

Examiner's Report Principal Examiner Feedback

Summer 2018

Pearson Edexcel GCSE Business (5BS05) Paper 01 Introduction to Economics

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Introduction

Q01b

Many candidates did well on this question with almost 40% achieving both marks. Some candidates failed to score marks by simply identifying an economic variable or government policy without stating how it should change. For example, simply stating 'unemployment' or 'interest rates' with stating that a fall in one or both would lead to economic growth.

Example 1:

```
(b) Identify two factors that can cause economic growth.

(2)

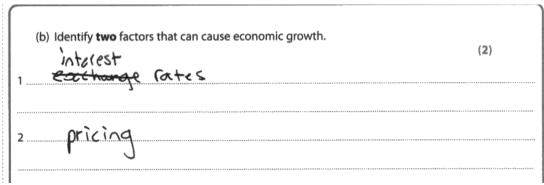
1 HUMAN CAPITAL - MORE MAINING

2 Physical capital - More Machinery and factories
```

Human capital and physical capital refers to areas of investment. Both marks are secured as the candidate has said 'more' and given examples.

Score: 2 Marks.

Example 2:



Reference to 'interest rates' is not enough to score the first mark. The second point (pricing) is irrelevant.

Q01c

58% of candidates showed a good understanding of the drawbacks of a monopoly for customers. By far the most common response related to a lack of choice and increased prices. Candidates who scored 1 mark, generally only made one of these points.

Example 1:

(c) Outline one potential disadvantage of a monopoly to consumers. A disadvantage is fewer options so	(2)
they will not have any choice of variation.	e

'no choice' is not a sufficient development of 'fewer options' so this answer achieved

Score: 1 Mark.

Example 2:

	(c) Outline one potential disadvantage of a monopoly to consumers.
X. VAV. AX	As a monopoly has little to no competition,
XXXXXXX	they are able to charge high prices, as
XXXXXXX	they do not need to lower prices to compete.
2	Merchore, Consumers Will be forced to pay there
800000	high fries, as there are utile or no alternative
20000000	products allable from different businesses.

A detailed answer showing a clear understanding of a limitation of a monopoly for customers.

Q01d

Most candidates found this answer accessible and demonstrated how a fall in the interest rate would affect consumers and/or businesses through reduced business costs (overheads) or boosting demand. 54% of candidates scored all 3 marks.

Example 1:

```
(d) Explain one benefit to businesses of a fall in interest rates.

(3)

A MILLIA INEXESE TORES MEANS MORE PROPUS WILL

be spending and nor saving If more cuseomers

are spending the business will be receiving.

More money

(Total for Question 1 = 8 marks)
```

Although the candidate has not stated by people will be spending more they have given a relevant point and developed this by stating that businesses will receive more money. Technical terms have not been used, but sufficient knowledge is demonstrated for 2 marks.

(d) Explain	۱ one benefit to busines	sses of a fall in interest rates.	\	\supset
				(3)
* far	in interest	t rates may a	cause by	22220CB
to gene	reute more	revenue. Beco	wse ante	rest
1		are people un		
and s	send rother	than save a	s they	donet
have t	o pay ba	ce as much	on thus	100rv.
this le	ads to m	one people hav	mg a i	righer
		e therefore a		
prehas	e none pr	oducts and m	crade a	present 25,
"rcrem	<u>e</u> .			
		(Total	for Question 1 =	= 8 marks)

This second response achieved all 3 marks. The candidate understands the link between interest rates and lending and the impact this will have on demand for goods and services.

Q02b

Many candidates were able to articulate a range of appropriate and interesting policies that a government could use to reduce pollution associated with transport. These responses typically focused on subsidies, government spending (on schemes such as cycling or car sharing), taxation and legislation. Some candidates who failed to achieve all three marks tended to give at least one response that was too similar to another response. For example, putting a higher tax on petrol and putting a higher tax on diesel. Over 60% of candidates achieved all 3 marks.

Example 1:

(b) State three possible ways the Chinese government could reduce pollution associated with transport, other than introducing the TEB.

(3)

1 They could implement a respection zone in the centre of the city to reduce cars which pollute too much entering there

2 They could give Subsidies to buyers of eletric cars so that pre more people own eletric cars.

3 They could add more eletric supercharging ports for eletric cars so buyers will be more enticed in buying

Three relevant responses rooted in the context of transport pollution.

