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# Examiners' Report

## June 2017

IAL Economics WEC03 01

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## Introduction

This was the fourth series of summer examinations for WEC03 Business Behaviour. A further four papers have been set for previous winter series.

The examination seeks to test the candidates' abilities to select and apply appropriate economic concepts, theories and techniques in a variety of contexts. As Unit 3 is a synoptic unit, the examination may draw on material from Units 1 and 2.

Candidates choose to attempt two out of four essay titles in Section A. Each essay is marked out of a total of 20 marks using a 5 level of response performance criteria. Question 3 was the most popular question (Is a perfectly competitive firm always more efficient than a monopoly firm?). Question 4 also proved to be a popular choice (Government measures to promote international competitiveness).

Candidates choose one out of two data response questions in Section B. Each question has four parts to it. Part (a) is worth 4 marks and parts (b) to (d) are each worth 12 marks. For parts (b) to (d) it is vital that candidates make effective use of the information provided in order to access Levels 2 and 3 for knowledge, application and analysis marks. A further 4 marks are available for evaluation. Question 6 was the most popular question.

It is most encouraging to note that the overall standard of answers is continuing to improve. There were a number of high quality answers this year.

Successful candidates were able to:

- Clearly identify what they were being asked to do. For example, in Question 3 maintain a clear focus on **efficiency** concepts and in Question 4 focus on policies to improve **international** competitiveness.
- Draw and label appropriate diagrams accurately. For example, showing productive and allocative efficiency points on diagrams of perfect competition for Question 3 and a shut down point diagram for Question 5(b) and Question 6(c).
- Effectively time manage their answers. As was the case in the last series, there was far less evidence of candidates having to rush part (d) of Section B.
- Select and apply information from the extracts to enhance their answers in Section B

Less successful candidates often:

- Presented a prepared answer rather than the one which was being asked. For example, in Question 1 focusing on issues of divorce of ownership and control without broadening the answer and in Question 2 discussing the advantages and disadvantages of a large firm rather than focusing on whether or not a large firm can maintain its cost advantages as it continues to grow.
- Drew inaccurate and inappropriate diagrams. For example, not showing the output level where  $MC = AR$  and not showing  $MC$  intersecting with  $AC$  at the lowest point of  $AC$  (Question 3).
- Confused contestability with competitive in Question 6(b).

The main implications for future teaching, learning and examination preparation are:

- To ensure that **all** parts of the specification are taught and internally assessed. For example, knowledge of contestable markets was weak in several cases.
- To encourage candidates to make full use of previous examination papers, mark schemes and examiners reports.

## Question 1x

Candidates who performed well were able to identify a range of business objectives and how they may or may not apply to different types of business organisations. A sound response typically discussed how objectives vary both within and between private and public sectors and went on to consider how these objectives may be similar depending on circumstances. Diagrams were used to show profit maximisation, revenue maximisation and sales maximisation. Such a response would potentially achieve a sound Level 4 mark of 14/16.

Further evaluation as to why similarities exist, e.g. private sector firms having increased social responsibilities and commercial public sector organisations having financial targets would open up the possibility of achieving a Level 5 mark.

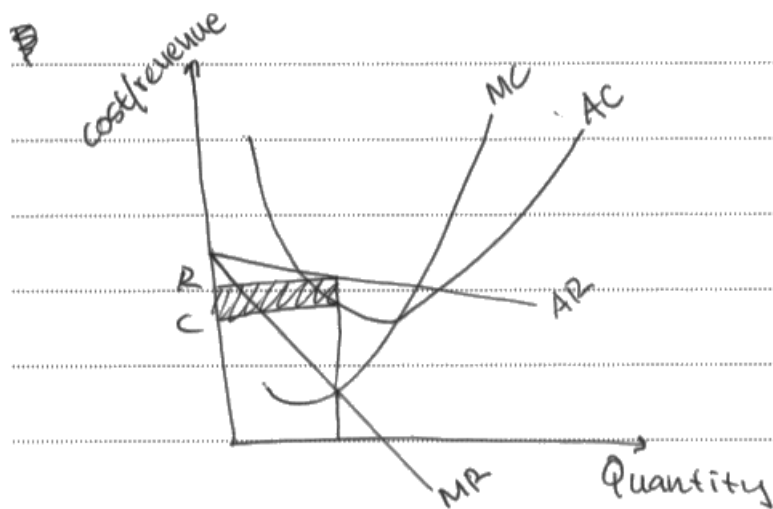
An answer which only considered a limited type of organisation, for example private sector companies, with sound analysis would have scored high Level 3, since the response would have lacked sufficient breadth.

