



Examiners' Report June 2012

GCE Business Studies 6BS01 01

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#### Introduction

Candidates had generally been well prepared for this paper 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 a 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 the questions. Likewise, candidates who wrote answers in context in Section B scored better than those who did not since this enabled access to higher marks, particularly for levels of response questions 11, 12 and 13.

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 often the key to success.

#### **Section A**

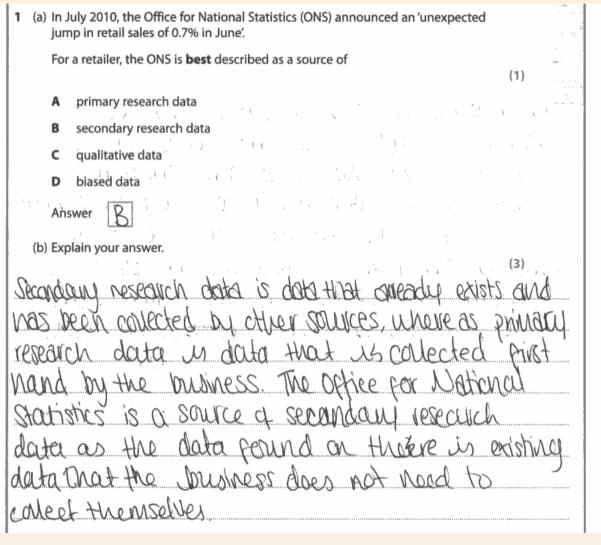
Examiners expect to see that candidates will at least offer a guess to part a) of these questions; this was not always done. As with previous papers, the ability of candidates to gain the three marks for 'explain your answer' (show your workings), distinguished better candidates, particularly for questions 2, 3, 4, 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) in answers to questions 1 to 8 by giving appropriate definitions/descriptions/formulae to help them support their responses to part a), for example by describing what was meant by niche marketing in answer to question 4.

#### **Section B**

The Button's Bakery case study appeared to be accessible to most candidates across the ability range. A surprisingly large number of candidates confused entrepreneurial characteristics with motives in question 10 and, likewise, commercial bank loans with overdrafts in their answers to question 11.

A fairly straightforward opening question which relied on candidates knowing what was meant by secondary research (B) and appreciating the forms it takes, as opposed to primary research (A). Secondary research is essentially second-hand data which is collected for general use by businesses rather than for a specific businesses use, in this case the retailer. Primary research **can** be collected by other businesses, as often a company will task a market research company to conduct the market research on their behalf.

Better responses in part (b) explained why qualitative data (C) was not the correct response given that the ONS announced 'an unexpected jump in retail sales on 0.7%' (quantitative measure) and/or explained why biased data (D) was not correct given that this implies a lack of objectivity which the stem on the question did not allude to.





#### A model answer

(b) Explain your answer.

(3)

ONS is best described as secondary research data as it has a tready been collected and also is considere for every business in the mothest he main thing about primary research is that it is corrected for the first time and research is that it is corrected for the first time and research but only for a business who conducted the research but only for a business who conducted the research opinions, finding about what people think about certain product which is also primary research to the conducted which apply.

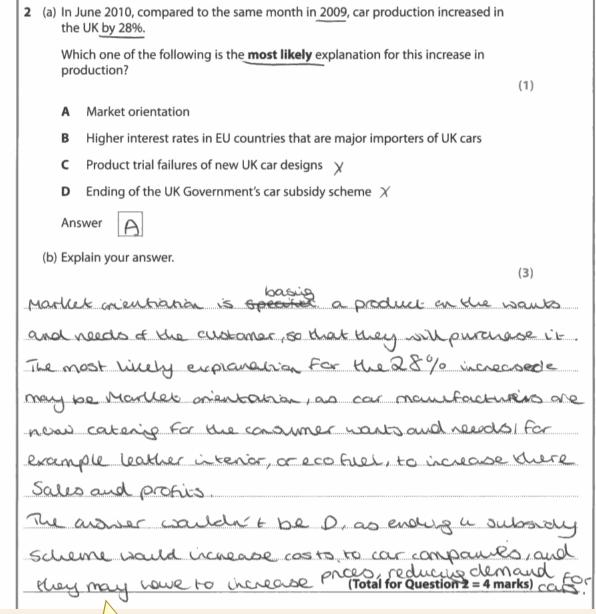


This explains what secondary research data is (1 mark), why the answer is NOT primary research (1 mark) and why the answer is not C (1 mark).