Q02c

Some candidates approached this answer by explaining how the TEB could increase footfall of customers in Beijing leading to increased demand in shops and restaurants. However, by far the most common response related to workers getting to work on time resulting in greater productivity for businesses.

Example 1:

200000000	(c) Explain one benefit for local Beijing businesses if the TEB was introduced. (3)
NY N	las Less congestion means they can transport goods juster which increase egistiency
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200000000000000000000000000000000000000	
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Some candidates discussed how the TEB could be used by businesses to transport goods. Although this would only affect a small proportion of businesses it is still a valid answer. Although this is a short response, the candidate has done enough to score 2 marks.

<u>Q02d</u>

Price sensitivity is still an answer that candidates fail to understand or explain clearly. However, this concept has been dealt with better on this paper than it has in other series. Many candidates were able to explain how the extent of alternative forms of public transport would increase the price sensitivity of a ticket to travel on the TEB. Candidates who achieved all three marks were able to go on and explain how an increase in the ticket price could lead to a relatively greater fall in demand as customers switch to alternative forms of transport, such a ticket be price sensitive.

Example 1:

make 10 TEB that in of- 14,000 Reophe but them then are ticket Price	ould vansfolt or more
(1	otal for Question 2 = 10 marks)

(d) Explain one factor that could affect the price sensitivity of a ticket to travel on
the TEB. (3)
One factor appealing price sensitivity would be
the availability of other competitions. If the
TEBS bicket was too much, people would
use the normal public bransport, as it would
be cheaper. This Gould mean the demand
changes by a larger amount than the
Price does, making it price sensitive.
(Total for Question 2 = 10 marks)
(IUtaliui Questivii s – iv tiidina)

A clear understanding of price sensitivity explained in the context of transport in Beijing.

Example 3:

the TEB			. 1	.)	0.0			3)
			***************************************	could		***************************************		
				5 the				
				rases		-		
				decrea				
				emand				
price	Sen!	Sittuit	y Wil	, Increa	ve	nou	king	·
the	tick	e+ 1	price	more	Sens	itive.		

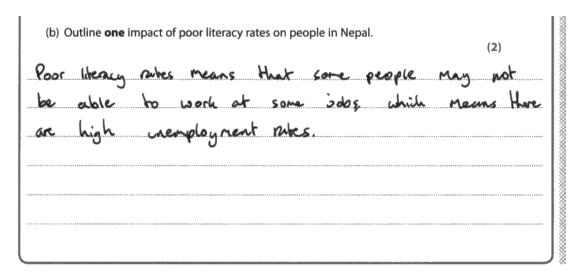
				(Tot	al for Oues	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	5)
				(Tot	al for Ques	stion 2 = 10) marks	5)
				(Tot	al for Ques	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 16) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	5)
				(Tot	al for Ques	stion 2 = 10) marks	s)
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				(Tot	al for Ques	stion 2 = 10) marks	s)
				(Tot	al for Ques	stion 2 = 10) marks	s)

A common misconception with price sensitivity (price elasticity of demand) is that the level of demand determines the sensitivity of price.

Q03b

Most candidates understood the concept of literacy rates and were able to apply their understanding to the questions by making links to skills, employment and standards of living. Almost 40% of candidates only achieved 1 mark, perhaps, by failing to apply their answer to the context of Nepal.

Example 1:



A good answer, but the candidate has failed to link the response to the context.

Score: 1 Mark.

Example 1:

```
(b) Outline one impact of poor literacy rates on people in Nepal.

(2)

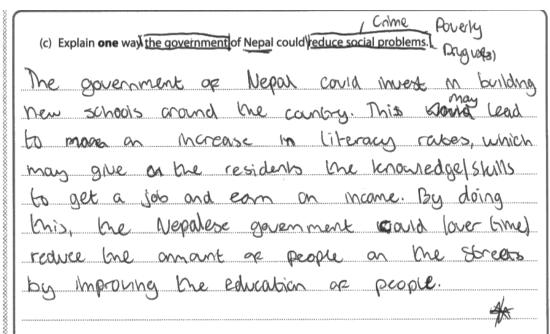
Poor to hierary rates are the percent of adults who are able to read and write. Poor literacy rates are likely due to poor education and can limit an individuals employment options which can lead to wremployment. This can then cause the person to be in powerry as they don't necessives have an income so cannot append the basic rest for up.
```

A good answer with clear development. The candidate has linked their answer to the context of Nepal by referring to education and absolute poverty.

