

Examiners' Report
January 2012

GCE Business Studies 6BS01 01

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Introduction

Candidates had generally been well prepared and continue to show sound approaches to answering both supported multiple choice questions in Section A and the structured questions found in Section B. Questions in both sections were designed to test knowledge and understanding, application, analysis and evaluation.

Candidates' performance on this paper as the whole showed an effective grasp of business / economics concepts and theory, together with a satisfactory understanding of business behaviour. Successful candidates were able to make effective use of the stems in Section A questions, as these provide a context so that candidates can explain their answers in part (b) of this section. Likewise, candidates who wrote answers in context in Section B scored better than those who did not as this enabled access to higher marks, particularly for levels of response questions 11, 12 and 13.

Examiners agree that the more exposure candidates have to a variety of businesses as part of the teaching and learning, through use of case studies, company reports, newspapers and educational visits/visitors from business in to school, the more likely they are to develop and transfer their contextual understanding which is a key to success.

Section A

Examiners expect to see that candidates will at least offer a guess to part (a) of these questions; this was not always done. Like previous papers, the ability of candidates to gain the three marks for 'explain your answer' (show your workings), distinguished better candidates, particularly for questions 1, 3, 7 and 8, which required candidates to explicitly apply their knowledge/show workings, analyse and/or evaluate. Most candidates were able to score at least 1 mark out of 3 for part (b) by giving appropriate definitions/descriptions/formulae to help them support their responses to part (a), for example by describing what was meant by demand in answer to question 4.

Answers:

- 1 – B
- 2 – A
- 3 – B
- 4 – C
- 5 – D
- 6 – D
- 7 – B
- 8 – B

Section B

The Muddy Boots Foods Limited (MBFL) case study appeared to be accessible to most candidates. However, there were a number who failed to understand the nature of MBFL; often thinking of it as a fast food instead of a raw meat business and going on to place it in competition with the likes of McDonalds and Burger King. The scale of the business was also sometimes misunderstood as some candidates thought that it could easily expand internationally.

As with previous papers, the majority of candidates had sufficient time to complete the whole paper.

Question 1

Most candidates struggled to answer this question correctly in part (a), though some did gain a mark or two in part (b) for a formula or workings. Where marks were lost it was usually because the candidate did not offer sufficient steps in their calculations for the 3 marks. A number of candidates suggested D (£40,000) was the correct answer showing that they did that a profit margin should be expressed as a % of sales. Also a significant number of candidates confused gross profit margin with net profit margin, so indicated that A (75%) was the correct answer having used the data $90,000/120,000 \times 100$.

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 include diagrams and annotate them in your answers.

- 1 (a) Tony Bates is a self-employed painter and decorator based in Nottingham. Below is an extract from his Profit and Loss Account, period ending 31 December 2011.

What was Tony's operating profit margin?

(1)

	£s	£s
Sales	120 000	
Cost of sales	30 000	
Gross Profit		90 000
Expenses	50 000	

- A 75%
- B 33.3%
- C 25%
- D £40 000

Answer

D

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

(3)

because Tony turnover equates to £120,000
whilst his ~~total~~ costs of sales & other expenses
equates to 80,000,
therefore Tony's operating profit is the
difference (£40,000)



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Examiner Comments

For part (b) a mark was awarded because the candidate calculated operating profit as £40,000.

There is no formula or explicit definition which is otherwise required to gain the knowledge mark.

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 include diagrams and annotate them in your answers.