A question which proved difficult to both GCE Economics and Business and GCE Business Studies candidates. Many appeared to confuse exchange rates with interest rates so chose B for part (a).

Few candidates were able to fully explain any distracter in part (b), such as B is incorrect because if interest rates were high then consumers may be put off buying a car with a loan because of higher loan repayments, thus causing demand for cars to fall.

A common error was to attempt to define market orientation by referring to the market not the consumer. The better answers were able to link demand to production.





Part (a) correct - 1 mark

Part (b) Describes what is meant by market orientation (1 mark), applies this with contextual reference 'leather interior, ecofuel' (1 mark) and explains distracter D (1 mark)

A solid answer, showing a strong grasp of the effects of changes in economic variables.

(b) Explain your answer.

(3)

Interest cases are the charge on borrowing money, If interest cases in EU countries increases this means that foreigners have to spend more money to gain the same thing is a loan to buy the car would cost more as interest cases are high therefore this wouldn't increase production in UK because less foreigners would be purchasing as now its too expensive. Market orientation is meeting the demands of the Market as your overall highest priority. Therefore if car manufactures would increase production, if there now needing to read and demands of the Consumers sales (Total for Question 2 = 4 marks) increase so demand must to keep up. Sales increase as consumers needs are being melt as our productions are market orientated.



Part (a) correct - 1 mark

Part (b) describes what is meant by market orientation (1 mark); explains why this would lead to an increase in car production (1 mark); explains distracter B.

This question was either well answered or completely misunderstood. A good number of candidates recognised that if a son/daughter returns home, then they would no longer need the same amount of electricity for their separate accommodation: in which case the correct answer for part (a) was C - electricity.

Poor responses suggested that the demand for holidays would suffer most because by moving back home then young people would no longer be able to afford to go on holiday. The key here was not so much the idea that the young person may be jobless or on a low income, but that they had moved back to the parental home.

A well-argued explanation, which uses the context well to explain response C.

3 (a) It has been reported that Britain has produced a 'boomerang' generation of young adults between the ages of 21 and 24 who, on leaving university, choose to return to their parental home.
An increase in the 'boomerang' generation is <b>most likely</b> to reduce the demand for (1)
A computer games
<b>B</b> holidays
C electricity
<b>D</b> clothing
Answer 🕱 C
(b) Explain your answer. (3)
Demand is The quantity of products needed in the
market at a given price. The amount of electricity is
likely to be affected by the 'boomerang' generation
because there are less homes being acomodated,
so less electricity will be used on things like
heating or cooking, which everys house wow need
regardless of the people living in it. It is not
clothing, as this is a nessecity, so demand
revely changes



Part (a) correct - 1 mark

Part (b) defines demand (1 mark); explains answer (1 mark); contextualises answer (1 mark)

This candidate secures 3 marks for part (b) by explaining distracter D.



This response follows a 'belt and braces' approach to securing the 3 marks available in part (b), i.e.

Define an appropriate term used

Explain answer

Develop explanation by utilising the context Explain a distracter.

Part (b) shows clear understanding, but there is no definition of demand or explanation of distracter

(b) Explain your answer.

(3)

With the boomerang generation returning to their parental homes,

young adults are wing in the same household as their parents,

therefore are sharing the electricity of their parents. For example,

parents and their children share the same room, therefore share the

lighting in that room. This will therefore reduce the demand are all

en the country, as if young adults moved into a home of their

aum, more houses would be occupied therefore an increase in

the demand for electricity.



Part (a) correct - 1 mark

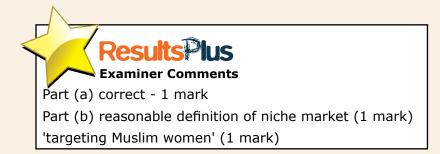
Part (b) explains answer (1) and utilises context to develop explanation (1)

On the whole, a well answered question which suggested that candidates appreciated what was meant by niche market

Some thought the answer may have been market mapping, but this was not the **best** illustration of the stem of information.

