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Examiners' Report

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Introduction

This year's 5BS03 paper acted as a good discriminator between candidates, providing ample opportunities for candidates who had prepared thoroughly to do well. The overall entry was up once again with 36,039 candidates entered to sit the examination in 2017.

There was limited evidence of candidates being unable to complete the examination paper, although many candidates found questions 9 and 10 particularly challenging. This was to be expected considering that they are targeted at A and A* grade candidates respectively. What was particularly impressive was the high mean and modal scores on 'explain with context' questions which are to be found in sections A and B. There has been growing evidence over the last few years of examination sittings that feedback events and ResultsPlus Examiners' Reports are helping centres and their candidates to master examination technique in this area.

Section A was, on the whole, well answered and candidates appeared able to engage with the case studies in questions 2-4 respectively. Of the questions in this section, question 2(d), 3(c) and 3(d) were not answered well, relative to the other questions in this section.

Section B proved to be accessible, with the proviso that the 8 mark question (question 5(d)) on decentralisation was not well answered. Many candidates mixed the question up with delegation or empowerment. Many candidates wrote answers that considered communication and motivation in general. Examiners were instructed not to reward these answers unless an understanding of decentralisation was made apparent within the response. Decentralisation was flagged up in last year's Examiners' Report as a topic area where candidates had considerable scope for improvement. Centres that took heed of that advice should have found this question straightforward.

Section C proved to be very testing for candidates. The mean score on question 10 was only 2.86/10 with many candidates demonstrating no/incorrect understanding of 'productivity'. 'Productivity' was mixed up with 'total output/production' and/or the 'product element of the marketing mix'. Another approach was to say nothing other than paraphrase and re-write the case-study. Again this approach yielded few, if any, marks.

Question 1 (b)

This should have been a straightforward 'outline without context' question. Candidates were expected to identify a valid method and then provide development which made it clear how qualitative market research could be collected. The average mark for this question was 1.32/2.

(b) Outline **one** method a business could use to collect qualitative market research.

(2)

A business could use specific market groups. This means that they can help develop a product or service to a good standard.



ResultsPlus Examiner Comments

There is no clear method of collecting qualitative market research identified. 'Market groups' is unclear. There is nothing in the development to suggest that 'market groups' will generate qualitative market research specifically. 0 marks were awarded.

~~the~~ group talks and surveys



ResultsPlus Examiner Comments

The candidate has identified a valid method through 'surveys'. However, there is no development. 1 mark was awarded.



ResultsPlus Examiner Tip

All of the questions in question 1 refer to a generic business. Thus, there is no need to worry about contextualising your answer.

They could do a focus group to find out people's opinions.



ResultsPlus Examiner Comments

This response identifies a method and there is development that specifically relates to qualitative market research. 2 marks were awarded.

Question 1 (c)


This was another straightforward question which tested simple recall of knowledge about the Boston matrix. There were some very unusual answers. The average mark was 1.53/2.

(c) Identify **two** elements of the Boston Matrix.

(2)

1 Customers

2 employees.




ResultsPlus
Examiner Comments

The candidate showed no understanding of the Boston matrix at all. 0 marks were awarded.

1 Cash low

2 Star



ResultsPlus
Examiner Comments

Two valid elements of the Boston matrix were identified. 2 marks were awarded.

Question 1 (d)

This is the only 'explain with no context' question on the paper. Candidates are expected to identify a benefit of improved communication with its employees to a business and then develop **two** logical linked strands that explain the benefit. The majority of candidates found this question straightforward. The modal score was 3 marks and the average mark was 2.42/3.

(d) Explain **one** benefit to a business if it improves communication with its employees.

(3)

One benefit of improved communication can be motivation to employees to encourage them to work harder. This is a benefit because the employees will work harder and increase productivity, which can financially benefit the business and the employees of the motivation was a pay rise.



ResultsPlus Examiner Comments

A benefit has been identified 'motivation' which is developed through 'will work harder and increase productivity'. The final strand of development is vague and the answer then drifts into a benefit to the worker, rather than the business. 2 marks were awarded.



ResultsPlus Examiner Tip

Use linking words such as 'therefore', 'thus' and 'because'. It makes it easier for the examiner to count the number of links in your answer.

One benefit to a business for improving communication with its employees is increased productivity because the people are able to communicate and talk with each other in the company quickly and efficiently. This means that the business will be organised in which will increase the output per worker giving the business an advantage over rival firms.



ResultsPlus Examiner Comments

This response identifies a benefit through 'increased productivity' which is developed through 'talk with people in the company quickly and efficiently' which is linked to 'increase output per worker'. 3 marks were awarded.

Question 2 (b)

This question required candidates to state three different methods of remuneration. Vague answers like 'Giving more money/pay' were not accepted, but fringe benefits were since the specification includes fringe benefits as part of remuneration. Most candidates were able to score good marks on this question. The mean mark was 2.14/3.

(b) State **three** methods of remuneration that *Ed's Easy Diner* might use to reward its employees.

(3)

1 When you reach a certain number of doughnut
burgers sold, you get a reward



ResultsPlus Examiner Comments

There was nothing of value in this response. The candidate may have been trying to articulate 'bonus'. 0 marks were awarded.



ResultsPlus Examiner Tip

This question could take less than 10 seconds to answer. 'Wage', 'Salary' and 'Bonus' would have yielded 3 marks. There is no need to write sentences on 'State', 'Identify' or 'Give' questions.