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- A 75%
B 33.3%
C 25%
D £40 000

Answer

B

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

(3)

$$\begin{aligned}\text{Operating profit margin} &= \frac{\text{operating profit}}{\text{turnover}} \times 100 \\ &= \frac{(90,000 - 50,000)}{120,000} \times 100 \\ &= \frac{40,000}{120,000} \times 100 = \underline{\underline{33.3\%}}\end{aligned}$$



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Examiner Comments

Formula provided - 1 mark

Calculated operating profit as £40,000 - 1 mark

Divided 40,000 by 120,000 X 100 - 1 mark

Question 2

Most candidates answered part (a) correctly having appreciated that profit is what can often encourage supply to increase given the motive of most entrepreneurs. However, in part (b) a number of candidates did not focus on the rationale of supply but rather consumer demand. Better candidates were able to write a full definition of supply by including the statement 'at a given price' and often distracters C and D were explained as relating to consumer behaviour. Quite often the statement in A 'producing Apple iPhones had become more profitable' was lifted and then used as part of the explanation in part (b) which was not rewardable, as credit for this was already given in part (a).

2 (a) If the price of Apple iPhones increases, the company would be willing to supply more because

(1)

- A producing Apple iPhones had become more profitable
- B costs of producing iPhones had recently increased
- C VAT on mobile phones had increased
- D prices of competitors' mobile phones had fallen

Answer

A

(b) Explain your answer.

(3)

Supply is how much producers are willing to make at a given price and time. Answer A is correct because Apple iPhones have become very popular and making more means there is potential to raise higher profit. Answer B is incorrect because if the costs have increased then the product will be less profitable and Apple would want to sell less at a higher price, therefore supply will decrease.



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Examiner Comments

Part (a) correct - 1 mark

Part (b) supply is defined - 1 mark

Argues why profits may rise given popularity and therefore why making more could potentially raise profits - 1 mark.

Distracter B is explained on the basis that higher costs will mean lower profits so less will be supplied by Apple - 1 mark.

2 (a) If the price of Apple iPhones increases, the company would be willing to supply more because

(1)

- A producing Apple iPhones had become more profitable
- B costs of producing iPhones had recently increased
- C VAT on mobile phones had increased
- D prices of competitors' mobile phones had fallen

Answer

A

(b) Explain your answer.

(3)

Supply is the amount a supplier is willing to ~~sell~~ sell at a given price.

The answer must be A because if the price of Apple iPhones increases the profits will also rise if the cost to produce them remains the same.

It cannot be D, because if prices of competitors mobile phones fall, less iPhones will be sold and less supplied.



ResultsPlus
Examiner Comments

Part (a) correct

Part (b) Supply is defined (1 mark)

Argues why profits may rise given higher prices provided costs remain the same (1 mark) but the candidate does not gain the extra mark for attempting to explain the distracter because there is no clear explanation as to why fewer iPhones will be sold or supplied

Question 3

This question enabled stronger candidates to demonstrate effective evaluation through dismissing answers A (trade credit) or D (overdraft) on the basis that they are both short term and therefore not appropriate for financing the expansion of business premises; answer C because sale of assets is an internal method. Some candidates were put off by B being the correct answer believing that only start-up businesses were allowed to apply for venture capital, or that giving away a small share of the business in return may be too much of a negative.

- 3 (a) Small businesses, such as Cheeky Cheesecake Ltd of Cheltenham, might source their finance for the expansion of their premises through external methods.

Which **one** of the following might be the **most appropriate** external method of financing the expansion of Cheeky Cheesecake's business premises?

(1)

- A Trade credit
 B Venture capital
 C Sale of assets
 D An overdraft

Answer

B

- (b) Explain your answer.

(3)

External methods of finance are finance which is sourced from outside of the business. Venture Capital would be appropriate for Cheeky Cheesecake Ltd because it will allow them to receive an immediate cash injection from an external individual or firm in return for a share of the business. This is possible as the business is a private limited company. Trade credit would not be suitable as it is only used for short term cash flow problems - which is not for expanding the business.



ResultsPlus
Examiner Comments

External methods defined (1 mark)

Explains why venture capital is appropriate - immediate cash injection in return for share of business (1 mark)

Distracter Trade Credit explained - it is short term (1 mark)

- 3 (a) Small businesses, such as Cheeky Cheesecake Ltd of Cheltenham, might source their finance for the expansion of their premises through external methods.