It was disappointing to see that several candidates were unable to discuss a range of business objectives. Some answers veered away from the question and discussed different models of market structure.

Private sector businesses are those businesses which are owned and managed by private individuals. These business organisations can include public limited companies and co-operative. Some private firms have divorce of ownership and control, like public limited company, where shareholders own the company but board of directors or managers run the company.

Public sector businesses are those businesses owned and managed by the government. These business organisations can include governmental departments and commercially oriented businesses.

Business objectives can vary between private sector businesses and public sector businesses. Since private businesses are owned by private individuals they have profit maximising as the main objective.



At profit maximising point  $MC=MR$ , firms would want to increase Average revenue so as to get supernormal profits. This is ~~the~~ the main objective of large businesses such as public limited companies.

Co-operatives, which are owned by its members, such as workers, may have different objectives. The main aim of co-operatives is to increase the welfare of its members. They do not have profit maximising as the main objectives. This is as most co-operatives get government grants or funds to keep going. So, they work for the betterment of the members.

Also, some charity organisations such as the Gates Foundation or charity branches of famous companies such as LEGO ~~are~~ do not have profit motive or welfare of members. They work for the betterment of the unfortunate, poor or ~~at~~ people with diseases, mostly in developing countries. They are funded by profits from the owner so they do not ~~to~~ need to maximise profits.

Moreover, public sector businesses do not aim to maximise profits. But rather, they work for the welfare of the public, providing merit goods and public goods which private sector could not provide. They are funded by government tax revenues, so, they do not need profits.

However, ~~co-operatives~~ not all co-operatives get help from government to achieve its objectives. So, when they do not get ~~help~~ funding from government, co-operatives would have to make profit to survive, at least in the long run. So, it can be argued that all ~~firms~~ private firms have to make profit.

Furthermore, large transnational companies and even other public limited companies have corporate social responsibility in their business agenda; this is where they work for the betterment and improved living standard of its customers or employees. Coca-Cola employs such techniques around the globe, such as providing clean water in India. So, welfare is a part of almost all private businesses, meaning there is lesser ~~diffe~~ variation in business objectives.

Also, the commercially oriented businesses in public sector ~~may~~ will aim to maximise profits. Most of these ~~of~~ businesses are partly or mostly owned by private individuals, so in order to keep the owners happy, profit has to be made. Also, these companies

provide some sort of good, such as railway or electricity, and so, will need profit to innovate and enhance the service. Even though most are supported by government revenues, this may not be possible for long run, so they have to make profit to survive.

Lastly, divorce in ownership of public limited companies may mean they do not always maximise profits. Managers may aim for profit satisfying to keep shareholders happy, while engaging in other objectives, such as higher wages or better working conditions.



### ResultsPlus Examiner Comments

This response showed a sound level of understanding and the candidate addressed the question throughout the answer.

There is a clear and succinct introduction outlining examples of organisations in both sectors. The candidate then compares company objectives with those of co-operatives, charities and public sector organisations. This would be worth a high Level 3 mark at this point.

The candidate then provides some balance to the response by introducing the possibilities of corporate social responsibilities for the private sector company and commercial targets for the public sector organisation. These factors are well explained and result in a final mark of 16 (Top Level 4).

The reason why this response did not achieve a Level 5 mark was because it lacked detail on different objectives in the private sector with no consideration of either revenue or sales maximisation. The final reference to profit satisfying and divorce of ownership and control could have developed these points.



### ResultsPlus Examiner Tip

Make sure you start your answer by directly addressing the question. A question like this one requires you to consider a range of possible objectives. As the statement refers to how objectives can vary, your evaluation will be based on how objectives may be similar.