1 fringe benefits

2 commission

3 pay rise e.g. bonus



ResultsPlus Examiner Comments

The candidate identified three valid methods of remuneration. The third method only scored a mark since the candidate mentioned 'bonus'. 3 marks were awarded.

Question 2 (c)

This was the first of seven three mark 'explain in context' questions. It was answered well with a mean mark of 2.16/3. Where candidates tended to lose a mark was through lack of context; 'doughnut' and 'Ed's Easy Diner' cannot be used since they are included in the question.

(c) Explain **one** possible advantage to *Ed's Easy Diner* if the trial of its doughnut burger is successful.

(3)
One advantage to Ed's Easy Diner ~~is~~ is that the doughnut burger will be popular. This is because customers would want to try the a new and successful product. Therefore sales will rise as new customers will be purchasing the American styled doughnut burger.



ResultsPlus Examiner Comments

The possible advantage is identified through 'the doughnut burger will be popular' which is developed through 'therefore sales will rise' which is developed further through 'new customers will be purchasing the American styled doughnut burger'. There are just about two links in this response despite the existence of some repetition. The question is now whether the answer is in context or not. The words 'American styled' allow the third mark to be awarded, since these words are not included in the question. 3 marks were awarded.

(c) Explain **one** possible advantage to *Ed's Easy Diner* if the trial of its doughnut burger is successful.

(3)

If the trial for doughnut burger is successful, then this brings a sense of unique-ness to Ed's easy diner, as this isn't usually how ~~easy~~ burgers are made. This gives ed's easy diner are USP, this will attract new customers therefore sales resulting in higher profits.



ResultsPlus
Examiner Comments

This answer has more than enough linked strands to reach 3 marks following the identification of a possible advantage. However, the answer lacks context. It was very close to being contextualised through 'as this isn't how burgers are made'. However, the word 'burger' appears in the question. If the candidate had used 'cooked' instead of 'made', it would have been a three mark response. 2 marks were awarded.



ResultsPlus
Examiner Comments

Try and make contextualisation really obvious so your answer is not pegged to 2 marks. Use the accompanying case study – that is what it is there for.

Question 2 (d)

This question was not well answered. Answers were expected to focus on communication problems or cash flow problems (which actually did cause Ed's Easy Diner to go into receivership after this exam paper had been written). However, many candidates appeared unsure and wrote about customers having to wait a long time for their food. The difficulty of this question is captured by the low mean mark of 1.65/3.

(d) Explain **one** possible disadvantage to Ed's Easy Diner from having 'expanded rapidly'.

(3)
If Ed's Easy Diner was to expand rapidly, they may find that they get too big too quickly and will not be able to cope with the sudden increase in demand. This may lead to the diner failing or becoming insolvent as a business.



ResultsPlus Examiner Comments

This response identifies a possible disadvantage 'not be able to cope with sudden increase in demand' and this is developed through 'may lead to the diner failing'. There is no context and there is no second linked strand of development. The word 'diner' appears in the question. 2 marks were awarded.

~~staff~~ Food

(d) Explain **one** possible disadvantage to Ed's Easy Diner from having 'expanded rapidly'.

(3)

A possible disadvantage to Ed's Easy Diner 'expanding rapidly' is that the quality of the business may have decreased, this is because Ed's Easy Diner will have had to employ a lot of new staff quickly and these new staff members may not be fully trained for the job therefore the quality of both the food as well as customer service may decrease. Ed's Easy Diner may have had to find more suppliers of food. These suppliers may not be as good as the original ones resulting in a drop of quality and maybe a fall in sales.



ResultsPlus

Examiner Comments

This is a reasonably rare, three mark answer to this question. This candidate has provided two answers. In this situation, both are marked and the candidate receives the best of the two responses. The first answer states a possible disadvantage 'quality of the business may have decreased' is linked to 'had to employ a lot of new staff quickly' which is further developed through 'these new staff members may not be fully trained for the job'. The candidate then goes on to repeat the point about quality, but critically mentions the word 'food' which contextualises the answer. 3 marks were awarded.

Question 3 (b)

This question was answered better than the previous three mark 'explain in context' question. Most answers focused on the need to create space for summer clothes. 'Spring' and 'clothes' were obvious sources of contextualisation. The average mark for this question was 2.08/3 and the modal score was 3 marks.

At the end of February 2015, *Jack Wills* decided to de-stock its range of winter coats and jumpers.

(b) Explain **one** advantage to *Jack Wills* from the process of de-stocking.

(3)

It will save money that it originally spent on holding stock which will mean it will have more money in the business to spend on other things such as branding which would raise awareness of the product leading to more products being sold so more revenue therefore more profit.



ResultsPlus Examiner Comments

This candidate has identified a benefit 'save money originally spent on holding stock' which is developed through 'more money to spend on other things such as branding' which is further developed through 'which would raise awareness of the product'. There are then further unnecessary strands of development. However, there is no contextualisation so the answer can only score two marks. 2 marks were awarded.

At the end of February 2015, *Jack Wills* decided to de-stock its range of winter coats and jumpers.

(b) Explain **one** advantage to *Jack Wills* from the process of de-stocking.

(3)

one advantage to Jack Wills from the process of de-stocking its range of winter coats and jumpers is that it would make space for the new clothes such as shorts and t-shirts. This is because at the end of February going into March, it tends to get ^{warmer} meaning no one really would buy ^{winter coats} ~~jumpers~~ and jumpers. More sales would come from the t-shirts and shorts. This then would lead to more revenue into the business which if wanted, they ^{business} can expand in the future.