Which **one** of the following might be the **most appropriate** external method of financing the expansion of Cheeky Cheesecake's business premises?

(1)

- A - Trade credit
- B - Venture capital
- C - Sale of assets
- D - An overdraft

Answer

- (b) Explain your answer.

(3)

venture capital is having someone invest money in your business for a percentage of that business, this would be the best method to use as they would not have to pay ~~the~~ interest on the money invested. The answer would not be C as sale of assets is an internal method of finance where you sell of unwanted assets for money.

(Total for Question 3 = 4 marks)



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Examiner Comments

Part (a) was awarded 1 mark even though B was not placed in the box; it is clear from the comments in answer to part (b) that the candidate is suggesting that B is the answer.

Part (b) venture capital is defined (1 mark).

Distracter C is explained as incorrect on the basis that sale of assets is an internal method of finance (1 mark).

The candidate could have gained the third mark in part (b) by explaining that VC is the appropriate source because the financing of business premises is a long term investment option.

Question 4

This question was tackled easily by candidates. Most were able to recognise that a design fault in a product would immediately affect demand. Where errors did occur it was largely due to a misconception that a fall in demand would result in an immediate fall in profits; those who answered the question correctly did, however, go on to link the fall in profits as a secondary impact.

- 4 (a) During 2009, it was reported that a number of Maclaren baby buggies had a design fault, which made them dangerous to use.

Which **one** of the following would be an **immediate** consequence of the above?

(1)

- A An increase in price
- B An increase in supply
- C A fall in demand
- D A fall in profits

Answer

C

- (b) Explain your answer.

(3)

An immediate consequence is something which happens very quickly after an event or in this case, an incident. Answer B is incorrect as Maclaren wouldn't want to produce these anymore as they currently have a fault, therefore all supply would be stopped. A fall in demand would be immediate as parents are very caring for their children and if Maclarens baby buggy had a fault, then rapidly alot of potential ~~customers would~~ buyers would no longer demand this product.

(Total for Question 4 = 4 marks)



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Examiner Comments

Explains why B is incorrect (1 mark)

Explains C - fall in demand - given 'buggie had a fault' 'very caring parents' (1 mark).

No mark for defining immediate - it is not really appropriate to do so.

It would have been useful to explain why demand falls immediately and NOT profit.

Question 5

The vast majority of candidates correctly identified D as the correct answer to part (a) and went on to give at least a definition or description of what was meant by bias to score 2 out of the 4 marks available. A further mark was then usually awarded to those candidates who demonstrated how the use of only discount card holders in a sample might cause results to be biased, e.g. by stating that these passengers were regular users and therefore might have been affected more by delays or people who travel cheaply and so may have a positive opinion compared to others.

- 5 (a) In a consumer survey conducted by Network Rail in 2010, analysts argued that results were not valid because sampling methods used were biased.

Which **one** of the following might lead to a biased set of survey results for Network Rail?

(1)

- A A range of respondents was chosen representing all rail passengers
- B Questions were asked at various times on different days of the week
- C First and standard class passengers were included in the sample
- D Only passengers with discount cards were used in the sample

Answer

D

- (b) Explain your answer.

(3)

Sampling method is a way of choosing a group of people to ask about their view on certain subject so that it is representative of the target population. Answer D is correct because only one group of passengers were asked who are characterized by having discounts cards when ~~every~~ many people don't. Answer A is wrong because it shows a well chosen sample which doesn't lead to bias results.



ResultsPlus
Examiner Comments

Defines sampling (1 mark).

Explains answer D on the basis that the people asked were only 'one type of group' (1 mark).

Distracter A is not really explained.

It might have been useful to extend idea on why D was correct or define bias to gain 3rd mark for part (b).

