

Examiners' Report  
June 2015

GCSE Business Studies 5BS03 01

## Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications come from Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk).

Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

## ResultsPlus

### Giving you insight to inform next steps

ResultsPlus is Pearson's free online service giving instant and detailed analysis of your students' exam results.

- See students' scores for every exam question.
- Understand how your students' performance compares with class and national averages.
- Identify potential topics, skills and types of question where students may need to develop their learning further.

For more information on ResultsPlus, or to log in, visit [www.edexcel.com/resultsplus](http://www.edexcel.com/resultsplus). Your exams officer will be able to set up your ResultsPlus account in minutes via Edexcel Online.

### Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: [www.pearson.com/uk](http://www.pearson.com/uk).

June 2015

Publications Code UG041037

All the material in this publication is copyright  
© Pearson Education Ltd 2015

## Introduction

This year's 5BS03 paper was, on the whole, well answered. There was limited evidence of candidates being unable to complete the examination paper and it is becoming increasingly clear that centres are taking heed of the advice, contained in documents such as this, to prepare their candidates for the following year's examination. As a result, on the whole, candidate responses demonstrated an increased understanding of the importance of context. There was also an enhanced recognition of what style of response was required by each of the command words that were used in the paper and it is pleasing to report that the structure of many answers was very good indeed.

Section A was, on the whole, very well answered with many of the 3 mark '*explain with context*' questions scoring full marks due to the existence of sufficient linked strands of development and the use of some kind of contextualisation that went beyond the words used in the question. The only stumbling block in this section was question 3(d). This question required candidates to '*Describe why reducing costs could allow National Express to remain competitive*'. A significant majority of the cohort automatically assumed that '*lower costs*' and '*lower prices*' were the same concept. As a result, this limited candidates' ability to score well on this question.

Section B was again, on the whole, well answered but a sizeable minority of students misread Question 5(d). Instead of focusing on the advantages and disadvantages to the environment, candidates focused on the advantages and disadvantages to Elvis & Kresse. Examiners' were instructed to only award marks for content that answered the set question, so some good answers to a different question ultimately scored 0 marks. A further problem was encountered in Question 6(b) since many candidates did not know how to interpret the bar gate stock graph. This question should have allowed candidates to score 5 marks in a relatively short amount of time.

Section C proved to be very difficult and acted as a very good discriminator. Question 9 on share capital was very badly answered. More often than not students resorted to trying to paraphrase the accompanying case study in their question to score marks. Thus, some very long answers failed to receive any credit at all. Question 10, to a degree, also had similar problems. Large numbers of candidates misread the question and focused on the importance of having a competitive marketing mix, rather than the importance of '*product*' within a competitive marketing mix. Other candidates saw the term 'marketing mix' and turned the question into an essay on the 4Ps whilst making no attempt to determine whether the '*product*' was important or not. This question was interesting since there was pretty much an even percentage spread of marks from 0-10 inclusive across the whole cohort.

## Question 1 (b)

All sub-questions in question 1 require no contextualisation at all, since they are just about a generic 'business'. This 'outline' question required students to identify one way a business might extend the life cycle of a product and then add one strand of development. Some candidates provided more than one way, and others provided an example to exemplify their identified way. These approaches only scored one mark.

(b) Outline **one** way a business might extend the life cycle of a product.

One way a business can extend the life cycle is bringing  
New product into <sup>the</sup> its market. (2)



### ResultsPlus Examiner Comments

This response scored 0 marks. The candidate has not thought about extending the life cycle of an existing product. Instead, they have introduced a brand new product which would therefore be at the start of the product life cycle. Therefore the candidate has not answered the question.

(b) Outline **one** way a business might extend the life cycle of a product.

Promote the product more intensively at  
maturity stage to increase customer awareness.  
This could increase sales, therefore extending  
the life cycle of the product. (2)



### ResultsPlus Examiner Comments

The candidate has identified a 'way' through 'promote the product more intensively' (1 mark). This has then been developed through 'at the maturity stage to increase customer awareness' (1 mark). Any lingering doubts as to whether that development was enough to score 2 marks are eradicated at the start of the next sentence: 'This could increase sales'. A straightforward 2 marks were awarded.

## Question 1 (c) (i)

All sub-questions in question 1 require no contextualisation at all, since they are just about a generic 'business'. This question was a simple 'state' question that required candidates to demonstrate recall of two methods of collecting market research information. Unfortunately several candidates stated 'types' of market research instead. Therefore, candidates who stated 'qualitative', 'quantitative', 'primary' or 'secondary' scored 0 marks since they did not answer the question. Most candidates were able to score marks through the use of the word 'questionnaire' and/or the term 'focus groups'. These were the most popular answers.

(c) (i) State **two** methods of collecting market research information. (2)

1 Survey

2 Graph



**ResultsPlus**

**Examiner Comments**

This response scored 1 mark. The first word 'survey', despite being misspelt, scored 1 mark. The second word 'graph' was really a way of presenting data so scored 0 marks. Therefore 1 mark was awarded in total.

(c) (i) State **two** methods of collecting market research information. (2)

1 Surveys

2 Focus groups.



**ResultsPlus**

**Examiner Comments**

This was the standard response seen by most examiners - two words which were both valid, allowing candidates to earn 2 marks in a very short space of time and move on.

## Question 1 (c) (ii)

All sub-questions in question 1 require no contextualisation at all, since they are just about a generic 'business'. This was a very well answered question. Candidates had to identify one reason why a business might collect market research information and then provide two linked strands that resulted from the reason. Most candidates approached the question using the following route 'to find out customers' wants and needs' (1 mark) which was linked to 'therefore they can adapt their product' (1 mark), which was linked to 'therefore they can increase profit' (1 mark). The majority of candidates scored 3 marks on this question.

(ii) Explain **one** reason why a business might collect market research information.

(3)

A business might collect market research information in order to find out different needs that their target market have. This would be so that they could then develop a product which will satisfy their customers' specific needs as much as possible.