ResultsPlus

Examiner Comments

An advantage is identified 'make space for the new clothes such as shorts and t-shirts'. This is developed through 'it tends to get warmer meaning nobody would buy winter coats'. Another strand of development is then provided through 'more sales would come from the t-shirts and shorts'. More strands of development are then offered. Contextualisation is everywhere in this answer. A straightforward 3 marks were awarded.

Question 3 (c)

This question caught a significant proportion of candidates out since it required them to explain a 'method' rather an 'advantage' or 'disadvantage'. Most candidates could identify a method of maintaining motivation other than pay but struggled to develop two subsequent strands that explained the method. Many candidates drifted off the question into the benefits to Jack Wills from maintained/improved levels of motivation. Unsurprisingly, the average mark fell to 1.69/3.

In 2015 *Jack Wills* was rated by its employees as one of the best clothing retailers to work for. One employee described it as 'a great place to work'.

(c) Explain **one** method, other than increasing pay, which *Jack Wills* could use to maintain the motivation of its employees.

(3)

To motivate employees he might use incentives such as allowing them a free clothing item each month or giving the access to discounts and time off. or just in general being friendly to them all and making sure he is treating them all fairly. Socialising with employees is good to motivate them more.



ResultsPlus
Examiner Comments

This answer was just a list of different methods of maintaining motivation. No one method was developed. 1 mark was awarded.

In 2015 *Jack Wills* was rated by its employees as one of the best clothing retailers to work for. One employee described it as 'a great place to work'.

(c) Explain **one** method, other than increasing pay, which *Jack Wills* could use to maintain the motivation of its employees.

To maintain the motivation of staff they could use fringe benefits. For example they could give their employees a company car or a gym membership. This will increase their motivation, so they are happier, so it will increase their productivity, which will lead to increased revenue, which will improve the performance of the business. (3)



ResultsPlus Examiner Comments

This answer just about gets two marks. A method is identified 'fringe benefits' and this is linked to 'so they are happier' before the answer drifts off into the benefits to the business. This is a very shaky 2 mark response. 2 marks were awarded.



ResultsPlus Examiner Tip

Watch out for questions that ask you to explain **one** 'method'. You will need to adapt your approach if you want to score highly.

Question 3 (d)

This was a poorly answered question. Previous examination papers have included questions on import protection and export subsidies and those were also poorly answered. Many candidates thought the question was asking about Fairtrade or some kind of guarantee of quality and that imports were not counterfeit. Needless to say, the average mark was low at 1.43/3.

Jack Wills imports large amounts of its clothing into the UK from manufacturers in India and China. These imports are subject to different types of import protection imposed by the EU.

(d) Explain **one** impact that EU import protection might have on *Jack Wills*.

(3)

it could only let them import certain amounts of stock each time ~~as~~ which means they might run out and not have enough to sell.



ResultsPlus
Examiner Comments

There is some notion of an import restriction through 'only let them import certain amounts of stock' which is developed through 'means they might run out and not have enough to sell'. There is no second strand of development and there is no contextualisation so the answer can only score a maximum of two marks. 2 marks were awarded.

Jack Wills imports large amounts of its clothing into the UK from manufacturers in India and China. These imports are subject to different types of import protection imposed by the EU.

(d) Explain **one** impact that EU import protection might have on *Jack Wills*.

(3)

One impact is slower imports of its clothing. This is because the protection makes it harder to trade with other countries and therefore there are more strict rules on importing. This could lead to a decrease of goods for Jack Wills, and therefore sales are decreased which leads to a fall in profit.



ResultsPlus

Examiner Comments

An impact has been identified 'slower imports of clothing' which is developed through 'makes it harder to trade with other countries' which is then further developed through 'could lead to decrease of goods for Jack Wills'. There is then a further strand of development. Context is provided through 'clothing'. 3 marks were awarded.

Question 4 (b)

This was the first 'outline in context' question. Candidates had to identify a disadvantage of holding large amounts of stock and then develop this in the context of Pepsi. Many candidates went down the line of considering the costs of holding stock and whilst many were able to develop this disadvantage, a lack of context prevented them from gaining anything more than one mark. The average mark was 1.07/2.

Before Pepsi True was launched *PepsiCo* built up stock in its warehouses.

(b) Outline **one** disadvantage to *PepsiCo* from increasing the amount of stock it holds.

(2)

The pepsi are going to have to pay more to hold stock in a warehouse and they might go out of date before they are sold.



ResultsPlus Examiner Comments

This response includes a disadvantage and there is some development. However, there is no contextualisation since 'go out of date' could apply to anything. 1 mark was awarded.



ResultsPlus Examiner Tip

Always remember to include context in outline questions that refer to a specific business.

If the product does not do well, then pepsi have have money tied up in stock this could lead to a loss of money if the drinks go out of date while still in storage.



ResultsPlus Examiner Comments

This answer demonstrates the skills the question is designed to test. There is a disadvantage 'money tied up in stock' followed by development 'lead to a loss of money if the drinks go out of date'. The word 'drinks' adds contextualisation. 2 marks were awarded.

Question 4 (c)

This was another 'explain in context question' and this time candidates were asked to consider a reason why the packaging of Pepsi True was green. Contextualisation was made harder since the words 'Pepsi True' appeared in the question. The average mark was 2.17/3.

(c) Explain **one** possible reason why PepsiCo has used green in the packaging of Pepsi True.