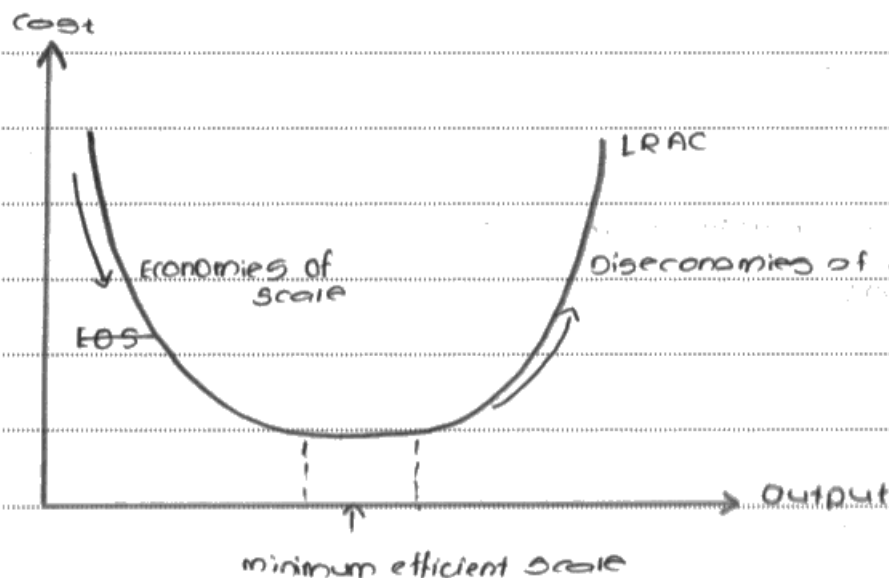
## Question 2x

There was a significant variation in the quality of answers to this question. The stronger responses focused on the main thrust of the question, namely whether or not a large firm can *maintain* its cost advantages as it grows. Candidates were able to draw upon their understanding of economies and diseconomies of scale and go beyond this to consider issues such as variations in the minimum efficient size, natural monopolies and government competition policies. Such a response, often with appropriate and accurate diagrams, typically scored a high Level 4 or Level 5 mark.

Those candidates who performed less well discussed economies of scale at some length or framed their answer in terms of advantages of large firms compared with small firms. This meant that the answer was unlikely to score anything more than a mid-level 3 at best. This illustrates the essential point, that candidates must read each question very carefully.

Yes, Large firms can benefit from cost advantages compared to small firms, as it helps the following could be some of the advantages.

Firstly, large firms <sup>can</sup> exploit economies of scale which is the falling of average costs due to the expansion of the scale of operations for an instance, purchasing economies of scale helps to buy raw materials in bulk, ~~also the~~ <sup>also the</sup> risk bearing economies of scale is also achieved as large firms get have a large product portfolio for an example, for TATA, ~~if they fail~~ they have vehicles and even ~~trucks~~ <sup>watches</sup> which doesn't make them dependent on one product.



The diagram above shows that when cost falls economies of scale is achieved and large firms could reduce costs such as bank loan interest as financial economies of scale is achieved and the banks will allow low interest loans as they company is large enough to pay back the debts.

Secondly, large firms could <sup>transfer</sup> outsource their production into countries with low production costs such as, cheap labour and more <sup>spare</sup> capacity. For an example, Apple ~~is~~ products are designed in California but it's been assembled in China this could result in low production costs and labour costs which is a cost advantage of Apple, when <sup>factors of</sup> the production such as land is cheaper ~~than~~ then less costs for the firms to operate and therefore could earn high profits but be this could result in mistakes be occurred therefore a good training should be given to the labour which

will cause the firms firm to spend money,

further, large firms could be already famous and some large firms such as Macdonalds, KFC are located all across the globe and this may keep advertising and marketing costs low as they don't have to advertise cause consumers already know these ~~com~~ firms. This could also be ~~an~~ a cost advantage but some countries could have different cultures or beliefs which ~~may~~ the firm may have to develop special products. ~~such as, Mac, donals provide all vegetation food to it's customers~~

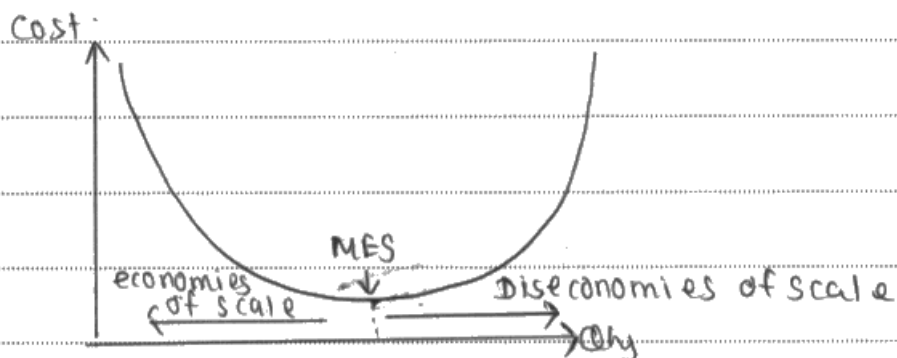


**ResultsPlus**

**Examiner Comments**

The response starts reasonably well by identifying economies of scale and illustrating the concept with a good diagram. Development occurs with some analysis of financial economies of scale, low cost locations and savings on advertising and marketing costs. If this standard was maintained, but not improved upon for the remainder of the answer, this would achieve a high Level 3 mark.

However, large firms are should be careful to not exceed the minimum efficient scale as illustrated below.