**ResultsPlus**

**Examiner Comments**

This candidate only scored 2 marks since the response lacks a final linked strand of development. The reason is identified in the first sentence 'to find out different needs their target market have' (1 mark). This is then linked to 'so that they could develop a product which will satisfy their customers' specific needs' (1 mark).



**ResultsPlus**

**Examiner Tip**

Make sure that you use linking words such as 'because', 'therefore' etc. If you do this you can look back at your answer and count the number of linking words that you have used. This should help you generate sufficient links in your answer, allowing you to score full marks.

(ii) Explain **one** reason why a business might collect market research information.

(3)

One reason a business may collect market research information may be to identify what products customers use on a regular basis. This would then allow the business to alter the prices of these products to entice customers. For example, special deals such as 'buy one, get one free' on baby wipes would increase customer satisfaction in mothers; this might then lead to repeat purchase - increasing revenue, which would increase profit.



**ResultsPlus**

**Examiner Comments**

This response scored 3 marks. The candidate identifies a reason through 'to identify what products customers use on a regular basis' (1 mark). This is then linked to 'this would allow the business to alter the prices of their products' (1 mark), which is then further developed by 'this might then lead to repeat purchase' (1 mark).

## Question 2 (b)

This question required candidates to identify any three methods that IHG could use to motivate its workers. Any response that could conceivably motivate a worker in a hotel company was rewarded with a mark. Virtually all candidates were able to score 3 marks on this question.

(b) State **three** methods, other than increasing wages, that *IHG* could use to motivate its workers.

(3)

1 Giving bonuses



**ResultsPlus**  
Examiner Comments

The candidate has only provided one valid method, so can only score 1 mark.

(b) State **three** methods, other than increasing wages, that *IHG* could use to motivate its workers.

(3)

1 Fringe benefits  
2 Competitions like staff member of month  
3 Bonuses for hard workers



**ResultsPlus**  
Examiner Comments

This was a typical response to the question. Three valid methods were identified and 3 marks were scored.



## Question 2 (c)

This question is the first of several 'explain with context' questions. Candidates had to identify a benefit and then develop it with two linked strands, making sure that they also included some evidence of contextualisation. Generic responses, irrespective of the number of linked strands they contain, can only score a maximum of 2 marks. A minority of candidates explained a benefit to the workers of increased motivation e.g. higher pay. Responses like this scored 0 marks.

(c) Explain **one** benefit to *IHG* of increased worker motivation.

(3)

If workers are more motivated customer service will be better as workers will be more polite and willing to help them. This will increase the amount of repeat purchase (customers returning) and its is more likely that customers will be loyal and recommend IHG. Therefore there will be an increase in sales and higher profit.



**ResultsPlus**  
Examiner Comments

The candidate identifies a benefit '*customer service will be better*' (1 mark). This is linked to '*as the workers will be more polite and willing to help them*' (1 mark). A further link is provided by '*this will increase the amount of repeat purchase*'. The candidate then goes on to make further, unnecessary links. However, the answer is totally generic therefore it can only score 2 marks.



**ResultsPlus**  
Examiner Tip

The simple addition of the word '*hotel*' anywhere in this answer would have allowed the candidate to score full marks. Notice that using '*IHG*' does not count as context since the term appears in the question.

(c) Explain **one** benefit to *IHG* of increased worker motivation.

(3)

A benefit to *IHG* of increased worker motivation is that staff may work harder which may mean that the customer service could improve which could lead to loyal customers and customers staying in an *IHG* hotel again. This will then lead to an increase in sales leading to an increase in profits for *IHG*. This may even lead to an increase in competitiveness with the Hilton etc.



**ResultsPlus**  
Examiner Comments

This candidate approached the question in a similar manner to the previous candidate. However, the big difference is that this response is in context. The candidate identifies a benefit through 'staff may work harder' (1 mark). This is then developed through 'which may mean customer service will improve' (1 mark). This is then linked to 'could lead to loyal customers and customers staying in an *IHG* hotel again' (1 mark). The candidate then provides further, unnecessary linked strands of development. This response scored 3 marks, since we have two linked strands following the identification of a benefit and the word 'hotel' provides evidence of context.

## Question 2 (d)

This is another 'explain with context' question. Candidates had to identify an advantage and then develop it with two linked strands, making sure that they also included some evidence of contextualisation. A minority of candidates turned this question into one about the benefits of loyalty cards to customers. Responses like this scored 0 marks, since they did not answer the set question.

The London hotel market is very competitive. IHG offers a loyalty card to its customers that rewards them with points for each stay. These points can then be exchanged for a free night in any IHG hotel.

(d) Explain **one** advantage to IHG of high levels of customer loyalty.

(3)  
This would make IHG ~~receive~~ <sup>receive</sup> more customers which could then lead to a higher profit rate. This could then lead on to IHG getting a good reputation, which could grow the business



**ResultsPlus**  
Examiner Comments

The candidate identifies a valid advantage 'IHG receive more customers' (1 mark). This is then linked to 'could then lead to a higher profit' (1 mark). The final sentence appears to be a separate point. However, this is not important since the answer lacks context so cannot score any more than 2 marks. 2 marks were awarded in total.

The London hotel market is very competitive. IHG offers a loyalty card to its customers that rewards them with points for each stay. These points can then be exchanged for a free night in any IHG hotel.

(d) Explain **one** advantage to IHG of high levels of customer loyalty.

(3)

One advantage to IHG of high levels of customer loyalty is that repeat purchases will increase. If customers are satisfied with the service they provide, they are more likely to return. This will lead to IHG becoming better than competitors as they will have more customer recognition. This will lead to an increase in customer numbers and sales revenue and profit will rise as customers are visiting IHG rather than competitors such as Travelodge. (Total for Question 2 = 10 marks)



**ResultsPlus**

**Examiner Comments**

The candidate has identified an advantage through 'repeat purchases will increase' (1 mark). This is then developed through 'this will lead to IHG becoming better than competitors as they will have more customer recognition' (1 mark). Further development is then provided through 'this will lead to an increase in customer numbers and sales revenue'. The candidate does not provide context until right at the very end of their response by mentioning 'Travelodge'. Therefore, we have an advantage, two linked strands and evidence of contextualisation so this answer must score 3 marks.

