-style-type: none"> Some awareness of the deal What is meant by consumer
	Level 2	3-5	Some relevant awareness in context but lacks development. Perhaps only one strand. Toolkit use may be limited.	<ul style="list-style-type: none"> Better content might mean more viewers. YouTube only attracts a minority audience anyway. More choice of when to watch.
	Level 3	6-7	Good development in context of the likely effects of the joint venture and the mechanisms involved. Either pros or cons could be addressed.	<ul style="list-style-type: none"> More free internet content. Could be the last nail in ITV's coffin. Kids (arguably main YouTube users) are often the gatekeeper on discretionary family spending. More "pester power".
	Level 4	8-10	Expect to see evaluative points based on analysis of the business situation. Answer is coherent, has some balance, is related to the context and makes good use of toolkit.	<ul style="list-style-type: none"> More free quality internet content. More funding could cross subsidise terrestrial output. The varied and maverick nature of YouTube may be undermined. Threat of monopoly power as market consolidates.

N.B. If analysis but no context restrict to bottom L3.

If evaluation but no context restrict to top L3

Question Number	Level	Mark	Descriptor	Possible Content
7.(a) QWC i-iii	Level 1	1-3	Candidate shows knowledge and understanding. To achieve a mark of 1 - 3 the candidate will have struggled to use	<ul style="list-style-type: none"> Knowledge of tax and/or taxpayers. Understanding of licence fee

		Economics and Business terminology legibly with frequent errors in SPG and / or weak style and structure of writing.	
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>	<ul style="list-style-type: none"> • Free at point of use. • UK has a licence fee where some other countries don't • Many EU countries already do this either wholly or partially.
Level 3	7-14	<p>Low level 3: 7 - 10 marks Narrower and or weaker analysis relevant to the question.</p> <p>High Level 3: 11 - 14 marks Expect to see strong analysis using evidence</p> <p>The candidate uses Economics and Business terminology quite well with reasonable to good spelling, punctuation and grammar.</p>	<ul style="list-style-type: none"> • TV licence is effectively hypothecated taxation. • Payment more certain, difficult to avoid (iPlayer). • Might well be politically popular • Budgetary constraints. • Licence is regressive flat rate fee which imposes higher proportionate burden on people on low incomes
Level 4	15-20	<p>Low Level 4: 15 - 17 marks Some evaluative points are made, based on analysis of the situation and / or evidence.</p> <p>High Level 4: 18 - 20 marks Works to convincing evaluation on the initiatives and provides a supported conclusion.</p> <p>Candidate uses Economics and Business terminology precisely and effectively with good to excellent spelling, punctuation and grammar.</p>	<ul style="list-style-type: none"> • Takes more account of ability to pay. • Easier and cheaper to collect? • Merit good, deserves subsidy. • Funding would still have to be raised from somewhere. Opportunity cost? • Large fiscal deficit already a problem?

***N.B. If analysis but no context restrict to bottom L3.
If evaluation but no context restrict to top L3***

Question Number			
7.(b) QWC i-iii			
Level	Mark	Descriptor	Possible Content
Level 1	1-3	<p>Candidate shows some knowledge of market or intervention.</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>	<ul style="list-style-type: none"> • Knowledge of broadcasting market. e.g. competitive environment. • Knowledge of government intervention. e.g. CC, OFT, OFCOM, Taxation, Subsidy, appointment of trustees (any of these or other valid).
Level 2	4-6	<p>Some application and knowledge of reasons behind intervention in the broadcasting market.</p> <p>The candidate may use some Economics and Business terminology but the style of writing could be better/there may be some errors in spelling, punctuation and grammar.</p>	<ul style="list-style-type: none"> • Examples of intervention • Regulation of advertising • Censorship • Setting public service remits • Education and News programming.
Level 3	7-16	<p>Analysis with reasonable application to the evidence and use of toolkit.</p> <p>Low level 3: 7 - 11 marks Candidate attempts to analyse consequences of supporting public broadcasting. Some elementary conclusions or recommendations attempted, but may lack depth and/or development.</p> <p>High level 3: 12 - 16 marks Clear Analysis with reasonable application to the evidence and use of toolkit. Candidate analyses consequences of intervention <i>OR</i> failing to intervene.</p> <p>The candidate uses Economics and Business terminology quite well/style of writing is appropriate for the question/reasonable to good</p>	<ul style="list-style-type: none"> • Merit goods require subsidy or else under-consumed. • BBC has global recognition for quality. Compare to Italy? • Skews the market. • Unlikely to result in better choice. • Who watches TV anyway?

		spelling, punctuation and grammar.	
Level 4	17-30	<p>Evaluation must be present.</p> <p>Low Level 4: 17 - 21 marks An answer displaying limited judgement.</p> <p>Medium Level 4: 22 - 26 marks An answer displaying effective evaluation of arguments or an attempted conclusion.</p> <p>High Level 4: 27 - 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>Candidate uses Economics and Business terminology fluently with good spelling, punctuation and grammar.</p>	<ul style="list-style-type: none"> • Ensures competition. • Merit good (public service broadcasting). • Regulate or ban advertising of demerit goods, e.g. cigarettes. • Censorship e.g. pornography <p>On the other hand,</p> <ul style="list-style-type: none"> • Sky and Virgin both deliver a wide range of programming without seeking a public subsidy. • Any commercial broadcaster should depend upon handling the market as it is or fail.

*N.B. If analysis but no context restrict to bottom L3.
If evaluation but no context restrict to top L3*

Further copies of this publication are available from
Edexcel Publications, Adamsway, Mansfield, Notts, NG18 4FN

Telephone 01623 467467

Fax 01623 450481

Email publication.orders@edexcel.com

Order Code UA027749 June 2011

For more information on Edexcel qualifications, please visit
www.edexcel.com/quals

Pearson Education Limited. Registered company number 872828
with its registered office at Edinburgh Gate, Harlow, Essex CM20 2JE

Ofqual



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

