

Mark scheme (Results)

Summer 2016

Pearson Edexcel GCE AS Level
in Business (8BS0)
Paper 01 Marketing and People

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1(a)	<p style="text-align: center;">Knowledge 2</p> <p>Knowledge/understanding: for understanding marketing strategy, e.g.</p> <ul style="list-style-type: none"> The methods used/plan/way chosen (1) to achieve marketing objectives (1). <p>NB: If candidates only give examples of a strategy award up to 1 mark, e.g. targeting younger buyers/women.</p>	(2)

Question Number	Answer	Mark
1(b)	<p style="text-align: center;">Knowledge 2</p> <p>Knowledge/understanding: for understanding product portfolio, e.g.</p> <ul style="list-style-type: none"> The collection/range/ list of items/products (1) produced/sold/ offered by a business (1). <p>NB: If candidates only give examples of products in a portfolio award up to 1 mark, e.g. 4 x 4.</p>	(2)

Question Number	Answer	Mark
1(c)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge/understanding:</p> <ul style="list-style-type: none"> • 1 mark for understanding differentiation e.g. making a product distinctive from competitors products OR creating a USP <p>Application: up to 2 marks for suggesting how Aston Martin differentiates itself e.g.</p> <ul style="list-style-type: none"> • To appeal to a new market, e.g. design cars suited to females, younger people • To produce cars that are distinctive from traditional sports cars e.g. more durable, spacious, higher seats • Distinguishing from other car producers e.g. Jaguar, Bentley, Rolls Royce <p>Analysis: 1 mark is available for explaining the purpose of product differentiation, e.g.</p> <ul style="list-style-type: none"> • This might enable Aston Martin to gain a competitive advantage over other brands in the market. • This might enable Aston Martin to increase their sales/increase tier market share. 	(4)

Question Number	Answer	Mark
1(d)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge/understanding: 1 mark for understanding Design Mix, e.g.</p> <ul style="list-style-type: none"> • The combination of factors needed in designing a product OR Aesthetics, Function, Economic Manufacture (1) <p>Application: 2 marks for contextualised examples, e.g.</p> <ul style="list-style-type: none"> • Aesthetics - Designing a car that is beautiful /'pink it and shrink it'/a place to hold your handbag • Function - Having a higher driver's seat /high performance or speed • Economic manufacture/cost – more affordable to a younger generation/competitive pricing <p>NB - Candidates could suggest other design elements that fit the younger buyer and/or female customer-latest technology/safety features/self-parking.</p> <p>Analysis: 1 mark is available for explaining how the Design mix could be used to appeal to younger buyer and/or female market</p> <ul style="list-style-type: none"> • This would enable Aston Martin to meet the needs of younger buyers/women customers and therefore boost sales/revenue/profit. • This would enable more younger buyers and/or women customers to afford to buy the car because they have less disposable income. 	(4)

Question Number	Indicative content	Mark
1(e)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • Customer tastes and trends – faster/more economical engines • Availability and/or price of substitutes – electric/hybrid cars, other forms of transport • Increase in price of complementary goods - fuel, car tax, insurance • Changes in income – a career promotion may mean that consumers have more disposable income <p>Potential counterbalance</p> <ul style="list-style-type: none"> • The extent of other changes will depend on whether they are long term or short term e.g. further changes in technology may cause an increase in the demand from those consumers who prefer the most up to date models, rather than those consumers who do not • The extent of the changes in income will determine customers ability/willingness to spend on luxury goods, e.g. people who receive large bonuses /increased salary may choose to save rather than spend the additional income 	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1(f)	<p>Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • Taking out a level of hierarchy would lead to a shortening of the chain of command, therefore improving communications/speed up decision-making between management and employees on car production line • Financial efficiency may improve due to the savings in management salaries, therefore reducing costs/may allow Aston Martin to provide other financial incentives to the production workers e.g. pensions. • Motivation may improve due to workers feeling more involved in car design and therefore empowered • If there are less managers, management style may change, perhaps moving from autocratic management to democratic or laissez faire and therefore improve motivation <p><i>Potential Counterbalance</i></p> <ul style="list-style-type: none"> • Communication between departments may not improve as roles and responsibilities may not be clear, therefore staff may become frustrated and therefore demotivated • Span of control for remaining managers is likely to increase which could demotivate both them and their subordinates due to increased workload. • Employees may feel there are now less chances of promotion, therefore feel demotivated and may look for a job with a competitor such as Bentley • Junior managers at the car manufacturer may gain more responsibility and a greater workload which may not be reflected in their salary and therefore cause demotivation <p><i>Potential Judgement</i></p> <ul style="list-style-type: none"> • The impact of this decision on workforce motivation may be positive or negative, depending on which level of management has been removed/how this change has been implemented 	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3-4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5-6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7-10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement

Question Number	Answer	Mark
2(a)	<p style="text-align: center;">Knowledge 2</p> <p>Knowledge/understanding: for understanding entrepreneur e.g.</p> <ul style="list-style-type: none"> • a person who sets up a business/takes risks (1) in the hope of profit/reward (1). <p>NB: If candidates only give examples of an entrepreneur award up to 1 mark, e.g. Deborah Meaden, Richard Branson, Levy Roots and Dan Cluderay</p>	(2)

