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Examiners' Report January 2011

GCE Business Studies 6BS02 01

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Introduction

The overall standard of candidate responses continues to improve with the most notable progress being made in Section A of the paper, the supported multiple choice. Candidates are improving their performance by explaining their choices more carefully and in more detail. In addition, when dismissing distracters, the reasoning behind this has also improved. In particular there are fewer answers that dismiss incorrect statements en bloc without any thought. Centres are to be congratulated on their work with, and for, their students.

In Section B there was also evidence of improved performance: however two caveats must be noted. Far too often students are well versed in the knowledge base of the specification but are unable to use this knowledge in the context of the question. It should be remembered that every question in Section B should refer back to the evidence to illustrate candidates' ability to analyse and evaluate in the given context - in this case George Davies' new retail outlet GIVe. The second problem encountered in the January 2011 paper related to Q13 where a significant minority of students misinterpreted the requirement of the question and, even allowing for different interpretations, this question was not answered well. Areas of the specification covering staff recruitment and retention are well signposted and it was disappointing to see an inability in students, even those who had performed well to this point, being unable to evaluate well. Whether time constraints posed a difficulty is not clear - there were occasions where students did not attempt to answer at all but there were few scripts where students reverted to bullet points (often a sign of lack of time).

A note of caution should be added at this stage. The standard of written English in some scripts is unacceptable. Candidates appear unable to construct proper sentences and it is my view that until they are able to do so there remains a significant barrier to progress. Poor language skills make the explanation of technical terms in context nigh impossible. Centres should consider this before entering candidates.

Question 1

Students reading the question correctly were well rewarded. Most students were able to explain either the meaning of PED or remember its formula and those who confidently applied the formula scored highly. Some students either missed or didn't understand the word 'if' - the first word of the paper, and went on to state that the demand for vegetables is price inelastic and subsequently answered the question incorrectly. Centres are asked to remind candidates that their knowledge is expected to be of the specification, not of any commodity or industry.

SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

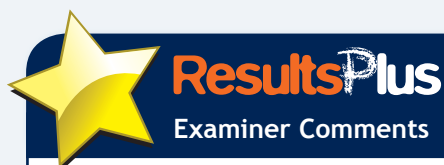
- 1 (a) If the price elasticity of demand for seasonal vegetables is estimated to be -2.0 , a fall in the price of these goods of 15% will lead to a (1)
- A 30% increase in quantity demanded
 - B 30% decrease in quantity demanded
 - C 7.5% increase in quantity demanded
 - D 7.5% decrease in quantity demanded

Answer

A

- (b) Explain your answer (show your workings). (3)

Price elasticity is when the demand levels change according to price. For it to be elastic the ~~per~~ demand increase should be more than the decrease in price (15%)



The candidate answers correctly and shows an understanding of elasticity. There is no context and a calculation is not provided so only one mark for explanation can be awarded.

SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

- 1 (a) If the price elasticity of demand for seasonal vegetables is estimated to be -2.0 , a fall in the price of these goods of 15% will lead to a

(1)

- A 30% increase in quantity demanded
- B 30% decrease in quantity demanded
- C 7.5% increase in quantity demanded
- D 7.5% decrease in quantity demanded

Answer

A

- (b) Explain your answer (show your workings).

(3)

$$\frac{\% \Delta D}{\% \Delta P} = \rightarrow \text{Price elasticity}$$

$$\frac{\% \Delta D}{\% \Delta P} = -2$$

$$\frac{+30\%}{-15\%} = -2$$



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Examiner Comments

A brief yet confident response. The correct formula is used, the figures from the example are inserted into it and the outcome is shown. Full marks.

Question 2

This question discriminated well. The key to gaining full marks was to understand that TQM requires checks at each stage of the process and this was clearly hinted at in the question. Many students cleverly linked this when dismissing distracters and were able to score full marks readily. A number of students reverted to repeating the stem of the question as their only response to getting 'zero defects'.

- 2 (a) Master Control is a consulting business specialising in Total Quality Management. Its quality assurance methods seek to organise every process to 'get it right first time'.

This approach should result in

(1)

- A increased final inspection
- B zero defects
- C increased wastage rates
- D reduced staff motivation

Answer

B

- (b) Explain your answer.

(3)

Total quality management requires all staff to work together and reduce defects. However staff may feel over worked this de-motivated. ^{'increase wastage rates'} ~~however they may~~ goes against get it right first time, so its not C.