(3)

They may have used green as green is normally on packaging when a product is natural or has something natural inside it. So it is better on environment. This would then stand out to customers and then they may pay interest and they would see what it is. Sales could then also increase as people like to buy products that are natural.



ResultsPlus
Examiner Comments

This was typical of many answers to this question and the majority of candidates took an environmentally friendly/ethical approach. This answer has sufficient linked strands to score 3 marks but lacks context. Hence, a maximum of two marks could be awarded. The response scored 2 marks.

(c) Explain **one** possible reason why *PepsiCo* has used green in the packaging of *Pepsi True*.

(3)

This gives product differentiation from rivals like *Coca-Cola* life and product association with strong brand. This will give them competitive edge from *Coca-Cola* life by looking healthier and recognisable. This can increase sales and gain customers.



ResultsPlus

Examiner Comments

This response demonstrates all of the skills required. There is a reason and two linked strands of development combined with plenty of context. 3 marks were awarded.



ResultsPlus

Examiner Tip

An easy way to build context into an answer is to think of competitors to the business the question is asking about.

Question 4 (d)

This question is fairly straightforward and most candidates found four marks relatively easy to achieve. Candidates have to make a choice and then justify that choice with at least two reasons/causes/consequences. To reach level 3 there must also be evidence of balance/evaluation and to reach the top of level 3 there must also be a conclusion and evidence of contextualisation. Thus, 4-5 marks is the norm for this question since candidates have to do a lot of work to reach 6 marks. Lack of context is, more often than not, the main culprit which holds back candidate performance on this question. The average mark on this question was 3.99/4 and the modal mark was 4.

In order to increase sales of Pepsi True after its launch, PepsiCo considered two options:

Option 1: Increase the number of retailers who stock Pepsi True

Option 2: Lower the price of a can of Pepsi True.

(d) Which of these two options do you think would be most effective in increasing the sales of Pepsi True? Justify your answer.

(6)

By PepsiCo increasing the number of retailers who stock Pepsi True it would be effective as it would mean a larger amount of people would be aware of the new, healthier drink. This could then result in increased sales and as a result increased revenue. Another advantage is that it will result in potentially more customers purchasing the drink as the retailers they are stored in are seen as reliable like Sainsbury's. Lowering the price of Pepsi True would also be an effective way as it would mean more customers would be willing to purchase the cans as they will be seen as good value. It is also effective as it would mean in the longer term they would be able to increase the price again after gaining loyalty from customers. Therefore sales of the fizzy drink will continue to rise.

To conclude, I believe the most effective way is to increase number of retailers stocking Pepsi True as lowering the price may result in consumers believing it is ^{low quality} cheap, so won't purchase.



ResultsPlus Examiner Comments

This candidate has considered the benefits of both options and has enough reasons/causes and consequences to reach the top of level 2. Critically, the candidate makes a choice in the conclusion; otherwise the answer would have been placed back in level 1. There is no balance so the answer cannot progress to level 3. 4 marks were awarded.

In order to increase sales of Pepsi True after its launch, PepsiCo considered two options:

Option 1: Increase the number of retailers who stock Pepsi True

Option 2: Lower the price of a can of Pepsi True.

(d) Which of these two options do you think would be most effective in increasing the sales of Pepsi True? Justify your answer.

(6)

By increasing the number of retailers who stock Pepsi True, it will increase the availability of the product for the customers. This will lead to more consumers being able to buy Pepsi which will lead to increased sales. Therefore Pepsi can gain a higher market share of the soft drinks market.

By lowering the price of a can of Pepsi True will mean that ~~more people will be at~~ they will be more affordable for the customers. Therefore more people will buy more cans of Pepsi True which will lead to an increase of sales and therefore Pepsi Co will have a higher profit which they may use to invest into ~~new~~ ~~pro~~ ~~we~~ ~~ing~~ new products.

However, this depends upon whether or not the consumers

will see the product as less a lower quality product than other fizzy drinks such as Coca Cola, because the price is lower. If the Pepsi Co carries out competitor research they will be able to see if they can lower their prices without devaluing making their Pepsi True seem low quality. In conclusion, this by lowering the price of Pepsi True it will be more effective and less risky.

(Total for Question 4 = 12 marks)



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Examiner Comments

This candidate makes a choice in the conclusion and the first paragraph considers the benefits of option 1 with sufficient reasons/causes and consequences to reach level 2. The second paragraph considers the benefits of option 2 and critically the drawbacks of option 2. There is a conclusion squeezed in at the end and there is context in the answer through 'Coca-cola' and 'fizzy drinks'. Thus, this answer can reach the top of level 3 and six marks. 6 marks were awarded.



ResultsPlus

Examiner Tip

There is no need to consider the 'pros' and 'cons' of both options. Six marks can be achieved through the examination of one option only. This may save you precious time.

Question 5 (a)

This was a simple 'what is meant by the term...' question. To score two marks candidates had to make reference to competing products/firms. The average mark was 1.49/2 demonstrating the straightforward nature of the question.

5 (a) What is meant by the term **product differentiation**?

(2)

Identifying different products
by their brand name or having
a unique selling point.



ResultsPlus Examiner Comments

This answer scored one mark since there is recognition that 'product differentiation' involves making a product different, but there is no reference to competing products. 1 mark was awarded.

Product differentiation is where you make your
product different to any other product this
can be done through USP - (Unique Selling Point)



ResultsPlus Examiner Comments

This response has both of the required elements. There is recognition that 'you make your product different' and reference 'to any other product'. 2 marks were awarded.