Once a firm exceeds the minimum efficient level of output, their ~~average~~ long run average costs will start rising. For example, a company like Apple which has sales outlets and production facilities all over the world might not be able to manage all of its outlets. There might be ~~an~~ coordination and control problems due to over-expanding. Therefore it is very important that large firms ~~to~~ do make sure they expand only until it's efficient. This proves that even large firms cannot continue growing endlessly. They have to stop at one point.

Another way that large companies can maintain their cost advantages is by outsourcing and off-shoring. For example, a part of Apple's production process takes place in China. This is because the unit labour costs in China are

more cheaper than elsewhere. Large firms have the capacity to off-shore because they can research about the best places to locate and they can afford to do such a startup in a foreign country. Furthermore, governments which welcome FDI will be willing to get a reputed country like Apple or General Motors to have a part of their production process in their country.



**ResultsPlus**  
Examiner Comments

This section of the candidate's answer focuses on the main issues of the question. A good example is used to discuss why a large firm, (in this case Apple), may not be able to maintain its cost advantages. If this standard had continued over the remainder of the answer the mark would be a high Level 4 and potentially a Level 5.



**ResultsPlus**  
Examiner Tip

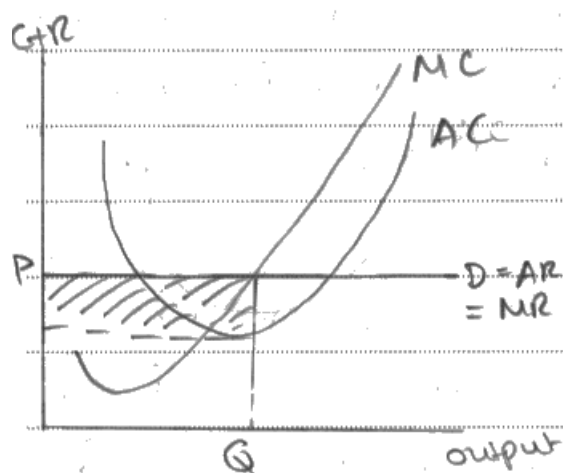
Make sure your answer really focuses on the question. In this case, you would need to consider why large firms may or may not be able to maintain cost advantages. Think about factors which can work in their favour and also those factors which might work against them. This is *not* an advantages and disadvantages of large firms question.

### Question 3x

There were a number of very sound answers to this question. Good quality responses were able to apply their economic theory of perfect competition and monopoly effectively. In such cases, diagrams were accurately drawn and labelled, with the analysis focusing on issues of contrasting efficiencies in the two markets. High Level 4 and Level 5 answers considered, in some depth, the issue as to whether perfectly competitive markets will always be more efficient, discussing issues of dynamic efficiency and minimum efficient scale.

Candidates who performed less well often drew inaccurate diagrams and were unclear on the concepts of productive and allocative efficiency in particular.

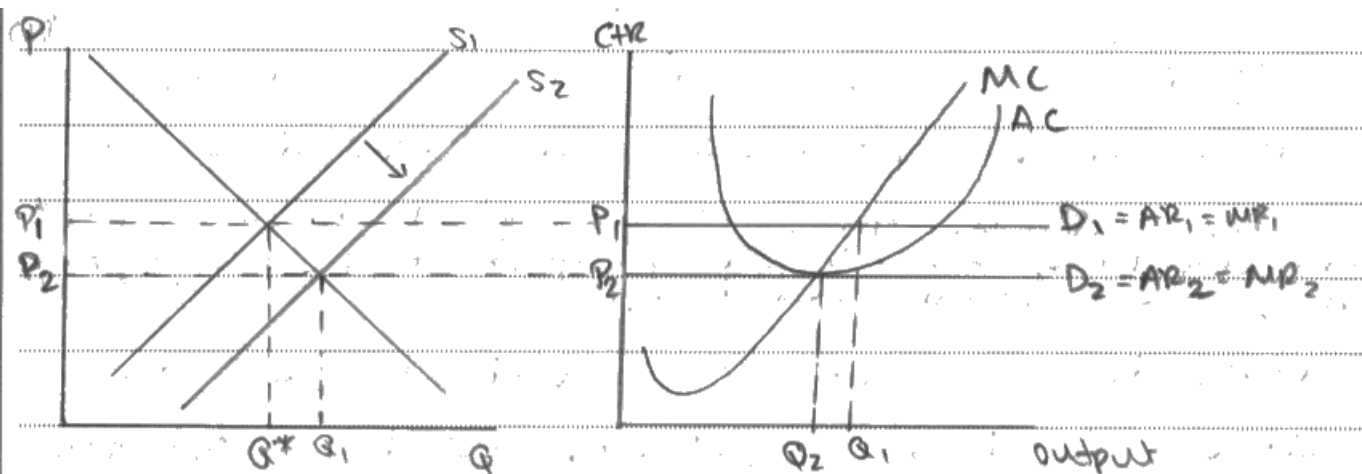
Centres need to advise their candidates about the importance of knowing the market model diagrams and how types of efficiency can be illustrated with diagrammatic analysis.