A typical response which gained 3 marks overall.

4 (a) In 2010, Muslim businesswoman Samina Akhter launched Britain's first Halal make-up, which included lipsticks and eyeliners made from plan and minerals instead of alcohol and animal fats.	
The above is <b>best</b> described as	(1)
A niche marketing	
B repeat purchases	
C market mapping	
<b>D</b> a trade off	
Answer A	
(b) Explain your answer.	(3)
A niche market is a specific mart	ut that
targets a certain thing. In this ca	se Samina
Akhter is targeting muslim women by	) eteating
a product that suits them.	inniga-amuni dumamadamuni munuma



A typical response, which despite defining niche and referring to the context, did not really explain a distracter.

(b) Explain your answer.

(3)

Niche marbeting is where it supplies only for a small amount of customers as it is unique and has only a small demand. As t make-ups do not have any alkahol and animal fats because a special religion do not believe in them, it is niche. Repeat purchasing although can be correct, it is irrelevant and



Part (a) correct - 1 mark

Part (b) defines niche (1 mark); explains answer using context (1 mark)

Why is repeat purchasing 'correct but irrelevant'?



Repeat purchasing would not apply in this case because the information in the stem relates to the behaviour of the entrepreneur Samima, not her customers.

Definitions of unemployment on the whole were good, but some failed to recognise it is "being able/willing to work but have not got a job". Distracters were generally well answered with good explanations. A minority of students did not read the word "except" in the question or perhaps did not read 'a fall'.

Some excellent responses were seen which included a correct and full definition of unemployment, going on to describe the effect on disposable income followed by an explanation of why at least one of the distractors would lead to closure of a nightclub.

5	(a)		rket research company Mintel reported in 2009 one in eight nightclubs in the closed its doors for good.	
		All	of the following may have contributed to the above, <b>except</b>	(1)
		Α	a government smoking ban in public places	
		В	the increased availability of cut-price alcohol in supermarkets	
		C	an increase in the rent on premises	
		D	a fall in the level of unemployment	
		Ans	swer D	
	(b)	Exp	olain your answer.	
				(3)
	بلغا	Ne	employment is the number of people who a	suld
		10.0	ix but our enot colorking. An increase	iv
!	Q.V.V	b	loyment would see an indepose in alsp	-3pe
******	į.	COL	nes and therefore more people would g	go do
	So.	ci:	er activities. B is corong because a	greater
			Hute good would be available and	
			demand for clubs could decrease	



Part (a) correct - 1 mark

Part (b) defines unemployment (1 mark); explains that disposable incomes would increase (1 mark) and explains distracter B by referring to supermarket alcohol as a cheaper substitute (1 mark)

A typical response which shows knowledge of a concept in part (b), and explanation, but has not really explained a distracter.

Unemployment is when someone cannot get a job but are searching for one A fall in the livel of employment means that more people have jobs so they have more disposable income to spend on going clubbing. Therefore this would help the nightclub businesses and help towards them not being closed down like the research company sould. An increase in cent would contribute the the clubs closing down as it increases their costs



Part (a) correct - 1 mark

Part (b) Candidate describes what is meant by unemployment (1) and explains effect of a fall in unemployment (1)

Does not really explain distracter C.

Many candidates gave a good definition of a business plan and some offered further explanation of its purpose, but distracters were vague and not explained, and very few gained 3 marks for part (b)

A description of what a typical business plan might include (e.g. human resource, marketing, break-even analysis, cash-flow forecast, sales forecast) was equally as rewardable as a definition of a business plan, as was a definition of start-up capital or entrepreneur.