Question 5 (b)

This was another 'outline in context' question. There were very few two mark answers to this question and the average mark was only 0.38/2. It appeared few candidates were able to state a consumer protection law and even fewer were able to develop the law in context. If this topic area had been sufficiently revised candidates could have scored two marks from an answer as simple as: 'Sale of Goods Act – this means the H boxes must be of merchandisable quality'. Context is provided through the use of the phrase 'H boxes'.

(b) Outline **one** consumer protection law that affects *Hotel Chocolat*.

(2)

one consumer law that affects Hotel Chocolat is that they can only have a certain amount of shops which can affect their expansion.



ResultsPlus

Examiner Comments

This was typical of many answers. No consumer protection law was stated and the candidate reverted to pure guess work. 0 marks were awarded.

Sale of Goods act which says that a ^{good or} ~~product~~ service must be of high standard or else the customer has a right to compensation.



ResultsPlus

Examiner Comments

In this response, a consumer protection law has been identified and development is present, but the development cannot score an extra mark since it is generic and not in context. 1 mark was awarded.

Question 5 (c)

This was the final 'explain in context' question on the examination paper and as such it was deliberately made to be a touch harder than the previous 'explain in context' questions candidates experienced in section A. Note how the obvious source of contextualisation 'cocoa farm' was removed due to these words appearing in the question. Most candidates attacked this question through the consideration of 'falling costs' or by suggesting that 'Hotel Chocolat were able to control quality of raw materials better'. The average mark for this question was 1.96/3.

(c) Explain **one** possible advantage to *Hotel Chocolat* from owning its own cocoa farm. ^{information.}
(3)

If Hotel Chocolat owns its own cocoa farm, it can produce its own cocoa. This means that it avoids costs for buying and importing cocoa externally, which reduces its costs overall. This improves the cash flow of the business and gives the company more money to spend in other areas, such as advertising.



ResultsPlus Examiner Comments

This response identifies a possible advantage and there are two linked strands that logically follow from the possible advantage. However, the answer is generic and the only words used that could contextualise i.e. 'cocoa' and 'farm' are repeated in the question so do not count. 2 marks were awarded.

(c) Explain **one** possible advantage to *Hotel Chocolat* from owning its own cocoa farm.

(3)

One advantage to Hotel Chocolat from owning its own cocoa farm is that it can produce its own cocoa and monitor what goes in it.

By doing this they can legally tell customers that the chocolates are home made ~~and grown~~ home grown and all organic, which will also give them a better image which will help them beat any competition.



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Examiner Comments

This candidate identifies a possible advantage 'monitor what goes into it' which is developed in the next paragraph through 'can legally tell customers that the chocolates are home-made' which is further developed through 'give them a better image which will help them beat any competition'. Context is provided through the use 'chocolates' which is not the same as 'Hotel Chocolat'. 3 marks were awarded.

Question 5 (d)

This proved to be a very difficult question. 'Decentralisation' appeared as a three mark 'explain without context' question last year and it was very poorly answered. Once again, the same was true this year. Candidates that did not demonstrate any understanding of 'decentralisation' scored 0 marks on this question. Thus, answers that referred to motivation and communication had to show some understanding of decentralisation somewhere within the two parts of the answer to score any marks. Many candidates had no idea what 'decentralisation' was and mixed it up with 'delegation', 'delaying', or 'increasing the span of control'. The average mark on this question was 2.26/8 with a very large standard deviation of 2.63, illustrating the spread of marks on this item.

- (d) State **one** possible benefit and **one** possible drawback to *Hotel Chocolat* from using a decentralised organisational structure. For each, explain the likely effect on *Hotel Chocolat*.

(8)

Benefit

Suppliers

Explanation

They will always be able to get there supplies because they have enough factories to supply them with the goods from ~~there~~ for their business. This means they will not run out of stock.

Drawback

Loosing Suppliers

Explanation

They ^{could} lose the ^{100se} ~~suppliers~~ Suppliers around them meaning they won't be able to produce ~~there~~ their product because they won't have the goods to make it.



ResultsPlus
Examiner Comments

There is no understanding of 'decentralisation' anywhere within the two parts of the answer. 0 marks were awarded.

(d) State **one** possible benefit and **one** possible drawback to *Hotel Chocolat* from using a decentralised organisational structure. For each, explain the likely effect on *Hotel Chocolat*.

(8)

Benefit

High quality

Explanation

The Hotel Chocolat has higher expectation because the Chocolat is so rich, cream, which people love so that's why its high quality, good, pour stuff.

Drawback

This is approximately ~~of~~ four times the ~~size~~ price charged rival manufacturer.

Explanation

Not every body will pay £16 a ^{hotel} Chocolat it very expensive so ~~many~~ people will be missing out and business will be missing out.



ResultsPlus
Examiner Comments

This was another answer that demonstrated absolutely no understanding of 'decentralisation'. 0 marks were awarded.

(d) State **one** possible benefit and **one** possible drawback to *Hotel Chocolat* from using a decentralised organisational structure. For each, explain the likely effect on *Hotel Chocolat*.

(8)

Benefit

Freedom in making decisions

Explanation

If the decisions were all made in one place, the people making the decisions might not take all of the situations of each shop into account. Having freedom to make decisions will mean that you can make your own decision based on what would benefit the shop's situation the most rather than following orders which might put your shop at a disadvantage and generate less profit.

Drawback

Difficult to manage.
~~There could be confusion or things might be unclear~~

Explanation

If ~~there are~~ there are many different decisions are made, it may be difficult for the owner of the whole of *Hotel Chocolat* to organise and understand what is happening at every shop. This could cause confusion, stress and therefore more bad/wrong ~~decisions~~ decisions being made possibly resulting in less/no profit.