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Examiner Comments

The explanation that 'all staff should work together' doesn't really explain the concept of checking at each stage of a process but there is some understanding shown when stating that increased wastage rates goes against the philosophy of getting it right first time, so 1 mark is awarded.

- 2 (a) Master Control is a consulting business specialising in Total Quality Management. Its quality assurance methods seek to organise every process to 'get it right first time'.

This approach should result in

(1)

- A increased final inspection
- B zero defects
- C increased wastage rates
- D reduced staff motivation

Answer

B

- (b) Explain your answer.

(3)

TQM is the ideal that the quality of production and the product is checked throughout the process of manufacturing. 'Get it right first time' ~~will~~ should result in zero defects as if the staff stick to the culture then there should be no defects occurring. This will not increase wastage rates as it is a method of cutting down wastage rates.

(Total for Question 2 = 4 marks)



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Examiner Comments

The candidate has a clear understanding of TQM and explains why it should result in zero defects. This is followed by an explanation of one of the distracters.

Question 3

Another question that discriminated well, although students are reminded that a knowledge mark is always available and would have been awarded for explaining the product life cycle. Consequently, although many students answered correctly, fewer were able to access full marks. However, on the positive side, students were able to gain marks for explaining why responses were incorrect, as well as those who gained full marks with a full contextual explanation of the concept.

- 3 (a) In January 2009, Kodak, the photographic film manufacturer, announced plans to cut 4500 jobs. Its Kodachrome colour film (used in non-digital cameras) was to be withdrawn by the end of 2009.

The **most likely** reason for this was

(1)

- A ending of the product's life cycle
- B a perceived lack of quality
- C a lack of advertising
- D the brand was not well known

Answer

A

- (b) Explain your answer.

(3)

The product lifecycle is a theoretical model that displays the relationship between the demand and ~~supply~~^{to age} of a product. Kodak is a very well known brand and thus would not be the reason for a decline in sales. Furthermore, Kodak is a brand associated with high quality goods. The product lifecycle predicts that a product's demand will begin to decline after a certain length of time and this has happened to Kodachrome colour film.



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Examiner Comments

The candidate's comments are firmly in context. There is an explanation of the plc and an acknowledgement that Kodak's product is in the decline stage. Furthermore the candidate recognises that Kodak's name is synonymous with quality and could not be held as a reason for the camera's withdrawal.

- 3 (a) In January 2009, Kodak, the photographic film manufacturer, announced plans to cut 4500 jobs. Its Kodachrome colour film (used in non-digital cameras) was to be withdrawn by the end of 2009.

The **most likely** reason for this was

(1)

- A ending of the product's life cycle
- B a perceived lack of quality
- C a lack of advertising
- D the brand was not well known

Answer

A

- (b) Explain your answer.

(3)

The product life cycle is the stages a product goes through development, growth, saturation, decline. Kodak withdrawing it from the market means it is no longer useful because everybody uses digital cameras now. B and C could be reasons why it is coming to an end of its product life cycle and D is not true because before digital, the latest technology was colour film.

(Total for Question 3 = 4 marks)



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Examiner Comments

A sound explanation of the purpose of the plc is placed in context by reference to digital cameras and there is a roundabout reference to the brand and the state of technology prior to the digital age. This is sufficient to acquire full marks.

Question 4

Students clearly understood the concept 'empowerment' and in many cases were able to detail why it was considered a motivator. Less successful were the attempts by students to gain marks by dismissing distracters, with far too many students settling for statements such as A, B & D are financial rewards, rather than linking 2 of them to the building firm and showing how they could be used financially.

- 4 (a) Mick Jordan, who owns a small building firm in Yorkshire, is seeking a way to motivate his workers without increasing their financial rewards.

Which **one** of the following would be the best way of achieving this?

(1)

- A A bonus system
- B Profit sharing
- C Empowerment
- D Piece work

Answer

C

- (b) Explain your answer.

(3)

Empowerment is giving staff power to make decisions without permission this is what coffee used in stores companies to help motivate staff

it is effective as it gives staff motivation to work harder and gain more rewards. However this may not be effective in some cases occasions as staff may make the wrong decisions

(Total for Question 4 = 4 marks)



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Examiner Comments

(S)he understands what empowerment is and why it may motivate whilst at the same time acknowledging that it is not always right for everyone.