### Question 3 (b)

This should have been a straightforward question to answer with responses such as 'lower prices' and 'increased advertising'. However, it was noted that candidates provided responses such as 'National Express could build new roads'. Candidates who did this limited their opportunity to score on a question that was designed to be very easy to answer.

(b) State **two** methods that *National Express* could use to encourage people to try its products. (2)

1 Product Trial

2 \_\_\_\_\_



#### ResultsPlus Examiner Comments

It was decided to accept 'product trial' as an answer to this question. However, the blank space meant that an opportunity to score an easy second mark has been lost. Therefore, this response scored 1 mark in total.

(b) State **two** methods that *National Express* could use to encourage people to try its products. (2)

1 Increase advertising

2 Special offers



#### ResultsPlus Examiner Comments

This was more typical of the responses encountered. 2 marks were scored for two valid methods.



#### ResultsPlus Examiner Tip

Never leave blank spaces for 'Give, state, identify' questions. Anything valid will result in you being awarded a mark.

### Question 3 (c)

This is another 'explain in context' question. Candidates had to identify a disadvantage and then develop it with two linked strands, making sure that they also included some evidence of contextualisation.

National Express has received poor feedback about unhelpful staff and rude coach drivers.

(c) Explain **one** disadvantage to National Express of providing poor customer service.

(3)

The disadvantage would be that they would not get the customer loyalty or repeat in customers they would and ~~also~~ get a bad reputation and possibly lose profit. In conclusion the business could shut down if the behavior occurs more.



**ResultsPlus**

**Examiner Comments**

The candidate has identified a disadvantage through 'not get the customer loyalty' (1 mark) which is linked to 'get a bad reputation and lose profit' (1 mark). There is a second linked strand in evidence through 'the business could shut down', but the answer is generic and lacks any context. Therefore the response can only score 2 marks.

National Express has received poor feedback about unhelpful staff and rude coach drivers.

(c) Explain **one** disadvantage to National Express of providing poor customer service.

(3)

Providing poor customer service means that customers have a less enjoyable experience, and therefore, National Express are likely to lose customer loyalty. Customers may prefer to travel by other coach companies, or by National Rail trains, as they are unhappy with the service provided on the coaches. This is likely to cause National Express to lose customers, therefore see a decrease in revenue and a decrease in overall profit.



**ResultsPlus**

**Examiner Comments**

The candidate identifies a disadvantage through 'customers have a less enjoyable experience' (1 mark) which is linked to 'likely to lose customer loyalty' (1 mark). Further development is then provided through 'customers may prefer to travel by other coach companies' (1 mark). Context is provided through the use of the word 'travel' and the word 'coach', neither of which are in the question. Therefore this response scored 3 marks.



### Question 3 (d)

This was the only 'describe with context' question on this year's examination paper. In a 'describe' question candidates may offer a definition to score 1 mark or approach the question by making a series of unrelated points, or by providing less points with some development. To gain all of the marks available, candidates had to demonstrate some evidence of contextualisation. Thus, a 'describe' question offers a greater degree of flexibility than an 'explain' question in the way in which it is marked.

This question, as mentioned in the introduction to this document, was widely misunderstood. The question was asking about how a reduction in costs could allow National Express to remain competitive. The majority of candidates automatically assumed that a reduction in costs was the same as a reduction in prices. Candidates who made this error could only score a maximum of 1 mark. As a contrast, there were some excellent answers where candidates made the correct link that 'lower costs allow the business to reduce prices' and then went on to develop their answer further and in context.

The inter-city coach market, between places such as Leeds and London, is very competitive. *National Express* has to compete with train companies as well as other coach operators such as *Megabus* and *Citylink*. Prices for some coach tickets start from as little as £1.

(d) Describe why reducing costs could allow *National Express* to remain competitive.

(4)

Reducing costs allows National Express to target ~~a different~~ more market segments because passengers will be more willing to pay these lower costs which would lead to an increase in the number of passengers, therefore increasing brand loyalty and sales revenue which results in increased profit which the business is able to use to stay competitive.



**ResultsPlus**  
Examiner Comments

The candidate has automatically assumed that 'lower costs' is the same as 'lower prices'. This is unfortunate since, apart from this mistake, the answer is a good one. Nevertheless, the response was capped at 1 mark.

The inter-city coach market, between places such as Leeds and London, is very competitive. *National Express* has to compete with train companies as well as other coach operators such as *Megabus* and *Citylink*. Prices for some coach tickets start from as little as £1.

(d) Describe why reducing costs could allow *National Express* to remain competitive.

(4)

If National Express is able to reduce costs, for example by using a company website instead of an ~~or~~ a physical outlet, it would be able to charge lower prices for its service. This would increase demand for the service because it will be seen as cheaper than other coach operators.

Furthermore, a reduction in costs will allow an increase in profits, if the price <sup>remains</sup> the same. The business can use this returned profit to improve the quality of its customer service such as better quality seats or ~~for~~ skilled drivers. As a result, demand would increase and the business would remain competitive.



## ResultsPlus

### Examiner Comments

By way of a contrast, this response is worthy of all 4 marks. The candidate makes it clear in the first sentence that they recognise that 'lower costs' and 'lower prices' are not the same concept, through 'if National Express are able to reduce costs...it would be able to charge lower prices for its service' (1 mark). This is then developed by 'this would increase demand for the service' (1 mark) which is linked to 'because it will be seen as cheaper than other coach operators' (1 mark). The second paragraph then moves on to a different point 'furthermore a reduction in costs will allow an increase in profits' (1 mark). Thus, the candidate has managed to attain 4 marks by developing their first point with two linked strands and providing a second point which is valid. Contextualisation is provided via the use of the term 'coach operators'.



## ResultsPlus

### Examiner Tip

Before the start of some questions there is further information about the business. This is called the question 'stem'. It is included to help where, perhaps, finding evidence of context is likely to be tricky. Using key words from the stem or case study are a way of contextualising your answer. However, you cannot use words that are contained within the question itself.