Q03c

Most candidates were able to access this question as the range of possible answers was very open. To achieve all three marks the candidate had to specify a particular social problem and answer in context of Nepal. Many were able to do this by referencing poverty, education or the education of girls. The mode score on this question was 3 marks.

Example 1:



A well-developed answer achieving all 3 marks. The candidate has identified a policy (building more schools) the consequences (improved literacy skills and job prospects) and the social problem this will reduce (crime).

Q03d

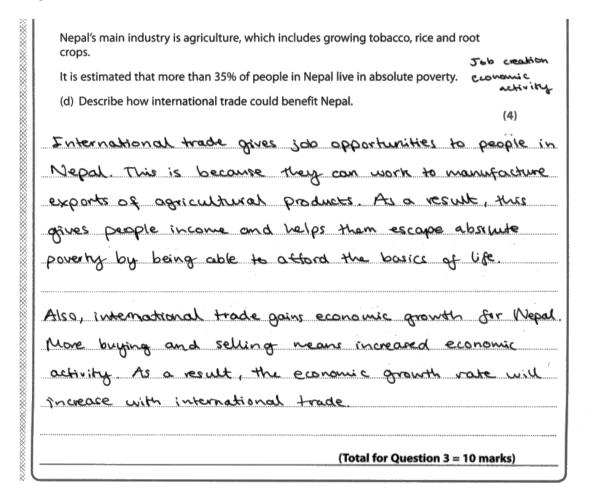
For 'describe' questions candidates do not have to develop chains of linked reasoning and can access marks through identifying four relevant benefits. Marks can also be awarded for a relevant definition of international trade, although most candidates did not do this. Opportunities for context were presented through the opportunity to reference the produce of Nepal or any other relevant factor linked to the context. The modal score on this question was 3 marks (38%).

Example 1:

Nepal's main industry is agriculture, which includes growing tobacco, rice and root crops.
It is estimated that more than 35% of people in Nepal live in absolute poverty.
(d) Describe how international trade could benefit Nepal. (4)
International trade of tabacco
rice and Crops warma provide
Ch West Petter income
CA Substances like telbacco
Chronia hab ala mand
Colored Annual Colore
10000 CONFUNCATO Whe ANORM
amences of europe.
(Total for Question 3 = 10 marks)

1 mark has been achieved by stating that international trade will achieve 'better income'. The answer lacks coherence and there is not enough understanding or development for a second mark.

Score: 1 Mark.



The candidate has offered two separate lines of explanation. Each is sufficiently different and developed for a second mark to be awarded. The answer also refers to agricultural products o is in context.

Q04b

To achieve both marks, candidates had to identify a relevant stakeholder group and give a simple point of development explaining how the actions of Stubhub might impact on them. The majority of candidates identified 'customers' as the stakeholder and referred to the high price customers would have to pay. The answer below is an example of a typical response.

Example 1:

(b) Outline how one stakeholder group might be affected by the actions of secondary market websites such as <i>Stubhub</i> .	2
(2)	1
The consumer who wants to go to the concert +M.	<u> </u>
is because the tickets are way more extensive	
than the original price therefore it loweres th	و ا
confidence of buying the trenets.	

Q04c

The majority of candidates showed a general understanding of the impact government regulation can have on businesses and were able to state that regulation might restrict pricing or result in Stubhub incurring additional costs in order to adhere to any new regulation. 60% of candidates scored 2 marks on the questions, showing that candidates found it difficult to apply their answer to the Stubhub context.

Example 1:

Following a review of the secondary ticket market, the government is considering number of measures to increase regulation of this market.	j a
(c) Explain one disadvantage to websites, such as Viagogo and Stubhub, from increased government regulation of the secondary ticket market.	
A disadvantage is they would have to change how they	Operate (3)
because polocies and ethical codes could limit what the	1
allowed to do which wild todas so book proget limit how	They
maximise their projet	J
	11 Turn over ▶
, , , , , , , , , , , , , , , , , , , ,	

for a lower price.	com? naving to see the tickers
This could lead to	these "ticket agents" seeing a fall em? having to sen the tickets
Vizgogo and stubbub	mong use plexibility as they
•	rket would lead to
An increase in gover	rnment regulation of the

This answer scored all 3 marks because there are three points of development and the answer is in context by referring to 'ticket agents'.