Question 6

A question answered reasonably well by candidates, with many able to give clear definition/ descriptions of market orientation and go on to apply this to Marks and Spencer. For example, stronger candidates argued that the Marks and Spencer range of clothing was now more modern than it used to be to suit consumer preferences and tastes, or that Marks and Spencer was now selling branded as well as own brand grocery products as evidence of market orientation. Some students gained a mark in part (b) by identifying that producers who 'sell what they want' is evidence of product orientation; although this term is not listed in the Specification it was used by many candidates.

6 (a) High street retailer, Marks and Spencer, has become more market orientated in recent years.

Each of the following is a likely benefit of market orientation, **except**

(1)

- ✓A sales revenue increases
- ✓B advertising costs might fall
- ✓C customer loyalty increases
- D producers can sell what they want

Answer

D

(b) Explain your answer.

(3)

Market orientation is where a business produces goods and services which meet the needs and wants of consumers. This means the consumers get the product that they want and ~~the~~ this would increase the sales revenue of a business as the consumer is more likely to buy a product which has been designed around their needs. This would also increase customer loyalty to a business. Producers cannot sell what they want in a market orientated business as this does not meet the needs and wants of consumers - this is called product orientation

(Total for Question 6 = 4 marks)



ResultsPlus
Examiner Comments

Describes what is meant by market orientation (1 mark).

Provides rationale for market orientation - increase sales if done (1 mark).

Identifies that if producers sell what they want then this is product orientation (1 mark).

Rather than identify product orientation, the candidate could have gained the third mark in part (b) by developing point about consumer loyalty.

- 6 (a) High street retailer, Marks and Spencer, has become more market orientated in recent years.

Each of the following is a likely benefit of market orientation, **except**

(1)

- A sales revenue increases ✓
- B advertising costs might fall ✓
- C customer loyalty increases ✓
- D producers can sell what they want

Answer

D

- (b) Explain your answer.

(3)

Market orientation is when the business/service aim to meet the needs, wants and demands of their customers, and they are the priority. Answer ~~A~~ C is incorrect as this is a benefit of Market orientation. This is because, if a shop meets the demands of the customers, and supplies what they want, then they are going to keep coming back. Answer D is correct as it is not a benefit of market orientation because if the producers sell what they want, then they may not be meeting the customers wants, needs and demands.

(Total for Question 6 = 4 marks)



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Examiner Comments

Market orientation defined - 1 mark

Explains why customer loyalty is a benefit of market orientation - 1 mark.

Explains why D is correct, i.e. that customers' needs might not be met if producers simply sell what they want - 1 mark.

Question 7

This question was a very effective discriminator. Many candidates were unable to answer this question and confused issues surrounding inflation and the impact on real wages with the effect on exchange rates or interest rates. In the Teacher Guidance of the Specification on page 20, Section 1.3.4 'Economic Considerations', it states that 'using the latest economic data, candidates could analyse the effect of changes in ... inflation rates on labour wages' which was essentially tested by this question. As with question 3, this tested a candidate's ability to evaluate in part (b) through use of distracters, e.g. because inflation by its nature will increase costs then A cannot be correct; C is unlikely because if a country is experiencing inflation then it follows that final prices should be higher and therefore less price competitive as exports; D is an unlikely effect because recruitment is more to do with business performance and growth rather than a rise in the aggregate level of prices. There was an opportunity here for candidates to gain a mark in part (b) by giving an accurate definition of inflation, as many did, e.g. 'inflation is a persistent increase in the aggregate / general level of prices'

7 (a) Between 2009 and 2011, the annual rate of CPI inflation was above the UK government's target range.

Which **one** of the following could be an effect of higher inflation rates for UK manufacturer's, such as JCB Ltd?

- A Fall in cost of supplies
- B Reduction in real wages for its staff
- C Increase in exports
- D Increase in recruitment

Answer

B

(b) Explain your answer.

(3)

As inflation is higher this will mean that the value of money is less. Therefore the staff will be getting their wages however due to the value of money decreasing staffs real wages will be less as this money is not as of the same value that it was before.



