

Mark Scheme (Results)

June 2011

GCE Business Studies
(6BS03) Paper 01

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June 2011

Publications Code UA027549

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Question Number	Briefly explain two possible reasons why tariffs previously existed between the ASEAN countries and China.	Mark
1	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks are available for identifying reasons such as protecting domestic/infant industry, protecting balance of trade or any other valid reason identified.</p> <p>Application: up to 2 marks are available for developing the above in the context of ASEAN countries and China and showing how they might have worked.</p> <p>Analysis: up to 2 marks are available for consideration of the likely consequences of such tariffs on a firm. E.g. expansion of domestic industries and creation of employment, reduction in imports thus improving balance of trade.</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Analyse two ways that the expansion of ASEAN could affect UK businesses.	Mark
2	<p>Knowledge 2, Application 2, Analysis 4</p> <p>Knowledge: up to 2 marks showing an understanding of two ways businesses might be affected e.g. increased opportunities, increased threats.</p> <p>Application: up to 2 marks gives examples in the context of ASEAN and/or the UK eg. ASEAN is now a larger free trade area (1.9 billion people).</p> <p>Analysis: up to 4 marks Some UK firms will benefit and some will lose out. e.g. an opportunity to take advantage of a larger free trade area, either by trade or moving production there, this may be linked to concepts such as profitability, competitiveness etc.</p> <p>OR it may be seen as a threat if China increases its competitive advantage further by obtaining cheaper raw materials from within ASEAN.</p>	<p>1-2</p> <p>1-2</p> <p>1-4</p>

Question Number	Assess the likely benefits of specialisation for ASEAN countries, such as Malaysia, which specialises in palm oil.		
3			
Level	Mark	Descriptor	Possible content
1	1-2	Some relevant understanding of at least one benefit or specialisation is apparent.	Economies of scale or comparative advantage or explanation of specialisation
2	3-4	Basic points developed to show awareness of context in terms of impact on countries.	Linking of this to individual countries in ASEAN, such as Thailand/jewellery or Vietnam/footwear or any other relevant examples.
3	5-6	The points are developed to analyse the benefits for countries.	e.g. linked to development of international trade and economic growth (incomes, jobs).
4	7-9	Evaluation must be present.	e.g. however it can be dangerous to over-specialise. Various reasons inc over-reliance on one industry, new competition, changing patterns of trade.
<p><i>N.B. If <u>analysis but no context</u> restrict to bottom L3. If <u>evaluation but no context</u> restrict to top L3</i></p>			

Question Number	Evaluate the likely impact on the existing ASEAN economies of China joining the free trade area.		
4			
Level	Mark	Descriptor	Possible content
1	1-2	Some relevant understanding of at least one impact is apparent. <i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i>	e.g. for describing free trade area, impact of trade liberalisation.
2	3-4	Basic points developed to show connection to increased trade liberalisation. <i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i>	e.g. Reference to other ASEAN countries or reference to goods/services traded/produced within ASEAN
3	5-7	The effects of increased trade liberalisation are developed and analysed. <i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i>	e.g. There is scope for specific industries to grow as greater markets are accessed without barriers. This may well translate into increased demand and economic growth and prosperity. OR on the other hand as the stimulus material suggests, there are winners (China) and losers (Indonesia).
4	8-12	<u>Low Level 4: 8-10 marks.</u> Evaluation must be present <u>High Level 4: 11-12 marks</u> Evaluation is developed to show a real perceptiveness on the part of the candidate. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion. <i>Candidate uses business terminology precisely and effectively/organises their</i>	e.g. begins to discuss the extent or the likelihood of the gains and/or threats and the extent to which some countries (e.g. cheap resources for China) may do better than others (e.g. increased competition for Indonesia). e.g. candidate develops evaluation by perhaps discussing short and long run situations and the extent to which possible threats might be countered by possible gains such as long-term structural change and employment opportunities.

		<i>answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar</i>	
<i>N.B. If analysis but no context restrict to bottom L3. If evaluation but no context restrict to top L3</i>			