- 4 (a) Mick Jordan, who owns a small building firm in Yorkshire, is seeking a way to motivate his workers without increasing their financial rewards.

Which **one** of the following would be the best way of achieving this?

(1)

- A A bonus system
- B Profit sharing
- C Empowerment
- D Piece work

Answer

C

- (b) Explain your answer.

(3)

Empowerment being a way of having greater role in decision making. ie quality circles. Financial rewards are those who get a sum of money in some way. A bonus being a lump sum for achieving a target etc - this being a financial reward. Profit sharing also receiving a sum of money because of making the firm a profit - this also being a financial reward.

(Total for Question 4 = 4 marks)



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Examiner Comments

Succinct answer showing what empowerment means and explaining why 2 of the distractors are incorrect, ie they each have a financial impact on the firm - context is implicit rather than explicit here.

Question 5

This was the most successful question on the paper in terms of the average mark per student. Candidates clearly understood the example of variance analysis and many achieved full marks. Perhaps because of the high marks, the question didn't discriminate well.

- 5 (a) Mick Jordan has been advised by his bank manager to set budgets and use variance analysis. The table below shows data from a recent building job.

	Budgeted (£)	Actual (£)
Labour	1 m	0.8 m
Materials	1.2 m	0.9 m
Overheads	0.3 m	0.3 m

The total cost variance for this building job is

0.2
0.3 (1)

- A £0.5 m adverse
 B £0.5 m favourable
 C £0.8 m adverse
 D £1.8 m favourable

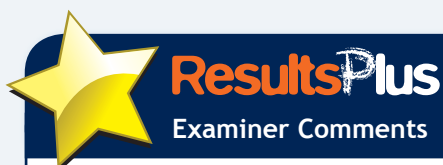
Answer

A

- (b) Explain your answer (show your workings). (3)

$1 - 0.8 = 0.2$
 $1.2 - 0.9 = 0.3$
 $0.3 - 0.3 = 0$
 $0.2 + 0.3 = 0.5$

his ^{actual} ~~effect~~ is lower than his expected. That's why it's adverse.



This answer is untypical. The calculations are correct but the mark is restricted to 2 as the initial answer is wrong. The candidate believes that having actual costs lower than budgeted costs is unfavourable.

- 5 (a) Mick Jordan has been advised by his bank manager to set budgets and use variance analysis. The table below shows data from a recent building job.

	Budgeted (£)	Actual (£)
Labour	1 m	0.8 m
Materials	1.2 m	0.9 m
Overheads	0.3 m	0.3 m

The total cost variance for this building job is

(1)

- A £0.5 m adverse
 B £0.5 m favourable
 C £0.8 m adverse
 D £1.8 m favourable

Answer

B

- (b) Explain your answer (show your workings).

(3)

favourable means that Mick Jordan has retained money because the actual ^{total} cost was less than what he budgeted for it.

B (£)	A (£)	$2.5 - 2.0 = \text{£}0.5 \text{ million}$
1	0.8	saved
+ 1.2	+ 0.9	
+ 0.3	+ 0.3	
<u>2.5 m</u>	<u>2.0 m</u>	

(Total for Question 5 = 4 marks)



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Examiner Comments

The candidate explains what favourable means in this context and performs the correct calculations and is duly rewarded.

Question 6

This question discriminated well. Although some students struggled to achieve 3 marks by explaining the positive nature of the answer with many just re-stating the stem and the correct response, significant number were able to correctly identify and explain reasons why distracters A and B were incorrect.

- 6 (a) An online retailer has recalled a large batch of faulty toys.

Consumer legislation requires that goods/services sold must be

(1)

- A sold at the lowest reasonable price to consumers
- B sold at the same price in different countries
- C guaranteed indefinitely against any failure
- D fit for the intended purpose

Answer

D

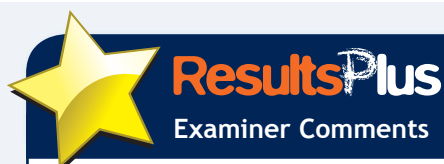
- (b) Explain your answer.

(3)

Consumer legislation is there to ensure the consumer is getting a fair deal as they know what they are buying. If the product is fit for its intended purpose and the consumer buys it then the company are in the right. If they are faulty then they must recall them as they aren't fit for their purpose. Consumer legislation doesn't require the product to be sold at the lowest reasonable price as it is the consumers choice to buy it.