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Examiner Comments

This candidate does have an understanding of decentralisation through 'make your own decisions based on what would benefit the shop's situation' so it can score marks. Within the answer there is a benefit and a drawback identified and at least two linked strands of development for both the benefit and the drawback. Thus, six marks can be reached. To get to 7/8 marks there needs to be context. However, the response is purely generic. 6 marks were awarded.



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Examiner Tip

Lack of context will cost you two marks in this question, limiting your scoring potential to 6 marks. Note how 'Hotel Chocolat' does not count since it is a name included in the question.

Question 6 (a)

This was another straightforward 'what is meant by the term...' question. Candidates received two marks if they identified the buffer stock to be 'the minimum amount of stock held by a business' or developed the notion of 'emergency stock held in case there was a disruption to supplies'. The average mark was 1.21/2 and the modal mark was 2.

(a) What is meant by the term **buffer stock**?

(2)

This is the lowest amount of stock held by a business before they order more in



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Examiner Comments

This response has captured the notion of the minimum amount of stock held. 2 marks were awarded.

Buffer stock is when it keeps track on the order level of the product



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Examiner Comments

There is no understanding demonstrated within this response. 0 marks were awarded.

Question 6 (b) (i)

This was a straightforward response which involved candidates being able to read off the bar gate stock chart at the start of question 6. The correct answer was '260'. There was no need to include units. The average mark was 0.83/1 and the modal mark was 1 mark.

- (b) (i) Identify the highest number of Billionaire's Shortbread slabs held by the Plymouth store during April 2015.

(1)

260



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Examiner Comments

This is all that was required to score a mark. 1 mark was awarded.

Question 6 (b) (ii)

This was the first of two 'calculate' questions. Candidates were rewarded with two marks for providing the correct answer irrespective of whether any workings were shown. If the answer was incorrect, examiners then looked at the workings provided to decide if there was any merit enabling them to award one mark. There were very few one mark answers to this question with candidates either scoring 0 or 2 marks. The average mark on this question was 1.05/2.

- (ii) Calculate the number of Billionaire's Shortbread slabs in delivery C. Show your workings.

(2)

$$240 - 200 = 40$$



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Examiner Comments

The answer is incorrect and there is no merit in the workings. 0 marks were awarded.

$$100 - 20 = 80$$

$$8 + 100 = 180$$

$$180 + 40 = 220$$



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Examiner Comments

The answer is correct with '220' and the candidate scores two marks. The workings the candidate has provided are unusual – however this does not matter since the correct answer has been provided. 2 marks were awarded.

Question 6 (b) (iii)

This was the second of two 'calculate' questions. Candidates were rewarded with two marks for providing the correct answer irrespective of whether any workings were shown. If the answer was incorrect, examiners then looked at the workings provided to decide if there was any merit enabling them to award one mark. There were very few one mark answers to this question with candidates either scoring 0 or 2 marks. The average mark on this question was 1.11/2.

(iii) Calculate how many days it took for delivery B to arrive after it was ordered.
Show your workings.

(2)

If took 5 days from the day order, as the
X axis travels in even numbers of 2



ResultsPlus Examiner Comments

The answer is incorrect and no calculation is offered. 0 marks were awarded.

6 days - workings on graph.



ResultsPlus Examiner Comments

The candidate has provided the correct answer, so it does not matter about the lack of workings. 2 marks were awarded.



ResultsPlus Examiner Tip

Try to keep your response in the correct place. Examiners are not able to see the graph when they mark a response, only the area where the question is and the answer should be.

Question 6 (c)

Compared to previous 'assess' questions asked in earlier exam series this one was very well answered. Candidates were able to consider the impact on profit of raising prices and could clearly articulate the 'pros' and 'cons' of doing so. The average mark was a healthy 4.64/8 and the modal mark was 5. Many candidates failed to contextualise their responses since 'Hotel Chocolat' was a name that was contained within the question.

* (c) Assess the likely impact on *Hotel Chocolat's* profit from charging high prices for its products.

(8)

Hotel Chocolat's ~~profit~~ ~~pr~~ will have a big profit margin as they charge a high price for their chocolate. Also not that many people ~~would~~ will buy their chocolate because it expensive ~~so~~ so it could affect their profits.



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Examiner Comments

This response makes two simple statements and as a result scores two marks. 2 marks were awarded.

* (c) Assess the likely impact on *Hotel Chocolat's* profit from charging high prices for its products.

(8)

The fact that they charge high prices for its products means that it will be harder for them to make sales. The fact that they have premium prices suggests that the product has to be at a high quality for it to be worthy. If they cannot find a suitable target market for their products, it will limit the amount of sales they generate. Therefore less profit, or even a loss is made. *

However, some customers may view the product as unique and luxury. They may think it's original and worth the money. This means that they are able to make a high margin of profit per sale, so lots of money can be generated. Therefore the profit margins will be very big, and the business will thrive.

* In addition, customers may view other businesses such as 'Cadbury' to be more value for money. Therefore customers will buy competitors' products.

(Total for Question 6 = 15 marks)



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Examiner Comments

This candidate provides two developed paragraphs, one which considers the negative effect on Hotel Chocolat's profits from raising prices and a second paragraph which articulates the possible beneficial effect on profit from raising prices. The existence of balance and sufficient strands of development allows the top of level 2 to be achieved and the existence of context, at the end of the response through 'Cadbury' allows the response to reach the bottom of level 3. There is no conclusion which prevents the answer progressing further up the mark scheme. 6 marks were awarded.

