

# Mark Scheme (Results)

## January 2011

GCE

GCE Business Studies/Economics and Business  
(6BS01/01)  
(6EB01/01)  
Unit 1: Developing New Business Ideas  
Paper 01

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Question Number	Answer	Marks
1 (a)	D	1
1 (b)	<ul style="list-style-type: none"> <li>- Market Segmentation is a recognition of different types of consumers according to age, gender, etc. (1 mark)</li> <li>- because they have different tastes and preferences (1 mark)</li> <li>- younger consumers may buy more chocolate than older adults but might not spend as much per item (1 mark)</li> <li>- e.g. indulgent chocolate (boxes) is typically aimed at women (1 mark)</li> <li>- e.g. on-the-go chocolate is aimed at any aged person who simply wishes to snack (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development.</p> <p><b>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p> <p><b>Maximum 2 marks for explaining why distracters are incorrect.</b></p>	3

Question Number	Answer	Marks
2 (a)	C	1
2 (b)	<ul style="list-style-type: none"> <li>- Operating profits are net profits (1 mark)</li> <li>- Operating profits = Gross profit - Expenses; Total revenue/revenue - Total cost; Total revenue/revenue - Fixed and Variable costs; revenue - costs (1 mark)</li> <li>- which are calculated by subtracting all costs/expenses from revenues (1 mark)</li> <li>- therefore if operating profits had risen then the surplus/extra monies over and above costs must have risen (1 mark)</li> <li>- price rises may have led to a fall in revenues if demand were to fall (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p><b>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p> <p><b>Maximum 2 marks for explaining why distracters are incorrect.</b></p>	3

Question Number	Answer	Marks
3 (a)	B	1
3 (b)	<ul style="list-style-type: none"> <li>- Definition of exchange rate, i.e. the price of one currency in terms of another (1 mark);</li> <li>- Because the relative price of British exports will fall as a result (1 mark);</li> <li>- Which, providing competitiveness is based on price, will increase demand (1 mark)</li> <li>- British tourists abroad will get less foreign currency for their £ sterling which will make things more expensive (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p><b>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p> <p><b>Maximum 2 marks for explaining why distracters are incorrect.</b></p>	3

Question Number	Answer	Marks
4 (a)	B	1
4 (b)	<ul style="list-style-type: none"> <li>- Leasing means to rent for a fixed period (1 mark)</li> <li>- Which enables payment to be made over a period of time (1 mark)</li> <li>- Which is usually an option pursued to test viability in the short term (1 mark)</li> <li>- Which is cheaper in the short run because the product is not bought /owned outright (1 mark)</li> <li>- Which will therefore reduce costs/overheads in the short term (1 mark)</li> <li>- Quality will only change if the inputs or machinery itself is changed (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p><b>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p> <p><b>Maximum 2 marks for explaining why distracters are incorrect.</b></p>	3

Question Number	Answer	Marks
5 (a)	C	1
5 (b)	<ul style="list-style-type: none"> <li>- definition/description of product positioning, e.g. the identification of where a business places its product in terms of variable such as price and quality in relation to the market (1 mark)</li> <li>- market mapping (1 mark)</li> <li>- gap in the market (1 mark)</li> <li>- targeting the right market segment (1 mark)</li> <li>- competitive advantage (1 mark)</li> <li>- prepared to ensure that the business provides products which will sell successfully (1 mark)</li> <li>- business development grants are a method of finance (1 mark)</li> <li>- options B is about financial management which is a consequence of trading (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p><b>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p> <p><b>Maximum 2 marks for explaining why distracters are incorrect.</b></p>	3

Question Number	Answer	Marks
6 (a)	D	1
6 (b)	<ul style="list-style-type: none"> <li>- definition of sampling, e.g. selecting a group of subjects which is representative for a study from a larger group / population (1 mark)</li> <li>- knowledge of a specific sampling method e.g. quota, stratified (1 mark)</li> <li>- numerical example, e.g. a 100 respondents from 1000 population (1 mark)</li> <li>- though the size of the sample might increase with the size of the population (1 mark) it is not <b>always</b> the case as it may depend on the researchers' budget or resources (1 mark)</li> <li>- for example the Consumers' Association is a source of secondary research which depends on subscriptions for its revenue (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p><b><u>NB: Do not award candidates who have confused sampling with test marketing of a product.</u></b></p> <p><b>NB: up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</b></p>	3