Question Number	Explain two possible reasons McDonald's formed a joint venture for the Indian market.	Mark
5	<p>Knowledge 2, Application 2, Analysis 2</p> <p>Knowledge: up to 2 marks are available for stating possible reasons, e.g. use of an existing supply chain, local knowledge, shared costs etc.</p> <p>Application: up to 2 marks are available for relating the above to McDonalds in two ways e.g. McDonalds wishing to enter a very different market and wanting local information on dietary and cultural differences such as not eating beef.</p> <p>Analysis: up to 2 marks are available for development of the reasons behind the above two ways e.g. to avoid making mistakes in an unknown market and incur losses, to get advice from within local market to maximise sales, to comply with possible restrictions from Indian govt. and therefore gain access to the market etc.</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Analyse two possible reasons for Yum Brands' decision to expand in the Indian market.	Mark
6	<p>Knowledge 2, Application 2, Analysis 2,</p> <p>Knowledge: up to 2 marks are available for identifying reasons. e.g. to spread risk, to increase profitability, extend product life cycle.</p> <p>Application: up to 2 marks are available for contextual answers e.g. US market is saturated and is in recession, India is relatively unexploited and has expanding numbers of middle class consumers.</p> <p>Analysis: up to 2 marks are for developing the reasons e.g. Yum is not doing well in the US, expanding in India may help restore profitability, middle class consumers have more disposable income than before and are likely to buy Yum Brand's products and increase sales.</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Assess the importance of an appropriate pricing strategy, compared to other considerations, for a company such as Yum Brands when entering a new market such as India.		
7			
Level	Mark	Descriptor	Possible content
1	1	Some relevant understanding of a pricing strategy/ other considerations such as quality.	e.g. low prices to get consumers interested (see stimulus)
2	2-3	Knowledge is applied to Yum or a new market such as India	e.g. Yum is expanding its market share by such methods as low prices and/or flat-screen televisions.
3	4-5	For developing ideas by explaining the effects of a localised marketing strategy	e.g. by offering Indian customers comparatively low prices, potential new customers may try their products and be persuaded to become regular consumers. At the same time, other considerations are put in place, e.g. smart interiors.
4	6-8	Evaluation must be present (but it must be of the <u>importance</u> of the pricing strategy and not an evaluation of the pricing strategy itself) through a balanced response by perhaps pointing out that pricing is only one part of a marketing mix	e.g. need for a balance between quality, smart surroundings, right product and ingredients (see stimulus) as well as competitive pricing.
<p><i>N.B. If <u>analysis but no context</u> restrict to bottom L3. If <u>evaluation but no context</u> restrict to top L3</i></p>			

Question Number	Assess the likely impact on local businesses of continuing expansion by western restaurant chains in India.		
8			
Level	Mark	Descriptor	
1	1	Relevant knowledge and understanding	e.g. continued expansion by Western restaurant chains will have an effect on local firms
2	2	The above is applied to India or western restaurant chains	e.g. increased threat or opportunity to local firms
3	3-5	Candidates explore some of the impact this expansion may bring	e.g. this could impact on sales in locally owned restaurants OR be an opportunity for local suppliers to gain contracts.
4	6-10	<p><u>Low Level 4: 6-8 marks</u></p> <p>Evaluation must be present, such that candidates make judgments as to the extent of the impact</p> <p><u>High Level 4: 9-10 marks</u></p> <p>Evaluation is developed to show a real perceptiveness on the part of the candidate.</p> <p>A conclusion which is well contextualised is evident.</p>	<p>Which sorts of businesses might be affected and by how much - e.g. probability and extent of reduced demand for local restaurants and the impact on Indian suppliers of new business opportunities.</p> <p>e.g. Some local restaurants may suffer from loss of customers, but others in different market segments may feel little impact.</p> <p>e.g. Population and income growth may mean there's little overall impact.</p>
<p><i>N.B. If <u>analysis but no context</u> restrict to bottom L3.</i></p> <p><i>If <u>evaluation but no context</u> restrict to top L3</i></p>			

Question Number	Discuss the extent to which a global marketing strategy is possible or desirable for a multinational company such as Yum Brands or McDonald's.		
9			
Level	Mark	Descriptor	Possible content
1	1-2	<p>Candidate shows an understanding of a global marketing strategy</p> <p><i>Written communication may be poor with frequent errors in spelling, punctuation and grammar and/or a weak style and structure of writing.</i></p>	e.g. defines or identifies elements of a global marketing strategy - where a business doesn't differentiate its products or marketing between countries.
2	3	<p>Awareness of a global marketing strategy linked to a company such as Yum or McDonalds.</p> <p><i>Candidate uses a limited amount of business/economics terminology with reasonable spelling, punctuation and grammar.</i></p>	e.g. McDonalds' distinctive yellow and red packaging is recognisable the world over, Yum uses the same brands worldwide such as KFC, Pizza Hut.
3	4-7	<p>The way in which a global marketing strategy is used by Yum or McDonalds</p> <p><i>Candidate uses business/economics terminology quite well and has a reasonable to good grasp of spelling, punctuation and grammar</i></p> <p><i>Not in context, cap at 4</i></p>	e.g. The golden arches are one of the most recognised logos internationally. Similar layouts/decor and standardisation of ingredients/quality of product. Similar arguments could be used for Yum and its brands. This is desirable because of economies of scale, standardised procedures etc.
4	8-15	<p><u>Low Level 4: 8-11 marks</u></p> <p>Evaluation must be present, such that candidates discuss both the possibility and desirability</p> <p>At this level candidates begin to appreciate that a true global strategy is neither possible nor desirable</p> <p><u>High Level 4: 12-15 marks</u></p> <p>Evaluation is developed to show a real perceptiveness on the part of the candidate, in this range it is likely that the discussion will be more articulate and show understanding of the complexities involved.</p> <p>A conclusion which is well</p>	<p>The stimulus material offers examples of the need to differentiate in terms of the marketing mix between markets. e.g. whilst the use of Mc..., and The Big Mac are ubiquitous, there are clearly many local exceptions such as Maharajah Mac.</p> <p>e.g. cultural requirements (e.g. beef) and how they impact on different promotional messages, pricing strategies, distribution channels and supply chains.</p> <p>There is an awareness of the trade off between the advantages of a true global strategy and the gains</p>

		<p>contextualised is evident.</p> <p><i>Candidate uses business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p> <p><u>Not in context cap at 7 marks</u> <u>Poor evaluation 8 marks</u></p>	<p>from localisation.</p>
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Order Code UA027549 June 2011

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