As shown on the diagram to the <sup>left</sup> ~~right~~, a perfectly competitive firm is allocatively efficient because  $AR = MC = P$  creating a price of

$P$  and producing at output  $Q$ . In the short term, they would make supernormal profits of the shaded area.

Due to the ~~lower~~ no barriers to entry and perfect knowledge, firms will enter the industry as they would see abnormal profits being made.



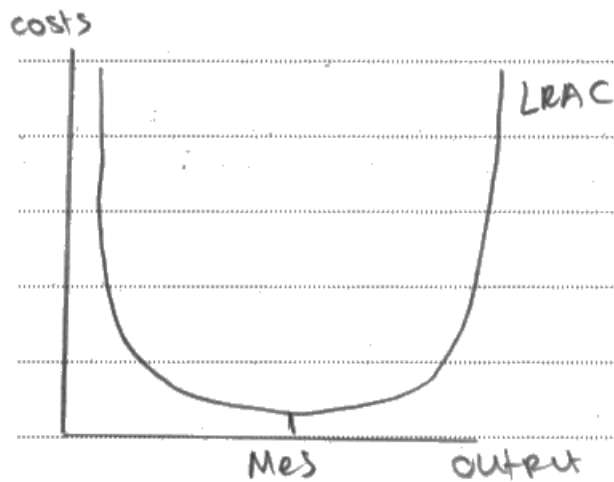
The diagram above shows supply increasing from  $S_1 \rightarrow S_2$  as more firms enter the market. This causes a shift in price from  $P_1 \rightarrow P_2$  and reduces output from  $Q_1 \rightarrow Q_2$ . Firms become productively efficient in the long run as  $MC = AC$  at price  $P_2$ , and only normal profits are made.

However, although perfectly competitive firms are allocatively and productively efficient, they are unable to be dynamically efficient in the long run as no supernormal profits are being made to reinvest & innovate.

However, monopolies are able to be dynamically efficient as large supernormal profits are being made. This means they can reinvest to innovate new products and give higher quality <sup>or</sup> a larger variety of products to consumers which increases consumer welfare. <sup>abnormal</sup> Profits are shown by the shaded box.

Although monopolies are not productively efficient they are said to have lower <sup>average</sup> costs in comparison to perfectly competitive firms because they can take advantage of purchasing, marketing, technical, financial and risk bearing economies of scale.

This would reduce average costs as <sup>costs</sup> unlike perfectly competitive firms, they have enough output to achieve max economies of scale (Minimum efficient scale,  $MES$  on diagram).







## ResultsPlus

### Examiner Comments

Having correctly defined both markets in the previous paragraph, the candidate correctly shows the short run profit maximising output for a perfectly competitive firm. This would have been further improved if allocative efficiency had been labelled on the diagram. No mention is made of productive efficiency at this juncture. The long run diagrams are correctly drawn and the analysis of perfect competition is sound. A correct point is made about dynamic efficiency. This would represent a low level 3 response at this point.

A correct diagram and analysis of static efficiencies for monopoly followed.

The second clip shows that the candidate considered concepts of dynamic efficiency, economies of scale and minimum efficient scale for a monopolist. This moved the quality of the response into high Level 4.



## ResultsPlus

### Examiner Tip

Make sure your diagrams are accurately drawn and relevant. Use correct labelling and appropriate annotation. Provide analysis to accompany your diagrams.

## Question 4y

There was a clear division between those candidates who had read the question carefully and those who had not.

Sound responses discussed how a range of government measures might improve a country's *international* competitiveness. For example, a response which analysed the potential impact of policies aimed at export industries, developing education and skills and subsidising firms seeking overseas markets would potentially be in Level 4 or Level 5. Higher level responses also offered valid evaluation in terms of the possible limited impact of such measures and constraints on government (e.g. financial, exchange rate system).

Less successful responses identified a range of government measures but provided tenuous links as to how these might affect international competitiveness. Such a response would not attain anything above a mid-level 3 mark.

International competitiveness (IC) refers to the ability of a country to sell its goods or services ~~on~~<sup>in</sup> the foreign market.