Q04d

Many candidates were able to discuss the benefits of introducing and advertising campaign and how this could increase revenue for Stubhub. Candidates were also able to explain how lower prices could make Stubhub more competitive in the market. However, candidates were expected to show an appreciation that lowering prices would not necessary increase revenue. To achieve all 6 marks, candidates had to provide a balanced answer, showing the limitations of at least one option, answer in context and conclude their answer by justifying which option would be better at increasing revenue for Stubhub.

Example 1:

Option 2: Lower ticket p (d) Which of these two increase the revenue	options do you think would be the most effective way to e of <i>Stubhub</i> ? Justify your answer.
con la my opini	on lowering licket prices would be the most
rice House their	competitors resource the gives them as advertige
exise Their sci	rice would be more affactive to consumers on tesulting in them choosing Shibhub compared
o other comp	
n the	value.

·	

	(Total for Question 4 = 12 marks)
	TOTAL FOR SECTION A = 40 MARKS

The candidate has only discussed one option. They have given a clear reason why lowering ticket prices might be effective 'competitive advantage' but there is no appreciation of the factors that may determine whether this option is successful or not in increasing revenue. The answer is level 1 - 2 marks.

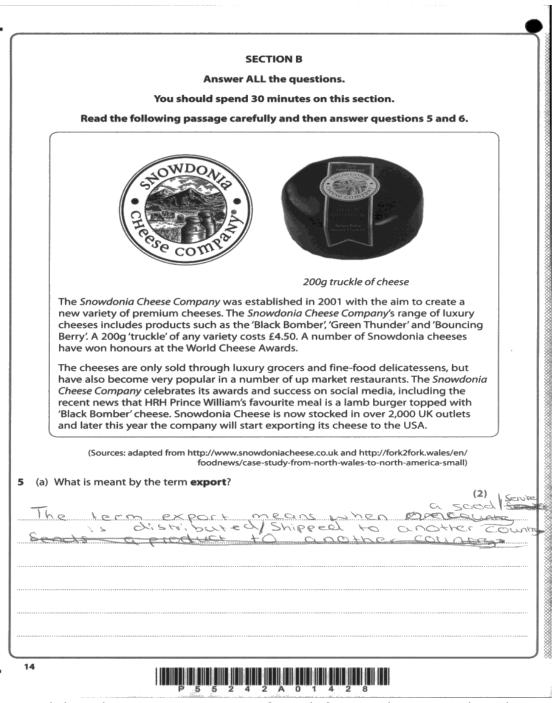
	TOTAL FOR SECTION A = 40 MARKS	
	(Total for Question 4 = 12 marks)	
4	104 011000	Lsweint
M	o botter aption because knotomers are more well,	0
0.6	In conclusion, 1 believe that Option 2 is	
	burg high.	111500000000000000000000000000000000000
	amounts are up. Then revenue bould endup	
	haret master. If the prices are down but constituers	
	reviously had pronght their Except from	
	augut attracts some customers That would be	
	m of nursey. In addition, if the tickets are lowers	
	ould increase the austoniers willing to spend a sm	aller
	sia would create a bigger teneaux because it	
tla	werer, it could be argued that lowering traket	
	listmers through the adertisements.	
	evenue of by huge amounts if they gain	
	quarities of customers. This would increase	
	of this Stubburb. It may attract be new & bigge	<u></u>
	t would create a bigger brand awareness	
	Option I would be effective in the sense that	
	(6)	
	Which of these two options do you think would be the most effective way to increase the revenue of <i>Stubhub</i> ? Justify your answer.	
Opt	tion 2: Lower ticket prices.	
	tion 1: Launch a national advertising campaign.	
Stul	bhub wants to increase revenue and is considering the following two options.	

This is a more comprehensive answer. The candidate has discussed both options and identified a limitation of introducing and advertising campaign. The answer has balance, context and finishes with a simple conclusion.

Q05a

Many candidates had a clear understanding of the term export and gave an appropriate definition reflecting the trade of goods and services to another country. The majority of candidates scored 2 marks on this question.

Example 1:



The candidate has given an imperfect definition because they have not shown an appreciation of trade i.e. selling to another country.

Score: 1 mark.

SECTION B

Answer ALL the questions.

You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 and 6.





200g truckle of cheese

The Snowdonia Cheese Company was established in 2001 with the aim to create a new variety of premium cheeses. The Snowdonia Cheese Company's range of luxury cheeses includes products such as the 'Black Bomber', 'Green Thunder' and 'Bouncing Berry'. A 200g 'truckle' of any variety costs £4.50. A number of Snowdonia cheeses have won honours at the World Cheese Awards.