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A: 24 MARKS



Two points made about what consumer legislation is and a reference to faulty products plus an explanation as to why one of the distracters is incorrect is enough for full marks.

6 (a) An online retailer has recalled a large batch of faulty toys.

Consumer legislation requires that goods/services sold must be

(1)

- A sold at the lowest reasonable price to consumers
- B sold at the same price in different countries
- C guaranteed indefinitely against any failure
- D fit for the intended purpose

Answer

D

(b) Explain your answer.

(3)

~~any sense~~ Consumer legislation is a document which contains rights a customer has when buying goods/services. If the legal batch was faulty then it does not serve its intended purpose. The retailer has the right to give back the keys to its manufacturer and demand a new batch or a refund. This could affect their relationship as provider and services.

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A: 24 MARKS



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Examiner Comments

It should always be possible to gain full marks by making 3 relevant positive points about the correct response. here the candidate does this, stating the purpose of consumer legislation, relating the concept of 'fit for purpose' to the question and acknowledging the right of the retailer to return the faulty product.

Question 7

Given that the marks for this question were split 2 for knowledge and 2 for application, many candidates were limited to 2 marks as they steadfastly refused to put their answer in context. It is not enough to mention the firm's name. There was evidence aplenty in the case study on marketing objectives for GIVE to enable students to score well.

7 Explain **one** benefit to GIVE of setting a marketing objective.

A marketing objective is a goal set by a company's managers which aims to fulfil the main aims according to the firm's mission statement. This enables the whole company to be ~~being~~ working towards a single goal thus rendering it more efficient. For GIVE this would possibly be towards keeping the cost of the product below a certain level whilst maintaining as high a quality as possible to meet its 'affordable fashion' goal.



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Examiner Comments

It could be argued that the explanation is more specific to a 'goal' than a marketing goal but the candidate gives a clear answer as to the purpose of setting such goals and relates the response to quality and cost in order to meet the 'affordable fashion' goal. What is missing is a reference to the ultimate aim of profit - even if that profit is to be used in non-conventionable ways.

7 Explain **one** benefit to GIVE of setting a marketing objective.

marketing objectives are goals the company would like to reach ⁱⁿ ~~at~~ a particular time it is a benefit as employees can ~~help to~~ use this to set aims and objectives reach a particular object on time furthermore it can help to see the position of the business



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Examiner Comments

This response is typical of the generic answers provided by many candidates. There is no context and whilst the candidate is well versed in the purposes of goal setting (S)he is fortunate to be given 2 marks.

Question 8

A similar criticism as outlined in Q7 can be levelled at candidates here but perhaps not to the same degree. Candidates clearly understood the benefits of branding but linking this to the context remained problematical.

8 Analyse **one** benefit of branding to GIVE.

A brand name establishes a company and gives them an identity consumers recognise. GIVE's brand plans to give its profit to charity, this gives the brand a good reputation using its proceeds for ethical reasons. With that in mind consumers will know their money will go to a good place while receiving the same quality it does from the previous ~~for~~ retailer owned by Davies thus increasing demand.



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Examiner Comments

Sound explanation of branding for 1 mark. A second mark is awarded for linking charitable support to achieving a good name, and a third for associating the quality issue of branding to increased demand.

8 Analyse **one** benefit of branding to GIVE.

Branding is creating a unique logo and business statement which set aside the firm against competitors for example 'Body shop for organic resources, Asda being a cheap retailer/supermarket and Waitrose a luxury supermarket. The benefit of branding 'GIVE' will enable consumers to ^{easily} recognise its established market and will enable ^{the} target market to familiarise with themselves the slogan 'affordable luxury' making it appealing to many females 'older' from all backgrounds.

(Total for Question 8 = 4 marks)



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Examiner Comments

On the way to being a good answer, this response identifies the purpose of branding and then makes a link to the context. If the answer had then gone on to look at return custom resulting from brand loyalty higher marks could have been achieved.

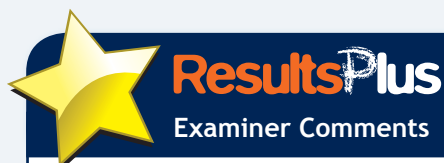
Question 9

Given that the GIVE is in the fashion industry, and this was heavily indicated in the evidence, it was surprising to note that a large number of students were unable to use this to explain why stock control was important to the firm. Even less impressive was that some students couldn't give a satisfactory explanation of the concept 'stock control'.