Question 7

This question has been asked before and has been very poorly answered. It appears many centres have not taken heed of the advice provided in previous Examiners' Reports since the same mistakes were made again. The design mix comprises of three elements 'cost, function and aesthetic'. If candidates were able to identify two elements they scored a mark and if they identified all three they scored two marks. The mean mark was only 0.5/2 which illustrates how ill prepared candidates were for questions testing this part of the specification.

7 What is meant by the term **design mix**?

TWO designs that have
been put together to make
one - mostly to be different
or improve.



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Examiner Comments

This was typical of many answers with candidates resorting to guess work. 0 marks were awarded.

The design design mix compares the
product you are selling to the
4 P's (Product, Price, Promotion, Place)



ResultsPlus

Examiner Comments

This was another common error. The 'marketing mix' was confused with the 'design mix'. 0 marks were awarded.



ResultsPlus

Examiner Tip

Make sure you learn the key terms in the specification.

7 What is meant by the term **design mix**?

The design mix is made up of three elements: Function, cost and appearance. ~~It~~ It allows businesses to make products that meet customer's needs.

(Total for Question 7 = 2 marks)



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Examiner Comments

This response identifies all three elements. 'Appearance' is a proxy for 'aesthetics'. 2 marks were awarded.

Question 8

This was the final 'outline in context' question on the paper. Most candidates found it accessible and focused on 'increased costs' within their answer. However, once again, lack of context ruined what should have been a straightforward 2 marks. The average mark was 1.06/2 and the modal mark was 1.

8 Outline **one** possible drawback to GSA from stricter health and safety regulations.

Money spent on training staff could
be spent on products instead of new
safety training.



ResultsPlus Examiner Comments

The candidate has identified a drawback 'money spent on training staff could be spent on products' but there is no development and no context. 1 mark was awarded.

GSA's unique selling point is speed,
this is limited by health and safety
regulation, meaning it may be hard to
improve the product



ResultsPlus Examiner Comments

This response has a drawback 'unique selling point is speed this is limited by health and safety' which is developed through 'harder to improve the product'. Context is provided through the word 'speed'. 2 marks were awarded.

Question 9

This question was quite testing since it was asking about a tricky topic area – internal sources of finance. Most candidates were able to offer one or two developed benefit(s) of using retained profit, but relatively few candidates were able to offer two developed benefits, together with balance and context. Thus most answers scored in the 3-4 mark range.

The average mark on this question was 2.46/6 and the modal mark was 4.

- *9 Discuss the benefits to GSA of using retained profit to fund the development of new products.

The benefits are that by developing a new product is better for the business as more customers will want to buy the product and the business will get more money which means more profit, so the business can keep bringing and developing new products as the business has enough money to keep developing new products which will be good to the business as they are getting higher revenue.



ResultsPlus Examiner Comments

This candidate has not answered the question. There is nothing in this answer on 'the benefits to GSA of using retained profit'. 0 marks were awarded.



ResultsPlus Examiner Tip

Make sure you answer the question set, not your own question.

~~not risky~~ ~~no interest~~
no minus money

*9 Discuss the benefits to GSA of using retained profit to fund the development of new products.

Because retained profit is an internal source of finance, they will not need to borrow money from other places like banks. Other sources of finance would charge interest on the money borrowed which would mean they would charge more than ^{GSA} ~~they~~ borrowed. This would mean that GSA would have to pay more if they used a loan.

It is not possible to go into 'minus money' when using retained profit like it is when going into overdraft. This means that it is less risky and they are not as likely to lose money.

Also, it is less risky because ^{GSA will} ~~you will~~ not be depending on external sources of finance for money. If they were, ~~they~~ the source might break down which would mean that GSA would too. This suggests that retained profit is more reliable.



ResultsPlus Examiner Comments

This answer is typical of the four mark answers that were seen this year. It is just a list of developed benefits of using retained profit. Examiners were instructed to take the scores from the best two benefits when they encountered this kind of answer. There is no balance/evaluation so the answer cannot enter level 3. 4 marks were awarded.

- 9 Discuss the benefits to GSA of using retained profit to fund the development of new products.

Retained profit is beneficial for GSA as they wouldn't have to take out any external source of finance which they ~~will~~ will have to pay back eventually. By using retained profits the business wouldn't have to worry about any sort of finance and would be more aware of its spending. This would mean that GSA can use their own money to fund development of new products. Therefore, the business wouldn't be in any debt as they are using their own money from profits and as a result the production rate of new products will be quicker at a higher productivity level.

However, GSA may not have enough money to fund new products developed. This would force the business to take out a bank loan which will add interest when they pay back. This is a disadvantage.

(Total for Question 9 = 6 marks)



ResultsPlus Examiner Comments

This response has two developed benefits of using retained profit in paragraph one and balance in paragraph two. However, there is no contextualisation within the answer so it can only reach the bottom of level 3 and 5 marks.



ResultsPlus Examiner Tip

Paragraph one had to be read several times to determine whether there were two developed benefits. Perhaps two paragraphs, one per benefit, would have been a more obvious way to structure the answer to this question.

Question 10

This proved to be a very testing question. Many candidates did not know precisely what 'productivity' meant. Many candidates confused it with 'total production/output' or the 'product element of the marketing mix'. Examiners were instructed to give credit where statements were made that could result from increased productivity e.g. 'increased profit' but unless they were convinced that the candidate's response showed an understanding of productivity, these type of answers could not go beyond level 1 and 4 marks. The average mark on this question was 2.86/10.