## Question 4 (b)

This question is an 'outline with context' question. Candidates were required to identify a method of differentiation that Starbucks could use and then provide one strand of development which included some evidence of context. Many candidates scored 1 mark, mainly due to the fact that although they could offer a valid source of differentiation they could not then provide development which answered the question or provide development which had some evidence of contextualisation. It is worth pointing out that some candidates decided to develop their answers by making statements such as '*...this leads to greater profit*'. This type of development did not score any marks since it did not explain how their identified method made Starbucks coffee stand out from its rivals.

(b) Outline **one** method Starbucks could use to differentiate its coffee from that of its rivals.

(2)

do more types of it  
and faster service



**ResultsPlus**

**Examiner Comments**

The candidate has arguably provided two methods. '*Do more types of it*' is vague, but 1 mark can definitely be secured through '*faster service*'. There was no development of any one method and no evidence of context. Therefore 1 mark was awarded.

(b) Outline **one** method Starbucks could use to differentiate its coffee from that of its rivals.

(2)

Starbucks could differentiate its coffee from that of its rivals by buying their coffee through fair trade. If their customers know that Starbucks coffee is bought from a fair trade farm then they will want to buy it more than somewhere like Costa because they know it has come from somewhere good.



**ResultsPlus**

**Examiner Comments**

By way of contrast this candidate clearly understands the blend of skills that are required. The candidate identifies a method '*buying their coffee through fair trade*' (1 mark). This is then developed through '*...will want to buy it more than somewhere like Costa*' (1 mark). The use of the terms '*fair trade*' and '*Costa*' provide evidence of contextualisation. 2 marks were awarded.

## Question 4 (c)

This was another 'explain with context' question. In this question candidates struggled with context, however it could have been generated through the use of the word 'coffee' or by making reference to Starbucks' competitors or the pressure group 'UK Uncut'. Again the question stem was designed to help candidates contextualise their answer.



In 2012 Starbucks was accused by the pressure group UK Uncut of finding legal ways of paying less tax to the UK government. UK Uncut argued that Starbucks was not behaving in an ethical way.

(c) Explain **one** possible disadvantage to Starbucks of not behaving in an ethical way.

(3)

By not behaving in an ethical way, pressure groups (organisations that try to change what a business is doing) may start protests outside Starbucks outlets. This could lead to numerous problems. The protests may scare potential customers away or even stop them entering Starbucks, resulting in a decrease in sales and in turn a decrease in profits. It would also ruin the image of the brand. Word of the bad reputation may spread quickly, which could result in fewer customers, fewer sales, and less profit.



### ResultsPlus Examiner Comments

The candidate highlighted a possible disadvantage through 'protests' (1 mark). This is then linked to 'scare potential customers away' (1 mark) which is then further developed by 'decrease in sales'. The candidate then makes a further link by referring to declining profits. Therefore this answer does contain sufficient links to score 3 marks following the identification of a disadvantage. However, the answer is generic and lacks any kind of context, so the maximum mark that can be attained is 2 marks.



### ResultsPlus Examiner Tip

Notice how this candidate uses the word 'also' in the final sentence. The question asks for the explanation of **one** disadvantage. Using the word 'also' suggests that you are now moving onto a second disadvantage. By doing this you are wasting time and reducing your chances of completing all of the questions on the exam paper.



In 2012 *Starbucks* was accused by the pressure group *UK Uncut* of finding legal ways of paying less tax to the UK government. *UK Uncut* argued that *Starbucks* was not behaving in an ethical way.

(c) Explain **one** possible disadvantage to *Starbucks* of not behaving in an ethical way.

(3)

One possible disadvantage could be that customers will see how unethical the business is and not want to buy from them anymore which means they will have a decrease in sales and profit, therefore leading to not being able to reinvest into the business to make it better. This means that Starbucks will lose customers to other coffee shops such as Costa.



**ResultsPlus**  
Examiner Comments

The candidate identifies a disadvantage through '*not want to buy from them anymore*' (1 mark). This is then linked to '*have a decrease in sales and profit*' (1 mark). This is then further developed through '*not being able to reinvest in the business*'. Context is provided in the extra strand of explanation at the end since the candidate makes reference to one of Starbucks' rivals '*Costa*'. 3 marks were awarded in total.

### Question 4 (d)

This question was well answered with the majority of candidates being able to score 4 marks or more. The main difference between attaining 4 marks at the top of level 2 and 5 marks at the bottom of level 3 is the need for balance within the response. Many candidates who selected option 2 were able to generate balance by considering the drawbacks to Starbucks of paying more tax. However, a sizeable minority who selected option 2 thought that they could generate balance by providing the drawbacks of option 1 coupled with the benefits of option 2. This does not make the response evaluative. The drawbacks of option 1 simply provide further positive support for the choice of option 2. As a result, candidates who did this found themselves unable to escape from the top of level 2 (4 marks).

To gain 6 marks on this question, candidates needed to provide a conclusion and some evidence of contextualisation. Contextualisation once again was the stumbling block in many responses, limiting candidates to a maximum of 5 marks.

(d) In order to reduce the impact of pressure group activity, Starbucks considered two options.

**Option 1:** Do nothing.

**Option 2:** Agree to pay the UK government more tax.

Which of these **two** methods do you think would be more effective in allowing Starbucks to maintain high levels of profit? Justify your answer.

(6)

I think that option two is more likely to maintain high profits. This is because I think the company will gain less bad publicity from the media because this will should not have an affect on customers who buy coffee and other products from Starbucks as customers will be more than likely to go back especially by paying more tax as the Starbucks will be able to say that they have done very best are going to do the right thing.

Also by doing option 2 pressure groups will be more than likely to be willing to work with Starbucks rather than boycott their products. This will lead to a reduced risk of protest against Starbucks. The company will be able to maintain high level of profits.



The candidate makes a clear choice of selecting option 2 and provides numerous strands of support for this choice. This places the response into level 2 and 4 marks. However, there is no balance preventing the response from accessing level 3. Balance could have come from considering the potential drawbacks of option 2. Therefore 4 marks were awarded in total.