			BBC TV series High Street Dreams, which gives advice to entrepreneurs, argues tit is 'essential to have a business plan when engaged in a business start-up'.	5
		A b	usiness plan will	(1)
		A	ensure that the business will make a profit	
		В	guarantee customers	
		C	support applications for start-up capital	
		D	improve cash-flow	
	,	Ans	wer C	
	(b)	Ехр	lain your answer.	(3)
	A bi	us	mess plan o is a fermal document that s	ets
			he details a a business. L'plai would i	
	0 W	10	meting plans, production plans and hi	nancial
	play	ΛS	If a business needed Nelp with start-	UP
	capit	al	they may go to a bank for aloan. A	- bank
	Negu	168	ts a businest plan so that they can c	NSSESS
	the	_	rikely success q a business and the	
			hether they should fund thestart up	*
			usiness depending on mether they th	*
			SURED A BUSINESS (Total for Question 6 = 4 mar	
	plan	1	would not ensure propot, or guarantee ou	istamers,
			more coust-flow as it is only a biplan b	ased
			imater it is not the neality of the bu	winess.
ľ			• •	



Part (a) correct - 1 mark

Part (b) describes business plan (1 mark); explains why bank would want a BP (1 mark); explains why a BP would not **ensure** profit or **guarantee** customers (1 mark)

(b) Explain your answer.

(3)

A business plan is a document that contains
a business cashflow forecast, themas resource and any and
asjectives. It is 'c' because in business plan can help
persuade investors to give a business a stant up capital
if they believe it is worth it from the evidence in the
business plan. It is not 0 because a company harn't
started onling so it will not have a cash flow yelf.



Part (a) correct - 1 mark

Part (b) describes features of a BP (1); explains why investors would like to see a BP (1); explains distracter D (1)

The point about this question was that if Apple's profits had increased driven by greater demand then sales revenue must have increased, either because the sale volume had increased (which was, in fact, the case) or because prices charged had risen (given that sales revenue = P X Q).

The explanations of answers here needed looking at VERY closely. For example some candidates seemed to think that Apple would make a loss if costs increased by more than the rise in sales, when, in fact, they would make *less of a profit*.

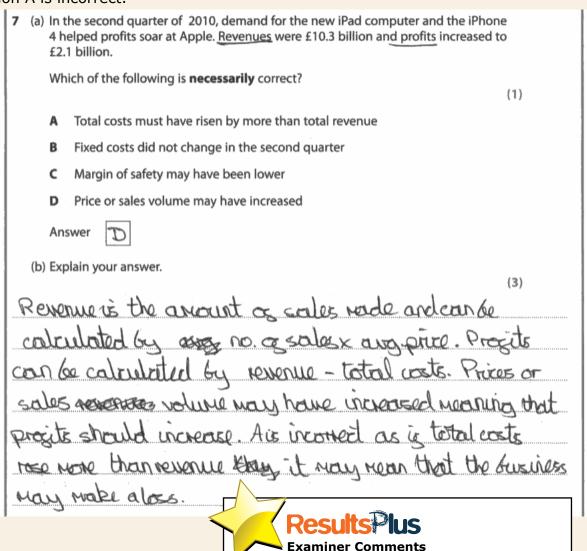
Most candidates gained a mark in part (b) for a definition of demand, or profits, or sales volume.

Distracter A was incorrect because this would lead to a fall in profits.

Distracter B was incorrect because fixed costs do not change with output.

Distracter C was incorrect because we have no information on costs (have they stayed same, gone up more) which is needed to determine a reduction in the margin of safety. Margin of safety would also fall if sales fell but this is clearly NOT the case.

Here is a typical response which shows knowledge of revenue and an explanation to why option A is incorrect.



Part (a) correct - 1 mark

explains why A is incorrect.

Part (b) defines revenue/gives formula (1 mark);

(b) Explain your answer.	(3)
Profit is sales revenue - total cost	
Tora It is aption "p" as 6, a increase	S
a businessis profit to occur an one of the	foctors
15 to increase price so more revenue is generates	l. and
to increase the amount you sell, and as the hext	slates
He was high demand this probably meant sules i	solone
increased which in furn increased profit.	
1st 11 is not option A" because it botal	0315
rose more the lotal revenue profit would of secon	ers ed.