One way in which gov can promote IC within businesses in its country is ~~to~~ by subsidising export-oriented businesses in its country. This will reduce their cost of production, thus enabling them to pass these onto ~~the~~ ~~market~~ their prices by decreasing <sup>them</sup>. Assuming the demand for their goods are elastic, this will result in a rise in revenue as demand rises. Furthermore, firms will become more cost competitive in the foreign market. Thus, IC of businesses will rise.

Another way gov can promote IC is through manipulating exchange rate. ~~They~~ They can depreciate their domestic currency through ~~to~~ by using ~~the~~ foreign

currency reserves. This will ~~is~~ increase the supply of domestic currency in the market, thus their value will fall.

This will result is domestic goods becoming cheaper in the foreign market. As a result, demand for exports will rise this will ~~also~~ ~~more~~ increase exports which will increase revenue for businesses in the country. They'll be able to earn higher profits, thus making them more competitive in the international market.

Another measure, which gov. can take to improve IC of the <sup>country</sup> countries, is by using protectionism measures. This will enable domestic businesses to face less competition and give them a higher chance to grow. Furthermore, it also ensures the growth of infant industries within the economy. Hence, it will result in domestic businesses ~~being~~ becoming larger. This may enable them to achieve higher economies of scale and thus reduce cost. Hence, they'll ~~may~~ become more competitive in the international ~~and~~ market.

Gov. can also implement measures to ~~implement~~ ~~measures~~ improve human infrastructure in the economy. This can be through ~~provision~~

increase accessibility to education, healthcare, ~~or by imple~~ training programs. This will increase skills and knowledge of the labour and reduce health issues, which may decrease absenteeism. As labour becomes more skilled their occupational mobility will rise along with productivity. An increase in labour productivity will reduce unit cost of production for firms, thus making them more cost competitive. Furthermore, this improvement of labour may result in better production quality, which may ~~also~~ increase quality of goods and service. This will increase the non-price competitiveness of the exported goods, hence, they'll become more competitive in the foreign market.



**ResultsPlus**

**Examiner Comments**

The response starts with a correct definition of international competitiveness. The following two paragraphs are very sound and focus on the question. Good analysis of both subsidies and exchange rate manipulation within the context of export-oriented businesses. Protectionist measures are discussed in relation to enabling infant industries to grow, rather than simply reducing imports and improvements to education and health are linked to improvements in overseas markets at the conclusion of that paragraph. At this point the response is a low Level 4.

The evaluation which followed discussed the drawbacks of the measures in a general sense without considering why they might not lead to improvements in international competitiveness. The final mark was Level 4, 15 marks.



**ResultsPlus**

**Examiner Tip**

If you attempt a question which is asking about the *effectiveness* of government measures, your evaluation needs to focus on what might make the measures *less* effective.

In this question you could discuss, for example, the limitations facing a government when trying to lower its exchange rate; the price elasticity of demand for exports; the time lag for more long-term measures such as infrastructure, investment in education and health services.

### **Question 5 (a)**

Two knowledge marks were awarded for a correct definition of predatory pricing with a brief development. A number of candidates provided an incorrect definition, often confusing predatory with limit pricing.

Up to two application marks were awarded for appropriate use of the extract and/or for providing examples where predatory pricing may occur.

### **Question 5 (b)**

The best responses were able to draw accurate diagrams which showed the shut-down point in both the short run and the long run. This then enabled candidates to make a clear distinction between online services, which may be able to survive in the short run because at least AVC was being covered, and those which could not survive. The high quality answers used the context effectively and were able to make valid evaluative comments.

By contrast, some candidates clearly struggled to produce an appropriate diagram, but many were still able to gain both KAA and evaluation marks for other parts of the response.

### **Question 5 (c)**

Successful answers made the link between a product differentiation strategy and a potential increase in profit. The purpose of the strategy is to (amongst other things), raise demand, increase sales and encourage consumer brand loyalty (less elastic demand). The best responses recognised this and used the context of the Spanish tuna market to analyse these issues.

Evaluation involved turning the tables and considering why the strategy may not work. Factors such as increased costs, consumers not switching, highly competitive market (availability of substitute goods) were relevant here.

It is important to note that candidates could justifiably restructure their response so that the emphasis was focused on why the strategy may *not* be effective.

Weaker responses provided a very descriptive answer covering several different forms of product differentiation without considering the economic concepts involved in the question. Something as basic as increased demand and a rightward shift of the AR curve, (in context), would have represented a qualitative improvement in some cases.