9 Explain why effective stock control will be important to GIVE's success.

Effective stock control is managing the stocks as it ~~is~~ is sold and making sure levels do not reach the 'reserve' level. This is important because if someone is measuring stock levels and sorting the stocks out then you will always have a supply for 'GIVE's' demand, however the business could lose customers if the stock is not kept under control and the company does not have enough because the supply has not been looked after then the customers will take their money elsewhere, so stock control will be important ^{for 'GIVE's' success.}

(Total for Question 9 = 4 marks)



This is a textbook answer to the extent that it could apply to any firm but not particularly to one in a fast changing retail fashion industry. There is no indication that the candidate recognises the danger of holding stock which is 'out of season'.

9 Explain why effective stock control will be important to GIVE's success.

Effective stock control will be important because GIVE will not waste money on storing ~~an~~ excess stock when at that time there is the demand for it, so costs would rise and profit margins would decrease. On the other side of the scales, if GIVE has too little stock for the customer demand then they won't be able to meet it, and the company's public image and brand may become tarnished, this is why it is important that GIVE has the right amount of stock to meet ^{the} ~~the~~ supply demand.

(Total for Question 9 = 4 marks)



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Examiner Comments

The context of GIVE is more implicit than explicit here but the candidate recognises the importance of having the correct level of stock available and places the response into the area of costs, profit and brand image.

Question 10

This question was well answered by many. The best answers started with a succinct explanation of price elasticity/inelasticity before relating the charitable intention of GIVE as a USP and thereby placing the company in a position with fewer substitute products, enabling it to raise prices without fear of losing demand, thus increasing the inelasticity of the brand.

10 GIVE has charitable intentions.

Analyse why an emphasis on charitable donations might make demand for GIVE's products less price elastic.

Price elastic measures the products sensitivity of Demand levels with changes in Price. As GIVE has charitable intentions, it will give them a competitive edge over their competitors, as people are likely to pay extra if they know that their products are going to a good cause. This is why George Davis is targeting Social Conscience women earning over £40,000 as their demand is likely to be more inelastic, or less elastic. People are likely to pay an extra £1 for the same product if they know it's for charity, they will be more sympathetic and think twice before switching stores.

(Total for Question 10 = 6 marks)



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Examiner Comments

The candidate scores 4 out of the 6 marks available. (S)he has a reasonable understanding of elasticity and is able to recognise that customers may be more willing to pay extra for a product with a 'competitive edge'. The emphasis on increased inelasticity is not made strongly enough to warrant the highest marks.

10 GIVE has charitable intentions.

Analyse why an emphasis on charitable donations might make demand for GIVE's products less price elastic.

Price elastic is the demand changing due to the price change. GIVE founder Davies has stated that the profits will go to charitable donations. Hence if price changes, demand may not change as much because the profit being made is not going to the business owner Davies but to a charity. Demand may not change because consumers may also think by buying a product, it's also helping a charity. This could be a competitive advantage amongst competitors. Where as Davies being a new type of 'social entrepreneur' wants to make money for the business for a good cause but also does not want to lose money, hence the products might have characteristics also to be less price elastic.

(Total for Question 10 = 6 marks)



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Examiner Comments

This answer may not be perfect but under the constraints of examination pressure it was judged good enough to secure full marks, by convincingly putting forward a case to show that demand will become less price elastic due to the nature of the product and the good intentions of its owner.

Question 11

Candidates, in general, understood the purpose of forecasts and budgets and most were able to realise that a lack of historical information indeed posed a problem. Credit was given to those candidates who suggested zero budgeting as a possible solution and whilst high marks were obtained by some candidates who realised that George Davies had considerable experience in the retail market, not enough of them were able to include this in an evaluative context in their answer.

11 GIVE is a new business venture and plans to open 25 stores around the country.

To what extent will a lack of historical information affect the accuracy of GIVE's sales forecasts and budgets?

Firstly, GIVE will have no access to previous secondary data in this area, so a capital expenditure will be needed to do primary research to find out demand for products.

GIVE may not be able to accurately predict sales, so may under budget or over budget on things such as stock levels and labour. If they were to over budget on stock, capital may have been wasted, and could lead to poor cash flow, cash coming into the business and then leaving again. Poor cash flow could lead to everyday things not being possible & efficiency decreasing. Due to the lack of historical info they won't be able to predict such things.