Part (a) correct - 1 mark

Part (b) defines profit (1 mark); explains why D is correct (1 mark); explains distracter A (1 mark)

Candidates came to the answer £7.38 by:

Either adding the two euro values together FIRST then dividing by the XR, 1.2, i.e.

$$1.85 + 7 = 8.85/1.2$$

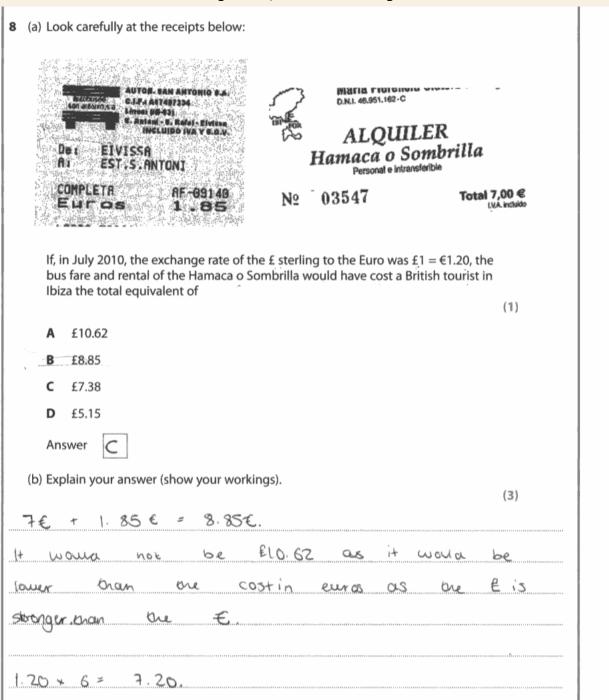
OR dividing each euro value by 1.2 FIRST then adding them together and rounding up to £7.38, i.e.

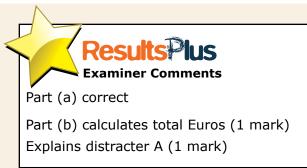
$$1.85/1.2 = 1.541$$
 plus  $7/1.12 = 5.833 = 7.374$ 

OR working out that 1 euro is the equivalent of £0.833 or 83.3p (1) then multiplying the total spend by 8.85 (1) by this to get £7.372 which rounds up to £7.38.

A number of candidates failed to gain the knowledge mark for either providing a formula or describing what was meant by exchange rate.

An unusual answer which does not take the usual steps in showing workings out. Does not show formula or definition of exchange rate, so no knowledge mark.





Part (a) answered incorrectly, so max mark available for the next response is 2

(b) Explain your answer (show your workings).	(3)	
Exchange rare: the price of one Correno	Caspared	
to another	J	1
Fentul + Bus fave = 28 55		
25: ±1= €120 8.85×1.70 =±10.62		



Part (b) defines exchange rate (1 mark) adds up rental of hamaca and bus fare to 8.85 (1 mark) should have DIVIDED by 1.2 to get response C - £7.38.

A well answered question. Very few failed to identify at least one factor that would affect demand. Factors included fashion/ tastes/preferences, advertising, income, price of substitutes, population/demographics. Responses were generally applied to the case study by referring to the number of marriages shown in the chart, the making of wedding cakes or cup cakes, the current recession. Analysis marks were easily achieved by many as candidates were able to explain the effect - usually an increase - on demand.

The information contained in both the final paragraph of Evidence A and data in Figure 1 provided a clear opportunity to help explain what, how and why the demand for Anna's cakes might change.

The following answer has two factors identified and explained well in context.

Premplayment is likely to affect demand for Anna's cakes.

Unemplayment is likely to affect demand for cates. If people for one unemplayed they are likely to have lower disposable incomes meaning that that they have less morey to spend. As cakes are a luxury product and not a neccessity, people are likely to reduce the amount they spend on her cates. This will reduce the demand for Anna's cakes meaning she will make less cakes.

The season or type of year is also likely to inswerce consumer spording. For instance, people might buy more cup cokes in the winter, especially poor to christmas. This is because people spend more time indoors so will wave more time to each the cakes which are a conject good. However, in summer she might sell more wedding cokes than cup cokes as weddings normally take place in the warner months when the weather is nices.



Knowledge - lower disposable incomes (1) Analysis - caused by unemployment which would reduce demand (1) Application - on Anna's cakes which are a luxury product (1)

Knowledge - season (1) Analysis - people spend more time indoors during the winter and eat comfort food (1) Application - and wedding cakes in the summer (1) plus further analysis, so 3 marks guaranteed! Although this candidate does attempt to provide a definition for the concept demand, the mark in the first paragraph is for the factor.