### **Question 5 (d)**

Sound responses focused on the potential benefits to *consumers* from lower prices. As with all other questions, economic concepts are central to forming a quality answer. Analysis of consumer surplus, more income available for savings and greater impact on low income earners were the types of concepts which could be applied to this question.

Less successful responses did not focus on consumers and tended to discuss the impacts on the firm.

Evaluation marks were awarded to those candidates who considered why benefits may not apply or may be short-lived. For example, by considering the effects of predatory pricing, the possible reductions in quality or standards of service.

With reference to extract 1, ~~some~~ 'some firms choose to use predatory pricing'. Therefore prices of products are ~~to~~ lowered significantly to drive out competition. Hence as prices are low ~~firm~~ consumers would have access to cheap products, thereby increasing ~~pro~~ consumer surplus. Consumer surplus is the difference in what consumers are willing to pay and what they actually pay. ~~The following diagram illustrates consumer surplus.~~

With reference to extract 2, 'A subway tuna sandwich and drink on the food app Ele.me, is priced 9 ~~yan~~ yuan including delivery, compared to 31 yuan at the nearest subway shop'. As prices are far lower than at the subway ~~store~~ shop consumers' satisfaction is ~~more~~ high as Ele.me delivers as well. Therefore they ~~at~~ have a large benefit of ordering from the site rather than having to go to the shop.

Another benefit to the consumers of a firm's decision to lower prices is that consumers feel they have got their value for money and it increases ~~consumer welfare~~ affordability for low income earners. Therefore standard of living

for these low income earners increase as they have more disposable income.

However, with reference to extract 4, 'In the long run consumers may suffer if prices rise again once competitors are eliminated from the market'. Therefore in the long run consumers will most likely suffer high prices once again as competitors are likely to be unable to compete with the low prices. Hence the benefits to reduction in price will be short lived.

~~Another~~ Consumers may suffer if prices are reduced as the firms ~~could~~ revenue would fall. Therefore quality of products and investment in research and development would also fall and as a result consumers would suffer from poor quality products and those of which could be outdated as ~~is~~ research and development has ceased due to the low profits. Hence consumer satisfaction would be diminished.





## ResultsPlus

### Examiner Comments

This is a very good answer. The candidate starts by discussing the benefits of predatory pricing to the consumer and introduces the concept of consumer surplus.

The second paragraph references inclusion of delivery charges (standard of service), increased consumer satisfaction is identified and there is good use of context. At this point KAA is worth 6 marks.

A further benefit is developed in relation to value for money and affordability. This represents a Level 3 KAA response.

The evaluation comments are both sound and well developed.

This response attained the maximum 12 marks.



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### Examiner Tip

In Section B keep your answers succinct and to the point. Make relevant use of the information provided. Make sure you include at least two developed evaluation comments (but no more than three).

### Question 6 (a)

Two knowledge marks were awarded for a correct identification of oligopoly plus a brief definition of oligopoly.

Application marks were awarded for using the data from the pie chart.

A significant majority of candidates were able to gain 3 or 4 marks on this question.

### Question 6 (b)

Contestable markets involve low ~~or no~~ entry & exist barriers. The UK grocery market is becoming more contestable due to smaller firms capturing market share ~~over~~ such as Aldi & Lidl over larger firms like Tesco.

According to extract 2 Aldi's set to open a further 80 new shops whilst the "big four" have stopped any expansion of new firms. Aldi & Lidl being more low cost supermarkets & Waitrose being a high end market may have a niche market to some extent & hence are retaining market share.

They are also at a threat of smaller convenience ~~shops~~ stores which may be local monopolies & hence to ~~be~~ gaining market share.

Moreover, due to online shopping <sup>markets</sup> firms are being even more contestable due to the ease of setting up a business online with out major sunk costs which are irrecoverable e.g. land, capital equipment, advertising etc. Moreover, other than Asda all 3 of the big four supermarkets have shown a decreased percentage change in sales, confirming that they are losing market share, whilst Waitrose, Aldi & Lidl have all shown promising increases of up to 27%.

Amazon & Ocado too will be competing over online groceries & hence may capture the market share due to convenience & ease.



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**Examiner Comments**

The response shows an understanding of contestable markets. Good use is made of the information with regard to growth of "smaller" supermarkets and the growth of online shopping with a reference to changing market share. The quality of analysis places this at the top of Level 2 KAA.



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**Examiner Tip**

In order to score Level 3 KAA marks, be sure to apply your understanding of economic concepts using the information provided.

In this answer, a more detailed consideration of the possible reduction of sunk costs and changing consumer shopping habits (more elastic demand) would have moved this answer into Level 3.