	Maximum 2 marks for explaining why distracters are incorrect.	
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Question Number	Answer	Marks
7 (a)	A	1
7 (b)	<ul style="list-style-type: none"> <li>- Definition of break even/formula, e.g. FC/Contribution (1 mark)</li> <li>- Insert partial data, e.g. FC = 1000/? (1 mark)</li> <li>- Complete data in the formula, i.e. 1000/40 (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p>	3

Question Number	Answer	Marks
8 (a)	C	1
8 (b)	<ul style="list-style-type: none"> <li>- Definition of demand and or supply (1 mark)</li> <li>- Use of accurate supply and demand diagram (1 mark) with a right shift in the supply curve (1 mark)</li> <li>- An increase in the supply of components is likely to lead to lower costs (1 mark)</li> <li>- Lower costs will be passed on to the consumer in the form of lower prices (1 mark)</li> <li>- Provided that the manufacturers do not take advantage of lower costs by increasing their profits (1 mark)</li> <li>- Other factors A, B and D lead to increases in demand or reductions in supply which should increase prices (1 mark)</li> </ul> <p>Any acceptable answer which shows selective knowledge/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect.</p> <p>Maximum 2 marks for explaining why distracters are incorrect.</p>	3

Question Number	Answer	Mark
9	<p>Knowledge (4), Application (2)</p> <p><b>Knowledge:</b> up to 4 marks are available, e.g. for defining primary (first-hand / field / original specific for the business) and secondary research (second-hand / desk / already available) (1 mark max per method); for giving examples of each method such as questionnaire and internet respectively (1 mark per example).</p> <p><b>Application:</b> up to 2 marks are available for relating the above to Marie/Rieve, e.g. checking the census for Lichfield / Brighton city to determine age profiles</p> <p><b>NB:</b> some candidates may offer an analytical comment given the trigger word explain. Therefore, <u>maximum marks</u> are available for expanding on the above by directly answering the question, e.g. because Marie is newly established it is important that she understands what her competitors are providing - if by observations other shoe shops in Lichfield / Brighton provided cheap, low quality products for the mass market then this will have given Marie the idea to provide high quality more expensive shoes and so serve a niche.</p> <p>Both methods needed for full marks (max 3 marks for one method)</p>	<p>1-4</p> <p>1-2</p> <p>1-6</p>

Question Number	Answer	Mark
10	<p>Knowledge (2), Application (1), Analysis (1)</p> <p><b>Knowledge:</b> up to 2 marks for defining sales revenue and/or gross profit margin/or provide formulas e.g. <math>\text{gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100</math></p> <p><b>Application:</b> 1 mark If the price of a pair of shoes was £60 and the cost of sales is £30, then the gross profit margin is £30 which is therefore 50%.</p> <p>The case study states that Marie's business enjoys an average gross profit margin of 100% therefore cost of sales must be £0.00.</p> <p><b>Analysis:</b> 1 mark is available for expanding on the above, e.g. by stating that the higher the mark up on shoes the higher the price of shoes so because <math>\text{price} \times \text{sales/quantity} = \text{turnover}</math> then turnover should increase (providing sales/quantity do not fall)</p> <p><b>NB:</b> Any answer which shows an attempt at analysis should be credited e.g. the cost of sales at zero is unlikely.</p>	<p>1-2</p> <p>1</p> <p>1</p>

Question Number	Marks
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11				8
Level	Mark	Descriptor	Example	
1	1-2	Knowledge/understanding must be present	e.g. definition of start-up capital	
2	3-4	Application should be present, i.e. the answer must be contextualised	e.g. to buy the initial stock of shoes, pay advance rent on the shop premises in Lichfield	
3	5-6	Analysis must be present, i.e. in this case the candidate must identify and explain the consequences involved.  NB: 5 marks may be awarded if there is analysis but no context.	e.g. it will avoid the need to pay interest on a loan provided the family member doesn't charge interest.  e.g. Marie could have obtained a cost free Local Authority grant which would have been more favourable given that her decision making may have been less interfered with.	
4	7	Evaluation must be present though context may be limited or vague, i.e. the candidate must present arguments for and against the use of family funds to finance growth	e.g. interest payments are avoided but family members such as Lee or Marie's daughter might expect to be involved in the running of the business or expect a discount on shoes	
	8	Evaluation must be present and <u>clearly contextualised</u> ,	e.g. £50 000 is a significant amount of money for any family member to lend and they may be risking their life savings which, if not paid back because of possible bankruptcy, may tarnish relationships	