Demand is the amount of units of products or
Services that a consumer are willing to buy. There
are many factors to change the demand; if an
economy of the UK went into a recession, this
would mean more unemplayed people, leading to less desposable
cash. People have sess to spend the sess and can't afford
luxurious prog goods, which as Anna's cakes are
a luxurious product the demand will always to
decrease.

If Anna were to advertise her products more on
all sorts of media (TV, interest advertisements) she will have
a wider market from more people aware of her business,
this will increase demand. Promotions can accompliment the
advertisement to attract first time buyers and increase
the demand further.



Řecession - 1 mark Knowledge

Unemployment - leading to less disposable cash - 1 mark Analysis Anna's cakes are luxurious - 1 mark Application

The second factor - advertising (1 mark - Knowledge) is not applied, but it is explained (1 mark - Analysis)



Unlike Section A, part (b) answers, it is not always appropriate for candidates to write definitions. This question did not really invite a definition as such, but rather the stating of TWO demand factors. Price of cakes was allowed since the question did not state non-price factors.

A significant number of candidates did not appear to realise that there is a distinction between an entrepreneurial motive and an entrepreneurial characteristic. In such cases often 0 marks were awarded. On the other hand, many were able to focus their responses on Anna's urge to be creative and often referred to the case study for evidence. Analysis was frequently missing. Candidates could have argued that by pursuing her passion, Anna's cakes were more likely to be attractive, good quality and distinctive which should help to boost sales as customers would be more than satisfied with the product. This may have led to repeat purchases or at least more sales because of customer recommendations.

Here is a candidate who confuses characteristic with motive.

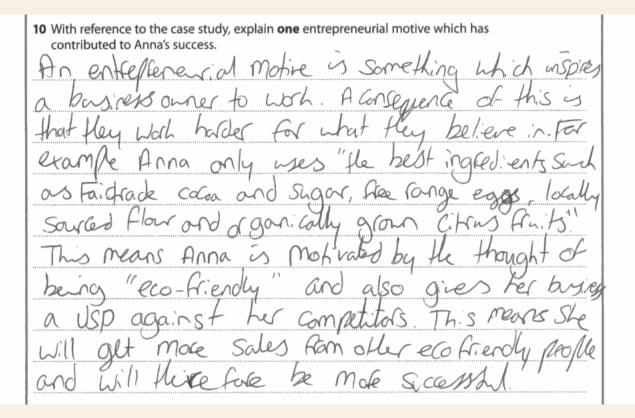
10 With reference to the case study, explain one entrepreneurial motive which has contributed to Anna's success. entregreneur 15 somenino Wa- 3:1 Jomeone who has set up there own business. An entrepreneur has to have a certain amount of characteristics to be sucesiful. Anna showed she was able to take a risk by guitting her old job to setup the business. This can also be defined as calculated rists because she fundly and made the deasion



0 marks

Although the candidate shows some knowledge of entrepreneur, this was not a concept used in the question. The knowledge mark was awarded for knowledge of 'motive'.

In contrast, a candidate who clearly appreciates what is meant by entrepreneurial motive.





Knowledge of motive - 1 mark

Application - Fair Trade ingredients - 1 mark

Analysis - gives her business a USP - 1 mark

Analysis - which will give her more sales from eco friendly people - 1 mark



The knowledge mark in this question was reserved for knowing what was meant by motive.

Some candidates clearly did not understand the basics of an overdraft, whereas others managed to refer to some aspect of the concept. Application to the case study was weak in many cases – with many responses achieving 5 marks out of 8.

11 Assess whether or not Anna should use a bank overdraft to help her to finance new product development.
A bank overlight is take a short
tem source of mana aliah allows
more morey to be taken out of the account
that is actually in the account and should
le paid aide in a cetain amount of
file of the overlass is not put buch
in that amount of the time then there
a small over Dalt can fun into a lago
comment. For Anna there are sugary other
sources of himme available. Product beieles-
ment is likely to be a long process so the use
of short form sources is probably not the
best option to bene Therefore reting out
one falts. Other sources of finance awilled
oul be retained prefit or share capital
As Ama's pusioss is a lugited company
she has the option to sell shares to
are nough This is morey that soons
have to be repaid. This money could be

We same can be saw for (Total for Question 11 = 8 marks)



L4 - Evaluation awarded for identifying that because product development is a 'long process' a short term method of finance (overdraft) may not be appropriate.