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Examiner Comments

Identifies that inflation reduces the value of money (1 mark).

Goes on to explain why the wages are less valuable given inflation (1 mark).

The answer could have been lifted to 3 marks by expanding on the second part: by considering the effect on purchasing power or with comments regarding a distracter.

Question 8

This question was answered reasonably well by candidates, with many showing a clear understanding of pricing strategy, often citing 'penetration' or 'competitive' pricing as what was being demonstrated by Neil. Although specific knowledge of pricing strategies is not required, judging by the content in the Specification on page 2.1 (Measuring the potential success of a business idea) it was an understanding of these which made accessing the three marks in part (b) easier. A number of candidates indicated A 'margin of safety' as the answer to part (a) but this would not indicate *successful entry* into a market.

- 8 (a) Neil's Nuts, a newly established market trader of dried fruit and nuts in Walthamstow, London, successfully entered the market in January 2011.

This was **most** likely because of a low

(1)

- A margin of safety ×
- B pricing strategy
- C sales volume ×
- D potential profit ×

Answer

B

- (b) Explain your answer.

(3)

By entering a market with a low price they undercut other businesses, because their product is cheap the rule of demand means that initially more people will buy that product because it is cheaper. A low margin of safety will be very risky and be more likely to make the business unsuccessful because of miscalculation of ^{forecasted} profits or costs.



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Examiner Comments

Explains that a cheap price will undercut other businesses - 1 mark
Expands on this to explain why demand will then increase - 1 mark
Explains why a low margin of safety is incorrect - 1 mark

- 8 (a) Neil's Nuts, a newly established market trader of dried fruit and nuts in Walthamstow, London, successfully entered the market in January 2011.

This was **most** likely because of a low

competition

(1)

- A margin of safety ✓
- B pricing strategy
- C sales volume ✓
- D potential profit ✓

Answer

B

- (b) Explain your answer.

(3)

Pricing The pricing strategy for products in a competitive market are very important. If a product is of a same / similar quality to other similar products, pricing having a low pricing strategy is key, because it gives the lower priced product a competitive advantage. Neil's nuts most likely succeeded because his price was more appealing to buyers than other, higher priced ~~nuts~~ products.

(Total for Question 8 = 4 marks)

TOTAL FOR SECTION A = 32 MARKS



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Examiner Comments

Describes what is meant by competitive market - 1 mark.

Explains that Neil's prices were more appealing which led to success - 1 mark.

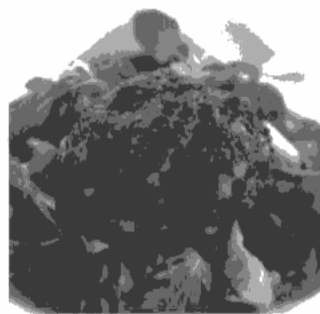
Question 9

This was answered reasonably well, with most candidates applying their responses clearly to the context by referring to aspects of MBFL. e.g. by using 'burgers', 'Roland', 'John', 'vacuum packaging', 'cheaper ingredients', etc.

The ways identified were usually increasing revenue or cutting costs. Credit was given for the methods used to achieve these ways such as advertising, seeking cheaper supplies or increasing the number of supermarkets contracted to supply. What candidates struggled with was the analysis. More often than not candidates failed to explain the link between costs and sales and the resulting increase in profits. Better candidates provided conditions in their responses in order to demonstrate this skill, such as by stating that 'if the burgers were sold at a higher price then revenues could increase provided that the number of burgers sold does not fall and costs do not rise significantly'

Evidence B

The burger is a massive worldwide hit: billions and billions are sold every year. McDonalds sells 4.2 million every day in America alone. At Muddy Boots, we want to pull the beef burger out of the big white floury bap, remove the synthetic cheese slice, throw the sliced gherkins at a window (they stick, it's great fun) and look at the actual burger a little differently. We love the idea of 'freeing the burger' and serving it with some new potatoes and green salad or with some homemade tomato salsa rather than budget ketchup.