(d) In order to reduce the impact of pressure group activity, Starbucks considered two options.

**Option 1:** Do nothing.

**Option 2:** Agree to pay the UK government more tax.

Which of these **two** methods do you think would be more effective in allowing Starbucks to maintain high levels of profit? Justify your answer.

(6)

By doing nothing, Starbucks will continue to pay less tax which will allow them to retain profit. However UK Uncut will continue to pressure Starbucks which will create bad press for Starbucks. This could result in the business losing customers.

On the other hand, agreeing to pay more tax means that Starbucks will lose out on some of the profit they make, however UK Uncut will stop pressuring them, which will allow Starbucks to gain some of the customers they lost. Overall Starbucks should pay more tax, as it will benefit the business much more in the long term, and bring in more profit in the future. Also, a bad brand image can affect a business for a very long time, so it is important to get rid of a bad brand image as soon as possible for a business.



## ResultsPlus

**Examiner Comments**

This candidate does more than is necessary to answer this question by considering both options. Thus, this answer could have scored 6 marks using significantly less words. In the first paragraph the advantages and disadvantages of option 1 are considered and in paragraph 2 the candidate considers the advantages and disadvantages of option 2. The candidate then provides a conclusion starting with the word 'Overall'. Context is provided in the first paragraph through the use of the term 'UK Uncut'. Without the use of this term, the answer would not have been awarded 6 marks.



## ResultsPlus

**Examiner Tip**

In order to make it clear to the examiner that you are writing a conclusion, start a separate paragraph and start it with the words '*In conclusion...*'.



## Question 5 (a)

This was the first time quality control had been assessed in this question paper and many candidates thought they could gain marks by simply referring to '*making things the best quality they possibly could be*', whilst other candidates mixed up '*quality control*' with '*quality assurance*'. As mentioned in the paper summary at the end of this document, candidates need to learn the definitions of the key terms contained in the '*What students need to learn*' column of the specification. Every definition question that has been asked, to date, can be traced back to that column.

5 (a) What is meant by the term **quality control**?

(2)

Quality control is when the business decides how much quality the product / service should have depending on its success.



**ResultsPlus**

**Examiner Comments**

This candidate has no real idea of what '*quality control*' is and has tried to put something together in the hope of scoring a mark. 0 marks were awarded.

5 (a) What is meant by the term **quality control**?

(2)

Quality control is a method of ensuring the quality of a product is up to the correct standards at the end of the production process. The product is fully finished before it is checked for the quality of it and if it does not meet the standards, it is destroyed.



**ResultsPlus**

**Examiner Comments**

The candidate recognises that quality is being measured against a pre-determined standard (1 mark) and that quality control takes place at the end of the production process (1 mark). 2 marks were awarded.

## Question 5 (b)

This question was another 'outline with context' question. The majority of candidates scored 1 mark in this question since they were able to suggest a method that might improve quality. However, the subsequent development, more often than not, had nothing to with improving quality or if the development was valid there was no contextualisation.

(b) Outline **one** method *Elvis & Kresse* could use to improve the quality of its products.

(2)

Elvis and Kresse could improve the quality of its products by ~~training~~ using quality assurance. This is where all workers in the production line strive for quality.



**ResultsPlus**  
Examiner Comments

The candidate suggests a method 'quality assurance' (1 mark) and then explains what this is. However, there is no contextualisation. This limited the response to 1 mark.

(b) Outline **one** method *Elvis & Kresse* could use to improve the quality of its products.

(2)

To improve quality not just waste materials should be used to make the products; high quality leather could be used making the wallets stronger.



**ResultsPlus**  
Examiner Comments

The candidate recognises that different materials could be used (1 mark) and that by doing this the wallets will become stronger (1 mark). Context is provided through the words 'leather' and 'wallets', etc. 2 marks were awarded in total.



## Question 5 (c)

This question was the final 'explain with context' question on this year's paper and the majority of candidates scored 2 marks. Contextualisation was again an issue since candidates could no longer use the word 'wallet' since it appeared in the question. However, there were numerous strong answers that referred to 'celebrities', '£75' or potential rivals to a high quality producer of wallets such as 'Gucci'.

(c) Explain **one** advantage to *Elvis & Kresse* of selling its wallets at a high price.

(3)

One advantage of selling its wallets at a high price is that they would be able to make more profit out of the product, and as a result of this they could expand the business because of the profit and this would also ~~also~~ again increase this profit margin by more.



**ResultsPlus**

**Examiner Comments**

Selling wallets at a high price leads to greater profits (1 mark) which then allows the business to expand (1 mark). However, the answer is generic and arguably lacking a final strand of explanation. Therefore 2 marks were awarded.

(c) Explain **one** advantage to *Elvis & Kresse* of selling its wallets at a high price.

(3)

A higher price would allow for consumers to presume they'd be getting a high quality product. This'd mean they are more likely to buy ~~the~~ <sup>and belts</sup> ~~Elvis & Kresse's wallets~~ <sup>accessories</sup> and other ~~clothing items~~. This ~~could~~ could increase sales revenue.



**ResultsPlus**

**Examiner Comments**

The candidate states an advantage 'allow for consumers to presume they'd be getting a high quality product' (1 mark). This is then linked to 'more likely to buy *Elvis & Kresse's wallets and belts*' (1 mark), which then further developed through 'this could increase sales revenue' (1 mark). Therefore we have an advantage and two linked strands. Context is provided by the use of the word 'belts' which comes from the case study that accompanies the question. 3 marks were awarded in total.



**ResultsPlus**

**Examiner Tip**

I suspect this candidate re-read their answer after writing it and noticed that their answer was generic. This is why the word 'belts' appears to be added after the answer was initially written. With so many 'explain with context' questions on the paper, every mark lost for lack of context can prove to be very expensive. As a rule always re-read your answer to check for evidence of contextualisation.