The argument is general (not in context), therefore 7 marks.

This candidate does what was often typical in responses. Argument against overdraft is not balanced by an argument for, but presents an argument for an alternative method of financing (using retained profits).

A overdraft is when the bank allows a company to spend more than what they have in their account.

Anna's bakery is a small business and may not always have continuous profits being made. As Anna sells cakes, especially for large events like weddings, the products might not always be high, and like stasonal products, could face some falls if Anna had an overdraft she would eventually have to pay it back each month afres her new product had been developed, this could be a problem if the new product fails or if dumand for her products are down in general. This may then lead to Anna being in larger amounts of debt

Because Anna is only a small bakery I think

The best form of pinance for her to devolop a new

product would be to use celtained profit. This will

stop Anna from getting into any debt as she will

only use what she has the only problem with this

is she may not have enough for once its gone it

can't come back.

I think its best for Anna to use retained profit

as it saves her from debt. (Total for Question 11 = 8 marks)



The majority of responses were one-sided; most identifying a consequence of inflation and applying it to the case study. Some of the better responses were evaluative, referring to the fact that this business is aimed at customers with greater disposable income and that if prices of cakes did increase the significance to the consumer would be little. More able candidates even referred to price elasticity.

Weaker responses attempted definitions of inflation which were often rather vague. However, this was not a definition question – it essentially examined the likely effect of inflation on Button's Bakery. Examiners were advised that only if a candidate gets as far as Level 1 should they look for a precise definition of inflation when awarding 2 marks OR a vague definition of inflation and its consequence, e.g. 'prices increasing and a fall in the value of money/increase in costs of production'

The effective thing about this response is that the candidate answers the question directly without providing a definition of inflation. This enables the candidate to score at level 3 in one sentence given the analysis.

could rise, be to life she has to begin charging more for delivery she may begin to see a lower demand for her cakes



Level 3 - 6 marks because the candidate has analysed in context the likely effects of inflation on Button's Bakery. It is one-sided so cannot score Level 4, despite the analysis being strong.



Always encourage two-sided contextual responses when the trigger word in the question states 'evaluate' or 'assess'.

This opens with a definition - depending on candidates and approach used/encouraged by centres, this can be an effective way to 'settle' a candidate into answering a question. This approach guarantees a level 1 mark if the definition is accurate.

Inflation to its the general rise in prices and the decrease in the value of money. For Anna's business, inflation would mean that her Cost of buying the Fairtrade ingredients for her Cakes would increase which would then mean Anna would have to take a 'hit' on her profit margin or increase the prices of her Cakes which could lead to a fall in demand for cakes, meaning there would be less sales of her cakes meaning there would be less sales would generate loss prevenue and consequently less past profit. However, inflation Could also mean that Button's Bakery Could increase the price of its Cakes to correlate with

inflation but still have the Same Marke as Button's Bakery is a relatively niche likel the demand for its the advertoria ( to increase because of to be magazine which proved brides-to-be. inflation - 15 to have business effect on Anna's money decreases, people Spend to 0 arternative cheaper (Total for Question 12 = 8 marks)



Provides a contextual argument showing the negative effect of inflation - Anna would take a hit on her profit margin or increase her prices and suffer a fall in demand.

Also explains the counter-argument - that because BB operates in a niche market then prices of cakes could increase but because of the advertorial in Vogue 'demand is likely to increase' - Level 4 - 8 marks as both arguments presented in context.

This question was marked in two parts, where 6 marks were available for (a) market mapping and 6 marks for (b) break-even analysis.

Weaker responses gave market mapping as an exercise to enable managers to decide where to locate their business. Better responses recognised that it was a tool used to help establish a product in a market against its competitors based on variables related to price and often quality or nature of a product or service. Others stated that this may not have been consciously used by Anna given that Button's Bakery was a small-scale business which involved little strategy but was rather more of a 'hobby'.