(Source: adapted from www.muddybootsfoods.co.uk)

9 Explain **two** ways Muddy Boots Foods Ltd could increase its operating profits.

Operating profits are profits made by the business when it starts trading. One way which Muddy Boots could increase their operating profits is by more advertising. Advertising how the business is different from others e.g. their burgers are low in salt and fat and are vacuum-packed, could attract more customers as it shows good product differentiation.

A second way Muddy Boots could increase operating profits is through new equipment. Miranda and Ronald first started with second hand equipment but if they were to buy brand new equipment it could increase the quality of their burgers and their efficiency - Although brand new equipment may be too expensive for them to buy.



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Examiner Comments

Knowledge - 2 marks for advertising and efficiency (by using new equipment)

Application - 2 marks for vacuum packaging and burgers

Analysis - 0 marks because relationship between costs and revenues not explained.

Question 10

This turned out to be quite a discriminator because whilst a number of candidates could analyse why Miranda's paternalistic leadership style might have an effect on MBFL, few were able to develop their answers to explain the long term effects. For example if staff were listened to then not only might production increase because staff felt valued but also that this might reduce staff turnover thus cutting recruitment costs. Most candidates were able to identify an aspect of paternalistic leadership, such as 'supporting workers in their decision-making', or 'allowing discussion but having the final say' in order to gain at least 1 mark.

10 Miranda's leadership style has been described as 'paternalistic'.

Analyse one reason to explain why Miranda's 'paternalistic' leadership might be important to the long term success of Muddy Boots Foods Ltd.

Having a paternalistic style of management means that the manager, in this case Miranda, acts like a father figure towards her employees however has some characteristics of an autocratic manager but not as harsh, such as making decisions on her own without much feedback from employees. One reason why this is important to the long term success of the business is that it allows her to make quick decisions, without having to listen to other people. This allows her to take risks easier. This is an important characteristic of an entrepreneur. This is especially important in fast changing markets such as the burger market as there are many competitors for Muddy Boots such as McDonalds + Burger King.

(Total for Question 10 = 4 marks)



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Examiner Comments

Knowledge - 1 mark for 'father figure' and 'without much feedback from employees'.

Application - 1 mark for burger market.

Analysis - 1 mark for immediate effect - decisions are made quicker.

No long term effect is identified so the 2nd analysis mark is not awarded.

This is a model answer because the candidate demonstrates knowledge, application and two pieces of analysis

10 Miranda's leadership style has been described as 'paternalistic'

Analyse **one** reason to explain why Miranda's 'paternalistic' leadership might be important to the long term success of Muddy Boots Foods Ltd.

A paternalistic leadership style means to put the views of the worker into account before they make a decision. As the worker is asked about their view on a decision, they feel wanted and important to the company, Muddy Boots Food Ltd. This would motivate them to work harder and enjoy working more. As this is the case, the products, the burgers, produced from these workers would be of a higher quality. This would secure loyalty with the customers meaning their product will sell and so they can generate revenue.



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Examiner Comments

Knowledge - 1 mark for describing paternalistic leadership

Application - 1 mark for reference to burgers in fourth sentence

Analysis - 1 mark for identifying that the worker will feel wanted and important to the company (immediate consequence)

Analysis - 1 mark for linking higher quality burgers with both motivated workers (longer term consequence) and higher quality burgers with loyal customers and generated revenue.

Question 11

This question was generally answered well by most candidates though a significant number are still failing to develop their answers in context. Judging by the case study MBFL is clearly not just aiming to provide an income to its owners Miranda and Roland but also helping to meet their own personal ambitions, i.e. to work together and run their own business. Establishing MBFL also provided an opportunity for Miranda to exercise her creativity and challenge the sale of often low value-added burgers found in the fast food market by encouraging home cooking.