Question Number		Marks
12		(2 x 4 marks)
	Answer	Mark

	<p>Knowledge (1), Application (1), Analysis (1), Evaluation (1) x 2</p> <p><b>Knowledge: 1 mark</b> for definition of technology/actions of government, e.g. better manufacturing equipment using digital or computer aided equipment/actions of government described as legislation or fiscal policy</p> <p><b>Application: 1 mark</b> the answer must be contextualized, e.g. if the government decreases corporation tax on profits for small / manufacturing businesses then this should reduce costs</p> <p><b>Analysis: 1 mark</b> the candidate must identify and explain the consequences of changes in technology/actions of the UK government, e.g. lower costs of production may lead to higher profits which should help attract new shoe manufacturing companies to set-up in business/relocate to the UK</p> <p><b>Evaluation: 1 mark</b> the candidate must present a discussion on the effects of changes in technology/actions of the UK government, e.g. it will also depend on other factors such as wage costs which may be relatively high so supply may not increase since costs overall may not fall</p> <p>e.g. if the digital technology / computer-aided manufacturing equipment cannot be afforded then supply of shoes in the UK will not increase and shoes will continue to be imported from low-cost labour countries</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p>
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Question Number				Marks
<b>13</b>				12
Level	Marks	Descriptor	Example	

1	1-2	<p>Knowledge of a factor must be present for. Some relevant understanding of at least one term is apparent</p> <p><i>QWC: To achieve a mark of 1-2 the candidate will have struggled to use business terminology or write legibly with frequent errors in spelling and/or weak style and structure of writing.</i></p>	<p>e.g. the level of unemployment is the number of people willing and able to work who are out of work</p>
2	3-4	<p>Application must be present, i.e. the answer must be contextualised</p> <p><i>QWC: To achieve a mark of 3-4 the candidate will use some business terms but the style of writing could be better / there will be some errors in spelling / the legibility of the text could have been better in places.</i></p>	<p>e.g. Rieve has only been established for 6 months so it is too early to expand to a second store</p>
3	5-6	<p>Analysis will apply to decision</p> <p>NB: a mark of 5 can be awarded if no context.</p> <p><i>QWC: To achieve a mark of 5-6 the candidate will use business terminology quite well/style of writing is appropriate to the question/ reasonable to good spelling.</i></p>	<p>e.g. because 6 months finance is insufficient to be able to predict the performance of the business longer term</p> <p>OR e.g. the high volume of sales in Lichfield is about a different market, compared to Brighton where there might already be shoe shops which aim at the expensive end of the market</p>

4	7-8	<p>Evaluation must be present, i.e. the candidate must attempt to present arguments for and against why Marie should extend her business operations to Brighton. Context may be limited to one side of two arguments.</p>	<p>Most able candidates will recognise that Rieve is a newly established business which may be thriving because of its novelty and that after time sales will even out e.g. but another location may prove to be too costly - high house prices may be mirrored in high commercial rents which may mean higher than anticipated overheads for Marie in Brighton which may not be recovered from revenue. However lower levels of unemployment and higher wages in Brighton may enable Marie to charge higher prices to cover higher costs.</p>
9 -10	<p>Context is in two sides of the argument, i.e. evaluation must be well contextualised across the answer, i.e. the candidate must present arguments for and against why Marie should extend her business operations to Brighton.</p>		
11 - 12	<p><b>For a mark of 11-12 both the limitation of the data referring to population and unemployment should <i>be referred to</i>.</b></p> <p><i>QWC: To achieve a mark of 7-12 the candidate will use business terminology precisely and effectively and will organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>		

Jan 2011	Assessment Objective Mark Grid						
Question	Content	K/U	Applic	Analysis	Evaluate	Total	Marker
1	1.3.3b	1	1	1	1	4	
2	1.3.6c	1	1	1	1	4	
3	1.3.4a	1	1	1	1	4	
4	1.3.5a	1	2	1	0	4	
5	1.3.3c	1	1	1	1	4	
6	1.3.3a	3	1	0	0	4	
7	1.3.6b	1	3	0	0	4	
8	1.3.2a/b	2	2	0	0	4	
9	1.3.3a	2	2	2	0	6	E
10	1.3.6c	2	1	1	0	4	
11	1.3.5ab	2	2	2	2	8	E
12	1.3.2a	2	2	2	2	8	E
13	1.3.4a/ 1.3.2b	2	2	2	6	12	E
Total		21	21	14	14	70	

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