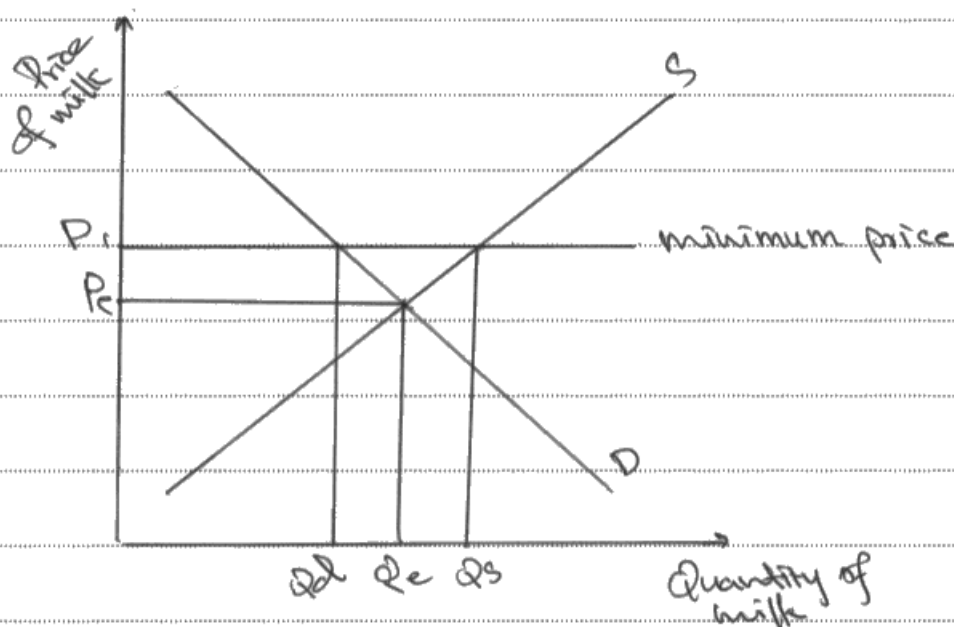
### Question 6 (d)

The more successful candidates were able to select two or three appropriate government measures which could potentially benefit UK dairy farmers. Policies such as minimum price legislation, subsidies and reducing monopsony powers of large supermarkets were amongst the most relevant. Sound evaluation was based on considering why these measures may not be particularly effective e.g. powerful monopsonists, higher prices to consumers.

The less successful candidate tended to identify more policies, some of which would not be relevant in this situation (e.g. local sourcing) and provided little in the way of analysis.

Monopsony is where there is a single large buyer in the market who has the price setting power. In UK, the largest supermarkets are monopsony over dairy farmers and they have reduced price of milk to 23p. So, the government of UK would intervene to protect suppliers.

One way government could protect suppliers in by setting a minimum price.



Set above equilibrium, minimum price would guarantee that farmers are able to cover their costs of 32p and survive in the market.

The government could also aim to increase the contestability and competitiveness of the supermarket industry. This can be by subsidising new firms. More firms in supermarket industry would mean that monopsony power of large supermarkets reduce and many farmers can sell to other supermarkets at higher price.

Also, the UK government can take action against Tesco and other firms for engaging in price war. Fining and failing will discourage these firms from lowering prices and so, milk farmers' prices will increase and their producer surplus would rise.

However, the benefits for suppliers depend on government ability to control large supermarkets. Tesco and others have high market share and turnover, and so, government may not be able to control their actions.

Moreover, setting the minimum price can lead to surplus milk. Supermarkets would not demand at higher prices and may switch to abroad milk producers. So, milk farmers in UK are not able to sell milk and their revenues are not increased.

Lastly, action against Tesco may be short lived and they will engage in other unfair practices

In long run. So, suppliers may have to suffer again.



### ResultsPlus

#### Examiner Comments

This is an example of a sound response. Three relevant measures are identified and analysed in some depth. This is worthy of a Level 3 KAA mark.

The candidate makes three separate evaluative comments, all of which have some merit. Top evaluation marks were awarded.



### ResultsPlus

#### Examiner Tip

Make sure when answering a question about government measures you only select those measures which you think are going to be appropriate. Avoid choosing all of those which you can remember in the hope that some will be correct.

## Paper Summary

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

- Make sure that you read each question very carefully before starting your answer.
- Draw and label your diagrams accurately.
- Make sure that your diagram(s) is relevant and appropriate.
- Include evaluation comments in all of your answers apart from Section B part (a).
- Do not copy out large sections of the extracts in Section B. If you do copy a small part of the extract use quotation marks.
- Your analysis in Section B needs to be in context, so use the information as directed by the question.

## **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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