11 Assess the likely importance to Miranda and Roland of making the highest level of profits from Muddy Boots Foods Ltd.

It means Profits is the money made
once the ~~fixed costs~~ costs have
been taken from sales revenue.
For Muddy Boots it is important for
them to make the highest level of profits
and maximise them in order to help the
business expand. Muddy Boots is
now supplying Burgers to one of
the UK's biggest retailers Waitrose,
as well as providing a delivery
service. Therefore if high levels of
profits were made Muddy Boots would
be able to purchase things such as
machinery to manufacture the
burgers as well as employing more
staff to help supply the product to all
228 Waitrose stores by 2011. I believe
that it is important for Muddy Boots
to make the highest level of profit
to help expansion as well as surviving
against people such as Mc Donalds, where
quality is low but so is the price
so demand is high.



ResultsPlus
Examiner Comments

Level 3 - 6 marks because the candidate explains in context why high profits are important to MBFL, i.e. to finance the purchase of machinery to manufacture the burgers sold to Waitrose in all 228 stores.

No level 4 is awarded because the answer is one-sided.

11 Assess the likely importance to Miranda and Roland of making the highest level of profits from Muddy Boots Foods Ltd.

It is essential that they make the highest level of profits they can. Miranda + Roland quit their jobs to set up this business so for them to live a good standard of living they must gain high profits. Also Muddy boots want to expand so by them having high profits they could use this to pay for the high expansion costs which would save them the difficulty of attracting sources of finance.

On the other hand as they are passionate about making burgers their business may not of been set up for profit incentive reasons, so this may not be on their mind, they may only do it as they enjoy it.

So, I think the level of importance will be quite important as they want to supply everyone with healthy burgers, to do this they must expand, but need profit in order to expand.



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Level 4 - 8 marks awarded because the candidate argues that high profits will provide money to expand and a good standard of living to Miranda and Roland who quit their jobs. This is contrasted with the non-profit motives of passion about making the burgers and enjoyment, and the altruistic healthy burger motive.

Question 12

This question was comfortably answered by most candidates, across both specifications. Most were able to analyse successfully the value of primary research methods in the context of MBFL, often referring to the tasting sessions at farmers markets noted explicitly in the case study, or by suggesting that Miranda and Roland might use their website to invite comments from customers which would encourage reliable feedback. Limitations of primary research methods in context were less forthcoming, with many candidates simply stating textbook style drawback such as 'it would be time consuming and expensive to conduct'. More able candidates recognised that this was a very small business currently managed by two people who might therefore need to sacrifice other business duties such as financial management in order to conduct the primary market research. There were a number of candidates who did not really answer the question directly but instead explained why secondary research might be a better methodology, which was often not rewarded by examiners.

12 Evaluate the likely value of primary research methods to Muddy Boots Foods Ltd.

Primary research is research that Miranda & Roland or someone they have assigned, has researched into something. It is ~~reaser~~ research they conducted themselves.

Primary research would value Muddy Boots Food LTD because the results would be reliable and up to date they would be able to understand the research correctly because they did it themselves.

Another advantage of primary research is that it is ~~helpful~~ based on your product alone, so can not be generalised!

A disadvantage is that it can be time consuming as staff might have to do surveys for example which could take days.

Another disadvantage is that it could be expensive which means that the staff that were surveying would need to be paid.

Overall primary research would be good because it would aid the business by being aimed at new product alone.



ResultsPlus
Examiner Comments

Level 4 - 7 marks because the candidate only provides context in the argument for primary research methodology by referring to Roland and Miranda.

The candidate only writes arguments against in a textbook fashion - time consuming and expensive.