This could lead to production of the products being over produced and then having to eventually change the amount being produced, working at a lower capacity, using only 6/10 machines, working at 60% capacity utilisation, a potential wastage of 4 machines. However this may allow them to react to changes in demand.



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Examiner Comments

The candidate acknowledges the lack of secondary data and the problems this will bring, difficulties that will be hard to overcome but at no time is there a recognition that George Davies' previous experience in the industry may be helpful in making up for a lack of historical data.

11 GIVE is a new business venture and plans to open 25 stores around the country.

To what extent will a lack of historical information affect the accuracy of GIVE's sales forecasts and budgets?

GIVE being a new business venture, lacking historical information regards to sales forecasts and budgets. Historical figures being information from the past, this is not available because it's a new firm.

Davies the founder does have some experience in the clothing market from other businesses such as George and Next. Davies can incorporate those firms data to help set GIVE's sales forecasts and budgets. With Next and George being well established brands in the market. However GIVE market is new, it's aiming at a gap in the market, existing businesses might provide false assumptions to sales forecasts, over predicting leading to a shortfall in working capital. Sales forecasts being the forecasts of upcoming sales over a period of time. Budgets being a target or goal for the business on spending. Lack of historical information will provide new problems for the firm GIVE. With Davies having to estimate many of the budgets and sales forecasts with Davies experience in this sector.

Overall, lacking historical information for GIVE will encounter problems just like all new ventures setting budgets and sales forecasts but Davies previous experience could help, inevitably to the profit of the business!

(Total for Question 11 = 8 marks)



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Examiner Comments

This is a well written answer, covering all the bases and while I don't necessarily agree with some of the conclusions it is a worthy response nonetheless. Evaluative comment is thoughtful.

Question 12

Most, but not all, candidates understood and were able to use the concept 'marketing mix' and consequently identified the components and wrote well, in context, about them. What prevented many from reaching the highest marks was a failure to concentrate on 'mix'. The best answers were able to marry elements of the mix and some candidates added that whilst the 2 elements chosen were of particular significance, all the elements had a part to play.

12 George Davies is planning a limited range of clothing for his stores.

Recommend the **two** most important features of an effective marketing mix for GIVE.

Marketing mix is a mixture of different issues that any business must consider if they are starting ^{introducing} a new product/business. It consists of the four P's, Product, Price, Promotion & Place.

The two most important features of an effective marketing mix, I think ~~is~~ ^{is} the Product and Place. This is because great attention must be taken when creating the product. It must reflect what the needs of the market/industry are and whether there is a place for it and if it will sell. This is ~~because~~ ^{an important} feature because without careful attention to the product, the whole point of selling it will become useless, and all other plans will fail. The Product must be right in order to make the other 'P's' effective. An example, without a good product, Promotion will be useless as no one will buy it. Place is the second most important ~~feature~~ feature in an effective marketing mix. This is because ~~is~~ an effective location, such as Oxford Street (based on ~~the~~ GIVE's potential customer specifications) ^{for GIVE}. If they were to open a ~~the~~ GIVE store in

a low income area, the customers will not pay extra for the product as they would not be as social conscience. (Total for Question 12 = 8 marks)

Price is not as effective as ~~the~~ ~~at~~ long as the other two features are perfect, because Product and Place, when combined accurately, can produce an inclusive demand / niche product.



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Examiner Comments

This is a good answer. The candidate weighs up the aspects of the marketing mix and assesses their relative importance. The context was a little late arriving but when it did the answer became effective.

12 George Davies is planning a limited range of clothing for his stores.

Recommend the **two** most important features of an effective marketing mix for GIVE.

The marketing mix is the term used for the four ~~inter~~ independent aspects of marketing, namely price, product, place and promotion. For a clothing retailer specialising in 'affordable luxury', product and price are the most significant areas.

The product must address the luxury aspect of the brand in order to justify this mantra. Furthermore, the ~~price~~ price must be just right, not too high to ignore the supposed affordability but not too low that the luxury image is made redundant.

In addition to adhering to the brand image, the price must also be high enough to ~~for~~ allow a good profit margin to be achieved. This would then ~~for~~ provide funds to carry out essential market research in the clothing industry which would be very much needed for the best products to be ~~at~~ offered.