Question Number	Answer	Mark
2(b)	<p style="text-align: center;">Knowledge 2</p> <p>Knowledge/understanding: for understanding business objective e.g.</p> <ul style="list-style-type: none"> • a target/ goal set by the business (1) in the short to medium term (1) <p>NB: If candidates only give examples of a business objective award up to 1 mark, e.g. sales maximisation, cost efficiency.</p>	(2)

Question Number	Answer	Mark
2 (c)	<p style="text-align: center;">Knowledge 1, Application 3</p> <p>Quantitative skills assessed: QS1 Calculate, use and understand ratios, averages and fractions QS2 Calculate, use and understand percentages and percentage changes</p> <p>Knowledge: 1 mark for the formula</p> <ul style="list-style-type: none"> • % change in quantity demanded/%change in income = YED <p>Application: up to 3 marks</p> <ul style="list-style-type: none"> • Calculate % change in quantity demanded $= (3500-2000)/2000 \times 100$ $= 75\% (1)$ • Calculate YED $= 75\%/-2.2\% (1)$ $= -34.09 (1)$ <p>NB If answer given as -34.09, award 4 marks</p>	(4)

Question Number	Answer	Mark
2(d)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge: 1 mark for understanding how businesses use income elasticity of demand e.g.</p> <ul style="list-style-type: none"> • To estimate how demand will change given changes in income <p>Application: up to 2 marks for contextualised examples e.g.</p> <ul style="list-style-type: none"> • Falling incomes mean that shoppers buy cheaper/inferior products. • People unwilling to waste food 'about £25 per household' when money is tight <p>Analysis: 1 mark for explaining the above e.g.</p> <ul style="list-style-type: none"> • Therefore Approved Foods would choose to stock/sell cheaper/inferior products. 	(4)

Question Number	Indicative content	Mark
2(e)	<p>Knowledge 2, Application 2, Analysis 2, Evaluation 2</p> <ul style="list-style-type: none"> • Channels of distribution are the methods used by businesses to get their products from manufacture to consumer. Can include intermediaries such as wholesalers and retailers. • Growth of the social trend for online shopping for food and drink, therefore Approved Foods has moved from market trader to setting up a distribution warehouse. • Increased number of shoppers looking for bargains, therefore Approved Foods has seen an increase in sales, given the 60-70% savings on each order, therefore Approved Foods may start to open shops. • Increased demand for Approved Foods due to awareness of 'overly cautious labelling' and increased food wastage has led to Approved Foods needing a bigger warehouse as a way of distributing their 2000 orders a week. <p><i>Potential Counterbalance</i></p> <ul style="list-style-type: none"> • Some shoppers still follow use-by dates, therefore they are going to be reluctant to buy products close to use-by date. • Some shoppers still prefer to visit a shop rather than order online because they enjoy the shopping experience/do not trust online shopping. • Approved Foods does not sell chilled or frozen goods so may not be able to compete with other online food shops. 	(8)

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Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(f)	<p>Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • Profit maximisation is achieved when the difference between sales revenue and cost is at its greatest • Approved Foods are a local company based in Sheffield which could show they are keeping fixed costs low by having a 60,000 sq ft warehouse and selling online. • Profits may have been used as a source of finance to expand from market trader to 'the largest online retailer' • They may need to expand further as orders grow and may need profit to achieve this, rather than rely on bank loans, which incur interest. • Profit is a measure of success, therefore important for a new business to attract investors. <p><i>Potential Counterbalance</i></p> <ul style="list-style-type: none"> • They are offering large discounts ' 60-70% on each shop', so gross profit margins are likely to be small; sales revenue maximisation/increased market share may be more important. • Loyal customer base may be more important than profit maximisation, given that they have grown from a market stall to '60,000 sq ft warehouse'/increased competition. • Stock turnover needs to be fast due to 'short dated' food stock so speed of sales may be more important than profit. <p><i>Potential Judgement</i></p> <ul style="list-style-type: none"> • There are high levels of competition in the food and drinks market, there has been an expansion in the number of shops selling discounted foods, therefore survival might be more important than profit maximisation. 	(10)

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Level 2	3-4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5-6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7-10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
3	<p style="text-align: center;">Knowledge 4, Application 4, Analysis 6, Evaluation 6</p> <p>Post Office</p> <ul style="list-style-type: none"> • This new channel of distribution via the Post Office opened new markets, increasing demand and sales, which may boost profits. • The Post Office have a core of loyal, traditional customers who are less likely to use online, therefore they are more comfortable to buy flowers through the Post Office, thus increasing sales and profits. • Flowers by post shared the burden of costs and marketing with the Post Office, therefore reducing average costs for Bunches and potentially increasing their profits. <p>Online</p> <ul style="list-style-type: none"> • Selling online has allowed Bunches to deliver 5.5m bouquets throughout the UK, resulting in a large increase in sales and possibly profit. • By moving to purpose built premises, Bunches have increased their capacity which should increase the amount of sales they could fill through online sales. • Great online presence this method of distribution could reduce costs as well as tapping into the online shopping trend, boosting sales and profit. <p><i>Potential recommendation</i></p> <ul style="list-style-type: none"> • Bunches should use The Post Office as a means to expand, as there may now be more competition for online flower shops, which may reduce Bunches sales, so they may have to spend more on marketing in order to stand out, which may increase costs and therefore lowers profit. • Bunches should use Online as a means to expand, because it can reach a wider target market and there is a growing social trend towards online shopping, as a result of increasing use of mobile technology. 	(20)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1-4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5-8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9-14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15-20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