***10** Using your knowledge of business, assess the importance to GSA of improving its productivity.

(10)

It is very important for GSA to improve its productivity because it will keep people interested in what the company are going to bring out next which will mean when new amphibians are brought out, people are ready to buy them.

Also it makes it harder for competitors to be successful when releasing new products as people already know how good GSA's quality is and are willing to wait and pay more for their products compared to a normal Jet ski which has no differentiation.

However it is also very important for GSA to know how much competitors are selling their products for. This means GSA are able to know if their price is reasonable and if people are still

going to want to buy it, because price is very important for vehicle buyers as they also need to buy insurance.

Productivity can be important to businesses such as GSA because it enables them to see gaps in the market which can improve sales of those products because they are putting something new on to the market.



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Examiner Comments

This response was sadly typical of many answers. Despite the length of the answer, there is no real understanding of productivity at all. 0 marks were awarded.

10 Using your knowledge of business, assess the importance to GSA of improving its productivity.

(10)

Productivity is important in order to sell. It is the amount of products a worker or machine can make per specified time. If productivity is increased it means more products are made but for the same price as no extra time is needed. This means that a higher profit is made on each item as costs are reduced.

This also means that you can sell more, a business like GSA will find this important

as it will help them to be able to fund other products or break even with investment.

By making more in the same amount of time you will have more products to sell so it benefits profit as more can be made than if productivity is lower as the amount of products available to sell would be lower.

However other aspects are equally important to GSA. If the quality or safety measures are bad the sales will be low, so ~~if~~ that means that profit may go down.

Overall I think that it is important for GSA to improve productivity as they will be able to sell more and make a higher profit on each product. However it depends on if other factors like quality are maintained ~~or~~ ~~or~~ ~~or~~ improved as without it they won't sell products whether ~~the products are the price~~ the profit will be higher or ~~not~~ if there is more to sell.



ResultsPlus Examiner Comments

The candidate demonstrates an understanding of productivity in the first sentence and manages to articulate how an increase in productivity will lead to an increase in profit per item. There is then further development in paragraph two which allows the candidate to reach the middle of level 2 on the mark scheme. To get to the top of level 2 and 7 marks, the answer needs to provide evidence of balance/evaluation. The candidate provides this in paragraph three starting with 'However...'. To reach level 3 and 8 marks the answer requires contextualisation. Sadly, this answer is generic and does not have any. As a result, this response was awarded 7 marks.

*10 Using your knowledge of business, assess the importance to GSA of improving its productivity.

Improving productivity is important to GSA as it means their ⁽¹⁰⁾ variable costs will fall because their output per worker will rise. This means the GSA can lower the prices of their Quadski's from £24,000 along with other vehicles they offer. Therefore, GSA will be able to gain a competitive advantage over Honda and remain one of the world's leading producers of specialist amphibious vehicles.

However, improving productivity could be seen as less important as being ethical. This means customers will be willing to pay more for their amphibious vehicles if they know it has been produced fairly and ethically. Therefore, GSA can increase the selling price of their Quadski's which will mean they have more money to invest in new technology to e.g. increase the speed of the quadski from 45 mph to 60 mph.

Improving productivity could still be seen as more important however as it means customers orders can be fulfilled faster. This means GSA will gain a good reputation in the amphibious vehicle market. Therefore, GSA's sales will ~~rise~~ rise as well as their share of the amphibious vehicle market.

Overall improving productivity is important because means GSA will produce more Quadski's which means they can keep up with demand for the vehicle. However, this depends on customers wants and needs because if they want a high quality and fast amphibious vehicle then

price would become more important as they can slow down production to ensure high quality and charge a lot of as customers would be willing to pay.



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Examiner Comments

This candidate has a clear understanding of productivity and manages to escape level 1 just through the amount of correct, logical linkages that are provided in the first paragraph. Balance or evaluation then allows the candidate to get to the top of level 2 in the second paragraph. There is lots of contextualisation within the answer e.g. 'Quadski' and '£24,000' allowing the answer to reach the bottom of level 3 and 8 marks. A conclusion is also offered which makes use of the 'it depends rule' allowing the answer to reach 10/10. There were very few 10/10 answers on this question in 2017 and this was one of them.



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Examiner Tip

Making use of the 'it depends rule' is a way of showing the sophisticated evaluation required for your answer to go from 9/10 to 10/10.

Paper summary

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

- Watch out for questions that ask you to 'Explain **one** method...'. These questions require you to logically explain a process. Therefore, finishing off your answer with '...higher revenue leading to higher profit' will not give you any marks, since you are not answering the question.
- 'Outline in context' questions are seemingly always poorly answered since candidates, more often than not; fail to include some context within the development of their answer. If you are a teacher, use ResultsPlus to analyse the performance of your candidates on these style of questions.
- Use the exemplars contained within this Examiners' Report to improve your examination technique and to gain an insight into where marks are awarded/not awarded by examiners. You should notice that the same rules of marking are consistently applied every year.
- Ensure that you know your formulae. There are always some mathematical questions on the exam paper and these, in theory, should be easy marks to obtain.
- Do not use extra paper unless you absolutely have to. Candidates should be able to answer all questions in the space provided. All examination papers are marked by the same examining team. There is no truth in the rumour that using extra paper will result in a senior examiner marking your script(s).

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