Although these are the most important areas of the marketing mix, it should be considered that all of the four factors must interact in order to achieve the most effective results in revenue. However, for GIVE, setting the correct price on the correct product will be essential both to match tastes and to match the economic situation affecting general disposable income levels.



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Examiner Comments

A sound answer which addresses how different elements of the marketing mix are linked even though product and price are thought to be the most important. A sound conclusion is drawn.

Question 13

'Managing other People' occupies a quarter of the specification with substantial sections on 'motivation of staff' and 'how managers can get the best from staff'. The question concentrated on attracting and retaining staff for GIVE and a significant minority of candidates considered this to be an invitation to consider the advantages and disadvantages of internal and external recruitment. Some reward was given to this approach but most of the candidates who adopted this interpretation failed to place their answer in context. Furthermore it became increasingly difficult to gain marks on the retention part of the question using this approach. Fortunately some candidates stumbled across financial reward and empowerment in the dying embers of their answers and were rewarded accordingly.

There were some well focused and confidently written scripts, the best of which focussed on such issues as financial packages with bonus entitlement for consistently good sales in the retail clothing industry. Empowerment was often suggested but less frequently well attuned to the fashion market. Consequently full marks were difficult to come by.

*13 George Davies intends to open a showcase store in central London's Regent Street.

Evaluate **two** ways to attract **and** retain the right quality of managerial staff for this store.

Method 1

(6)

As the brand GIVE is a unique brand with an enormous potential for revenue one method to attract

the right managerial staff could be through the basic ~~for~~ motivation factors of recognition, responsibility, growth of the business, the job itself, achievement and award by Herzberg. With all these promised it would bring out Theory Y ~~managers~~ ^{managers} who would believe they enjoyed the job and felt comfortable as it instead of managers who were just there initially for the pay and the salary at the end of the year. This would definitely attract and retain the right quality of managers.

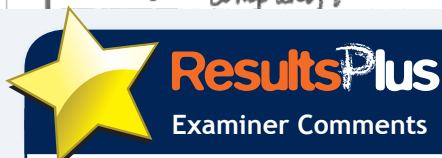
Method 2

(6)

Another way of finding the right quality of management could be through interviews to see if they have the right charisma to offer the intense ~~experience~~ ^{attention} which the consumers want, to see if they ^{have good organisational attributes so they} can organise stock control of the ~~shops~~ ^{shops} so that they do not waste money for the new store up business. Also to see if they are good with fashions so they can help the target ^{segmented} ~~segmented~~ consumers with advice on certain clothing.

By offering these staff types they can offer them with bonuses on top of the salaries for each sale of clothing quota they make per month and offer them fringe fringe benefits so they feel acknowledged. These things would attract new potential managers and make them want to stay with the company.

(Total for Question 13 = 12 marks)



I liked the initial comment which indicated to me that the candidate believed that managerial staff wanting to work in such an establishment may do so for factors other than just high wages. The answer is predominantly in context and addresses the issue of bonuses on the second section.

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Evaluate **two** ways to attract **and** retain the right quality of managerial staff for this store.

Method 1

(6)

Auto cratic
 Democratic way of managerial style as
 Davies will delegate powers to them.
 thus they'll be responsible to him, so the
 managers would want the business to be
 successful thus they'll manage it ~~and~~ better.
 however if employees are dissatisfied they'll
 leave also give bad rep. to the shop.
 to attract the high right managerial
 staff they would need to market the shop
 thru in fashion shows, high PR as potential
 managers seeing this will be impressed thus
 will manage it.

Method 2

(6)

Demos ~~mission~~ ⁺ objectives performance related
 Pay, if Davies set targets for
 his manager and will give them bonuses
 etc then this will entice them for
 success. also they would want to achieve
 these target as a sense of personal
 accomplishment, they would make 'Give' more
 establishⁿ in the field of Fashion, also

mayll be there from the beginning so theyll
fett feel like the father of the store
so they feel duty - bound to make it
a success, thus the stay longer.

(Total for Question 13 = 12 marks)

TOTAL FOR SECTION B: 46 MARKS
TOTAL FOR PAPER: 70 MARKS



ResultsPlus

Examiner Comments

A mark is awarded in section 1 for the mention of delegated powers but the link to attracting and retaining staff is not established. The second section is more in tune with the demands of the question and the candidate addresses performance related pay as a way to reward staff and there is a hint of retention as a result of this approach.

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