A number of good answers were seen for break-even, with many candidates recognising that it is a technique which may prove difficult given that Anna makes a range of cakes from cup cakes to celebration cakes. A common error was not to recognise that break-even helps determine profitability NOT cash-flow.

A mark of 3 can be awarded if the candidate analyses but not in context.

*13 Evaluate the likely value of the following to Button's Bakery:
(a) Marketing mapping.
(0)
Market mapping is a method used to identify a
gap in the marker
This would be useful for Buttons Baken as they
would be able to identify a gap in the market
making it easier for them to know what price to set
the cerkes and what quality they should make them
This is useful as it the position the product
on the right place of the mercuting map it in u mean
they make hill have less competition from
competitors increasing the amount of
Customes and therefore demand that they will
reieve.

(b) Break-even analysis.

(6)

Break-even analysis.

(6)

Break-even analysis and a profit or loss where the profit and costs of a business cancels out.

A break-even analysis enables a business to identify at what price and to how meny customers they need to sell their product.

This would be useful for Buttons Ballary as the about products the business sells is cake, and therefore makes it quite easy for the business to work out the price of the product & the amount of automers they need.



An answer **not** written in context, and one-sided.

*13 Evaluate the likely value of the following to Button's Bakery:
(a) Marketing mapping.
Marketing mapping this would help Bulton's Bakery
to increasing profit and sales because of the strategy, When
marketing mapping it allows Bulton's Ballery to sell or supply
where how or no other competitors with this the demand
for the products would because of the improve idea of
marketing mapping  Pris also holps Bullon's Bakery to run  into less cost because they would be able to tell how:
This also helps Bullon's Bakery to run
into less cost because they would be able to tell how.
many goods they should supply and at what price which
is normally done by carrying out market research so
this would have a great value to Button's Bakery because
the increase in sales which would make the profit to
increase

(b) Break-even analysis.	(6)
This can also help Bulton's Bakery because if	would
be able to tell how much is needed to overco.	ne it
est. Where the variable cost and revenue me	et we
normally gay that is the break-ever point and	Here
is also the margin of safety, the re-order point	at
which Button's Bakery should make another order	- for
raw most materials	

There normally a formula that we used when calculating

Break even = Fixed cost

Selling price - Variable cost

An also the break even analysis balgs the business to

know whether it has made profit. And also how much sales

it needs to make to get a profit.

So the value also to Button's Bakery is that

If helps them reduce cost



Part (a) - 3 marks analysis

Part (b) - 3 marks analysis - very textbook like answer



In part (a) If only the candidate had written Anna or 'cakes' rather than 'products' a higher mark could have been awarded.

In Part (b) needed to write 'ingredients' rather than 'raw materials' to move up to 4 marks (context shown).

# **Paper Summary**

Based on their performance on this paper, candidates should:

- 1. Remember to answer all part (a) sections of Section A, even if it means guessing.
- 2. Use definitions or written formulae in part (b) of Section A since this often attracts a knowledge mark; the concept defined should normally be in the question or found in the correct response.
- 3. Remember to explain why one distracter is wrong in part (b) when the supported multichoice question in Section A reads 'most likely' or 'least likely' because these questions are asking you to make a judgement which you can very often strengthen by not only explaining the answer you chose in part (a) itself, but also one of the alternatives you dismissed.
- 4. Read the case study in Section B carefully you are advised to spend 5 minutes reading this and, if necessary, highlighting key words or points which might enable you to answer the questions that follow.
- 5. Read questions carefully and attempt to answer the question actually set. On a number of occasions evidence has shown, particularly in Section B, that candidates can waste valuable time struggling with an answer to a question that was not on the paper or trying to gain marks through an 'all I know about approach' which rarely scores many marks.
- 6. Spend time to plan your answers to levels of response questions 11, 12 and 13. These carry the most marks (8,8 and 12 respectively) so writing a balanced answer can make all the difference to your grade.
- 7. Work on the basis of a '1 minute per 1 mark rule' given that this paper is for 75 minutes, with 70 marks and a recommended 5 minutes reading time for the case study.

# **Grade Boundaries**

Grade boundaries for this, and all other papers, can be found on the website on this link:

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