12 Evaluate the likely value of primary research methods to Muddy Boots Foods Ltd.

Primary research is research collected first hand by a company. By Muddy Boots Foods Ltd using primary research methods such as interviews and questionnaires they are able to collect information tailored to their company which will increase the value as it will be directly relevant and they can establish the wants and needs of consumers. By doing this they can find what existing companies like an enemy about the product and company. They can also explore through questionnaires how they could encourage new consumers to ~~use the~~ buy their products. Although conducting primary research may be expensive and time consuming to the company, it may help the business in future and are good characteristics of successful entrepreneurs is taking calculated risks and primary research would be a calculated risk for Muddy Boots Foods limited. Although these disadvantages of conducting primary research are a risk, the long term advantages outweigh the disadvantages greatly, and therefore primary methods may be used in helping Muddy Boots Foods to succeed.

(Total for Question 12 = 8 marks)



ResultsPlus
Examiner Comments

Level 3 - 5 marks because the candidate does not write in context.

Although the candidate provides developed arguments for and against primary research methods, neither is written in context.

Question 13

Most candidates knew what was meant by stakeholders and were able to gain at least 4 marks out of 12 by identifying an example of each for MBFL, e.g. supplier and John, the community in Worcestershire, the buyers Waitrose. Analysis and evaluation was less successful with many losing marks because they misinterpreted the question thinking that they had to explain how the continued success of MBFL would depend on stakeholders, or if the business failed then why might stakeholders suffer. More able candidates appreciated that a discussion around two types of stakeholders was needed, such as explaining that John - the supplier of the Aberdeen Angus beef – might see orders for the raw meat increase which should increase the scale of his operations and turnover, but that this may not be sustainable given his current capacity which would mean John might lose out to another supplier or face an increase in costs in the short run to pay for the investment required in his business. Grade A candidates noted that a great deal depended on the nature and future of the MBFL contract with Waitrose.

*13 Assess the extent to which the continued success of Muddy Boots Foods Ltd might affect any **two** stakeholder groups.

Stakeholders are people who have an interest or are affected by the business, an example is Rob's dad as he is the supplier of Beef.

The continued success could mean on the business seek growth, this could mean looking to expand production and try to break America where McDonald's sells 4.2 million burgers a day. This would benefit John as he produces the beef to the business. By raising more cattle he would earn more in terms of a wage. However to reduce costs the business could look to ~~moving~~ outsourcing production abroad as cheaper wages and costs mean Muddy Boots would become more profitable, meaning John would be out of a job.

Another stakeholder is the consumer. The continued success for them would see Muddy Boots products more widely available. The home delivery service benefits the user and increased success could lead to lower costs of product and delivery and cause consumer demand to rise. However if demand did not increase then the products overhead cost will have increased. To cover this the products

retail price would have to increase to stop the business making a loss.

To conclude the success of the business would heavily impact on stakeholders. Consumers could benefit from better accessibility and produce from increased demand and wages. As owners of the business Miranda and Roland would benefit from increased profit and a rise in share capital through rise of HD stores, caused by increased demand ~~and~~



ResultsPlus

Examiner Comments

Stakeholder 1 - Supplier (John) could experience an increase in production of cattle but if the expansion is due to overseas markets then this could lead to outsourcing abroad - 6 marks evaluation.

Stakeholder 2 - consumer (home delivery customers) not really analysed.

Stakeholder 3 - owners (Miranda and Roland) analysed in context so 4 marks analysis.

Although the suggestion of expanding abroad seems ambitious given the current scale of the business, it is plausible. Answers are considered as a whole.

10 marks total

Paper Summary

To improve performance, candidates should:

1. Answer both parts (a) and (b) in Section A.
2. Make better use of the stem information provided at the top of each question for each of the questions in Section A.
3. Write all answers in context in Section B.
4. Provide balance to answers in Section B, questions 11, 12 and 13 as these are evaluative questions.
5. Draw diagrams, such as supply and demand diagrams, (if appropriate) to support answers as these are part of the recommended 'toolkit' referred to in the Unit Specification
6. Read questions carefully and answer those questions on the paper.
7. Write legibly and succinctly and structure answers in part B by making use of paragraphs, particularly when presenting alternative arguments.

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