## Question 5 (d)

This is the only 'state and explain with context' question on the paper. It proved to be a fairly challenging question with many candidates misinterpreting the question by considering the advantages and disadvantages to Elvis & Kresse rather than the environment. Many candidates who did focus on the impacts on the environment often failed to provide sufficient linked strands to score the full 4 marks on offer for each section. Context appeared to be less of an issue in this question with many candidates referring to 'renewable energy', 'fire hoses' or 'exporting by plane' etc. This question is marked as two separate 4 mark questions as per the mark scheme.

(d) State **one** possible advantage and **one** possible disadvantage to the environment from Elvis & Kresse's business activities. For each, explain the likely effect on the environment.

(8)

Advantage

Good reputation

Explanation

By ~~releasing~~ remaining ~~all~~ environmentally friendly ~~reputation~~ reputation would be good as it is recognised by the ~~costs~~ customer and there would be more repeat purchases and ~~losses~~ customer loyalty. The business would be recognised which can result in a increased awareness, a deeper form of advertisement.

Disadvantage

Increased costs

Explanation

No issue with remaining environmentally friendly is the cost that follows. It is very expensive and can be very slow, giving the business a disadvantage over other competitors.



**ResultsPlus**  
Examiner Comments

This candidate has not read the question closely enough and has considered the advantages and disadvantages to Elvis & Kresse rather than the advantages and disadvantages to the environment. Despite being a competent answer to a different question, sadly, no credit can be given to somebody who has not answered the set question. 0 marks were awarded.

(d) State **one** possible advantage and **one** possible disadvantage to the environment from Elvis & Kresse's business activities. For each, explain the likely effect on the environment.

(8)

Advantage

Renewable energy is used during the production process.

Explanation

When renewable energy is used, the environment benefits as there is less pollution to the earth's atmosphere.

Elvis & Kresse's business activities help the environment as they are using renewable energy as well as waste fibre hoses to produce wallets and other products. Rather than wasting energy and increasing ~~the~~ global warming, Elvis & Kresse use renewable energy when producing wallets as ~~the~~ this helps save the environment.

Disadvantage

Delivery of wallets by plane

Explanation

Planes cause lots of CO<sub>2</sub> emissions which are very bad for the environment. When Elvis & Kresse's business ~~delivers~~ <sup>delivers</sup> its wallets and other products to countries such as Japan and the USA, it is causing a lot of global warming which negatively impacts the environment. Rather than flying its products Elvis & Kresse should use a more environmentally friendly way of transport.



## ResultsPlus

### Examiner Comments

As mentioned in the introduction, this question is marked as two separate questions of 4 marks.

For the advantage section the candidate has a valid advantage '*renewable energy is used during the production process*' (1 mark). In the explanation section this is then linked to '*less pollution*' (1 mark) which is then tenuously linked to '*global warming*' (1 mark). Therefore 3 marks were awarded for this section.

For the disadvantage section '*delivery of wallets by plane*' (1 mark) is valid. This is then linked to '*lots of CO2 emissions*' which is linked to '*global warming*' (1 mark). This section scores a robust 3 marks.

The response scored 6 marks in total.



## ResultsPlus

### Examiner Tip

This candidate failed to build sufficient strands of development to score all 8 marks. There were lots of vague references to '*the environment benefits*' or '*very bad for the environment*' without being much more precise. Before embarking on questions like this try and think through an argument and break it down into stages with each stage linked using a word such as '*because*', '*therefore*' etc.

As an example of an advantage section that would score full marks consider this brief response: '*Elvis and Kresse use renewable energy* (1 mark), *therefore less fossil fuels are burnt* (1 mark), *therefore CO2 emissions decrease* (1 mark), *therefore production of wallets does not contribute to global warming* (1 mark)'.

## Question 6 (a)

This question was similar to question 5(a) in the sense that there has never been a question on the 'design mix' before, and this was frequently mistaken for the 'marketing mix'. There was a clear distinction between those candidates who knew what the term was and those who tried to make up a response using the words 'design' and 'mix'.

6 (a) What is meant by the term **design mix**?

(2)

The design mix is four processes that happen when a product is being designed. <sup>market</sup> ~~idea~~ development, product testing, manufacturing.



**ResultsPlus**  
Examiner Comments

This candidate has no idea what the design mix is at all. 0 marks were awarded.

6 (a) What is meant by the term **design mix**?

(2)

The design mix is what makes up a product. It includes function, cost, and appearance of a product.



**ResultsPlus**  
Examiner Comments

This candidate, on the other hand, has learnt their definitions and the second sentence scores both marks. 2 marks were awarded.

### Question 6 (b) (i)

This question required candidates to know where the buffer stock was on a bar gate stock diagram. It was disappointing that so many candidates were not able to identify '20kgs' as the correct answer.

### Question 6 (b) (ii)

For this question many candidates did not know how to interpret a bar gate stock graph. This should have been an easy question, allowing candidates to score a fast 2 marks.

(ii) Calculate the weight (in kgs) of delivery A. Show your workings.

(2)

$$130 \times 8 = 1040$$



#### ResultsPlus Examiner Comments

This candidate clearly had no idea how to calculate the size of delivery A. 0 marks were awarded.

(ii) Calculate the weight (in kgs) of delivery A. Show your workings.

(2)

$$120 - 20 = 100 \text{ kgs}$$



#### ResultsPlus Examiner Comments

We have the stock level when delivery A arrives (120kgs) subtracted from the buffer stock (20kgs). This allowed the candidate to identify the correct answer of 100kgs. 2 marks were awarded.

### Question 6 (b) (iii)

This question was answered better than 6(b)(ii). Perhaps the addition of the 're-order level' label on the graph helped candidates to interpret the diagram, allowing them to score all of the marks.

(iii) Calculate the length of time (in days) it took for delivery B to arrive, after it was re-ordered. Show your workings.

(2)

$$29 - 26 = 3 \text{ days.}$$



#### ResultsPlus Examiner Comments

This candidate has measured the time from the end of the graph (29 days) to the date which order B arrived (26th day). However, that was not what the question asked. Therefore 0 marks were awarded.

(iii) Calculate the length of time (in days) it took for delivery B to arrive, after it was re-ordered. Show your workings.

(2)

The re-order level was at ~~26~~<sup>12</sup> and the delivery arrived on the 26<sup>th</sup> day therefore it took 14 days to arrive.



#### ResultsPlus Examiner Comments

This candidate has identified that the stock was ordered on day 12 but it did not arrive until day 26. Therefore it must have taken 14 days to arrive. 2 marks were awarded.



## Question 6 (c)

This question had the command word 'assess'. This meant that a candidate needed to write an evaluative response to reach 5 marks or more in the mark scheme. Many candidates saw the phrase 'assess the benefits' and this led them to write a one-sided response that only considered the benefits of holding high levels of stock. One-sided answers could only score 4 marks in total. Even those candidates who were able to provide balance, often then failed to provide context and gave a textbook answer on the pros and cons of holding buffer stocks. The mark scheme prevented candidates who did this from scoring more than 5 marks in total.

Elvis & Kresse hold buffer stocks of raw materials, such as waste fire hoses.

\*(c) Assess the benefits to Elvis & Kresse of holding large stocks of raw materials. (8)

the benefits of holding large stocks in a business like E&K are that when a demand comes in it is easier to fulfil it because you have the stock there ready to do it. E&K is becoming more popular around the world so having large stocks of raw materials benefits them because customers don't have to wait any longer for their product. Large stock of raw materials also means that there can be multiple items being made at one time so more orders can be placed and an increase in profit will be made.



### ResultsPlus Examiner Comments

This is a totally one-sided response that focuses on the benefits of holding stock. It has good development, but the lack of balance prevents any more than 4 marks from being awarded. This exemplar was typical of the majority of answers to this question.



### ResultsPlus Examiner Tip

Make sure you know what the command words mean. The word 'assess' is always looking for balance irrespective of what words follow the command word. For example, if the question stated 'assess the disadvantages', candidates would be expected to consider disadvantages and balance their answer by considering advantages as well.



Elvis & Kresse hold buffer stocks of raw materials, such as waste fire hoses.

\*(c) Assess the benefits to Elvis & Kresse of holding large stocks of raw materials.

(8)

One benefit is that Elvis & Kresse can cope with an unexpected increase in demand for their wallets as they will not have to rely on their supply to deliver only when stock is needed. Another benefit is that if there is a delay in delivering stock, it will not greatly affect Elvis & Kresse as they will still have their buffer stock, so there is still time before their stock level reaches its minimum level.

However, Elvis & Kresse have to spend money on a storage facility for their stocks to be held.

This money could be used on improving its product range to compete against rival wallet manufacturers such as ~~Markes and Spence~~ John Lewis, which sell good quality wallets. Also, Elvis & Kresse have the risk of theft or their stocks being ~~damaged~~ <sup>damaged</sup> which would significantly increase costs.

(Total for Question 6 = 15 marks)



## ResultsPlus

Examiner Comments

The candidate has provided two paragraphs. The first provides developed reasons as to why holding large stocks is beneficial to Elvis & Kresse. The second paragraph provides developed reasons as to why stockholding is disadvantageous to Elvis and Kresse. This allows the response to reach 5 marks since balance has been provided within the answer. The issue is now one of context. The candidate has identified 'John Lewis' as a rival wallet manufacturer. They are not a manufacturer, they are a retailer but they do sell high quality wallets. Therefore, because we are not testing specialist knowledge of wallet manufacturing it was deemed that this would be sufficient contextualisation. Hence 6 marks were awarded. The lack of a conclusion prevented the answer from progressing further into level 3 on the mark scheme.

## Question 7

This question has been asked before in a previous examination series. The majority of candidates scored 1 mark because they were unable to go beyond realising that a brand is much more than just a 'name', 'logo', 'image' etc.

7 What is meant by the term **brand**?

A brand is the image of a company or product. For example,  
Nike.



**ResultsPlus**

**Examiner Comments**

The candidate scored 1 mark for 'image of a company or product'. There is an example 'e.g. Nike' but this does nothing to enhance the incomplete definition. Hence, 1 mark was awarded in total.

7 What is meant by the term **brand**?

brand is the identity of a firm and that  
<sup>has</sup>  
~~have~~ a reputation which adds value to a  
product.

(Total for Question 7 = 2 marks)



**ResultsPlus**

**Examiner Comments**

This response provides a full understanding of the term. The candidate recognises that a brand is 'the identity of a firm' (1 mark) and that this 'has a reputation which adds value' (1 mark). 2 marks were awarded.

## Question 8

This was the final 'outline with context' question on this year's paper. Almost all candidates scored 1 mark for this question since they could identify a benefit to Beats Electronics. However, contextualisation was difficult to achieve because the words 'headphones' and 'Beat Electronics' appeared in the question. Therefore, despite providing valid development, the vast majority of candidates could not be awarded more than 1 mark.

8 Outline **one** benefit to *Beats Electronics* of building 'a global headphone brand'.

One benefit to Beats Electronic of building a 'global headphone brand' is that customers from all around the ~~world~~ world know the brand and therefore know that they are a trustworthy brand. This gives Beats Electronics the advantage of ~~us~~ using premium ~~prices~~ prices for the products.



**ResultsPlus**  
Examiner Comments

The candidate identifies a benefit 'using premium prices for the products' but then does not provide any further development or contextualisation. 1 mark was awarded.

8 Outline **one** benefit to *Beats Electronics* of building 'a global headphone brand'.

By building 'a global headphone brand', Beats electronics have increased their market share. ~~and~~ This means that they have targetted a wider range of customers (from different market segments) and therefore has allowed them to have a competitive edge over rival businesses such as 'Panasonic' and 'Sony'.



**ResultsPlus**  
Examiner Comments

The candidate has identified a benefit 'increased their market share' (1 mark) and has developed it through 'increase their competitive edge over rival businesses such as Panasonic and Sony' (1 mark). 2 marks were awarded since the development was in context due to the use of the words 'Sony' and 'Panasonic'.

## Question 9

As mentioned in the introduction to this document, this question was not very well answered with many candidates resorting to paraphrasing the case study. Very few answers managed to escape level 1 and many very long answers scored 0 marks. A significant number of candidates had no idea what share capital was and mixed it up with 'revenue', 'venture capital' and 'profit'. Those candidates that did know what share capital was, more often than not, spoil their answer by only developing one benefit, when the question refers to 'advantages'. This again limited them to a level 1 response which scored 1-2 marks.

\*9 Discuss the advantages to *Beats Electronics* of using new share capital to fund its expansion.

Advantages for this is that beats are around the country and are aimed at young people that have electronic devices that need headphones to hear from. New share capital to fund there expansion because it expands there cost of the product. This expands the amount of people that know about beats and the costs of them. Another advantage is that a new share capital fund means that other ~~becau~~ businesses can sell there product like places like argos. other ~~hos~~ electronic businesses like pc world and curries can sell their product as long as they know.



Despite the length of the response, all of the content has nothing to do with the pros and cons of using share capital as a method of funding expansion. This response scored 0 marks.

- \*9 Discuss the advantages to *Beats Electronics* of using new share capital to fund its expansion.

One advantage of this is that the business doesn't have to pay anything back like a bank loan. Another ~~example~~<sup>advantage</sup> is that they get publicity because it is now a global headphone brand that people all over the World can recognise.



**ResultsPlus**

**Examiner Comments**

This response gains credit for 'doesn't have to pay anything back like a bank loan' (1 mark). This point is not then developed and the second advantage is not valid. 1 mark was awarded in total.



## Question 10

This question was also not very well answered presumably because the question was misread. The question was not asking for candidates to come up with their own marketing mix for Beats Electronics and it was not asking for an essay on why the marketing mix is important. The question was asking about the importance of the 'product' within a competitive marketing mix. This resulted in a polarisation of marks between those candidates that answered the question and those that did not. The two exemplars that follow highlight this distinction.

\*10 Using your knowledge of business, assess the importance of the product to Beats Electronics when developing a competitive marketing mix.

If beats Electronics concentrate on developing a competitive marketing mix could help the businesses sales and Revenue increase. If the businesses sales and Revenue increase they therefore can upgrade products therefore being better the competitors such as sony and panasonic.

also the marketing mix could help the business identify where they are and where they can improve to satisfy customers and be a unique selling point from competitors such as sony and panasonic.

however if Beats Electronics concentrate on the marketing mix to much therefore competitors sony may develop a better brand. therefore sony being able to compete

however having a <sup>good</sup> marketing mix does help the business as they are better



**ResultsPlus**  
Examiner Comments

This candidate has not answered the question. They are answering a question on why the marketing mix is important, which is not what the question was asking. This response scored 0 marks.



✓ product v. important as trust the quality + brand.  
- promotion v. important - celebrity endorsement →

\*10 Using your knowledge of business, assess the importance of the product to Beats Electronics when developing a competitive marketing mix.

A competitive marketing mix is important in competitive markets as Beats must try to improve themselves against their rivals <sup>(Panasonic and Sony)</sup> to earn a greater market share and thus more profit. Product is very important in Beats Electronics' marketing mix as customers have been assured a high quality product as a result of the brand created. If the product was not of as high quality it may damage Beats' brand thus leading to a decrease in sales and market share. Promotion is ~~similarly~~ however, it may be argued that customers are buying the product for the brand name therefore it is less important. Promotion is <sup>also</sup> very important as ~~by~~ using celebrities as Justin Bieber, this is what has ~~pre~~ largely allowed Beats Electronics to build their global brand image, ~~and~~ resulting in ~~a~~ increased sales and ~~market~~ <sup>thus</sup> increased market share. ~~It has~~ The strong brand image is also what has allowed Beats Electronics to charge high prices of £350 thus proving price is less important as when compared with the product and brand. Similarly, <sup>the</sup> place <sup>of selling</sup> ~~is less~~ is less important as they can be ordered online and delivered to

many countries therefore place will not limit customers and therefore not limit ~~products~~ <sup>sales or</sup> and thus profit.

Ultimately, product is very important as this high quality allows Beats Electronics to ~~target~~ <sup>create</sup> a ~~market~~ <sup>USP</sup> for that Sony cannot compete with, however the strong brand image <sup>(+celebrity endorsement by promotion)</sup> is arguably more important as this is why customers are willing to pay the premium price of £350.



**ResultsPlus**

**Examiner Comments**

By way of a contrast, this response is answering the question. In the first half of the first page, the candidate considers why the product is important to Beats Electronics using several reasons/causes and consequences. The response then becomes evaluative through the use of the word 'However' at the end of line 10. At this point the candidate then goes on to explain why other elements of the marketing mix may be important. This is all done in context since the response makes reference to 'Sony and Panasonic' (line 3), 'Justin Bieber' (line 14) and '£350' (line 21). The candidate then provides a conclusion on the second page where they argue that the product is important but so too is promotion (brand). This response has development, balance, context and a conclusion but lacks sophisticated evaluation through the use of the 'it depends rule'. Therefore 9 marks were awarded.



**ResultsPlus**

**Examiner Tip**

Note how this answer would have been easier to read if the candidate had made greater use of paragraphs. A paragraph break before the word 'However' (line 10) would have made it clearer to an examiner that the answer is now becoming evaluative in nature.

## Paper Summary

Based on their performance, candidates are offered the following advice:

- Any part of the specification can be tested in any one paper. Just because a topic appeared in the previous year's paper, does not mean that the same topic will not be asked about again the following year.
- Virtually all of the questions (after question 1) require contextualisation. This is why, from question 2 onwards, a case study appears at the start of each question - this is done to help you with this skill. To contextualise your answers you need to think about what the business does and who its competitors are and avoid using words that already appear in the question.
- Make sure that you read the question closely. Always ask yourself '*Am I answering the set question?*' Taking this approach should prevent you from drifting off the set question, or worse still, totally misinterpreting it.
- Make sure that you can define accurately all of the key terms in the '*What students need to learn*' column in the specification.

## **Grade Boundaries**

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

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>



Ofqual



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government



Pearson Education Limited. Registered company number 872828  
with its registered office at 80 Strand, London WC2R 0RL.