The cheeses are only sold through luxury grocers and fine-food delicatessens, but have also become very popular in a number of up market restaurants. The *Snowdonia Cheese Company* celebrates its awards and success on social media, including the recent news that HRH Prince William's favourite meal is a lamb burger topped with 'Black Bomber' cheese. Snowdonia Cheese is now stocked in over 2,000 UK outlets and later this year the company will start exporting its cheese to the USA.

(Sources: adapted from http://www.snowdoniacheese.co.uk and http://fork2fork.wales/en/foodnews/case-study-from-north-wales-to-north-america-small)

>	(a)	vvnat i	is mean	t by th	e term	expor	Œ:

(2)

Exports are opods and services that c	one sold
to other countries.	

14

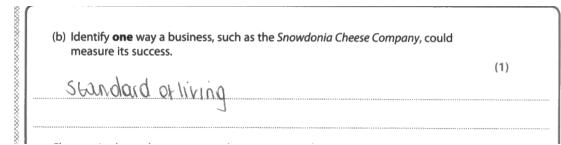


A simple but accurate definition of export. Some candidates went on to give examples drawn from the context.

Q05b

For this question a range of responses were accepted including those drawn from the specification. Revenue, profit, market share and social success. Almost 90% of candidates scored on this question.

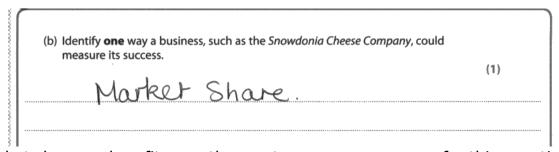
Example 1:



'standard of living' is not a valid answer.

Score: 0 Marks.

Example 2:



Market share and profit were the most common responses for this question.

Score: 1 Mark.

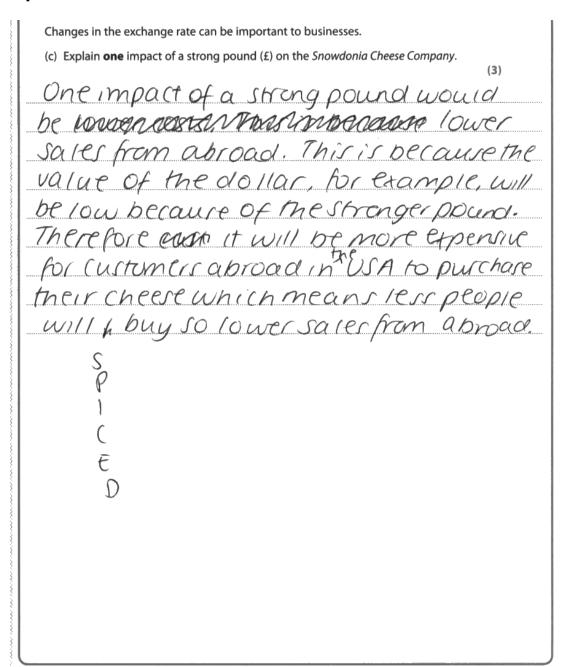
Q05c

For 3 marks, candidates had to demonstrate an understanding of the impact of an increase in the value of the pound for a UK exporter. Context was generally awarded for reference to exports of cheese to the USA. As in other series, a significant proportion of candidates got the impact mixed up (e.g. a strong pound will increase demand) or interpreted the acronym 'SPICED' incorrectly. For example, suggesting that export costs will rise. Surprisingly, the modal score on this question was 0 with only 22% scoring 3 marks.

Example 1:

WOODER CHECK AND CHECK AND CHECK CHECK AND CHECK	Changes in the exchange rate can be important to businesses. (c) Explain one impact of a strong pound (£) on the Snowdonia Cheese Company. (3) ONE IMPLICE OF A SMONGER PRANCE ON THE SHOW DON'S CHEESE COMPANY IS THAT EXPORTS TO OTHER COUNTRIES WILL BE EXPENSIVE WHICH MEANS THAT THE COMPANIES COSTS WILL RISE WHICH WILL AFFECT ITS CASHFICW CITT WILL REDUCE THE PROPERTY.
WYWYAWYAWYAWYAWYAWYAWYAWYAWYAWYAWYAWYAWY	Stigson. Choop Choop

An example of an answer where can candidate has suggested than a stronger pound will increase the costs of exporting for SCC. Not that prices will rise for foreign buyers leading to a fall in demand for SCC cheese in the USA.

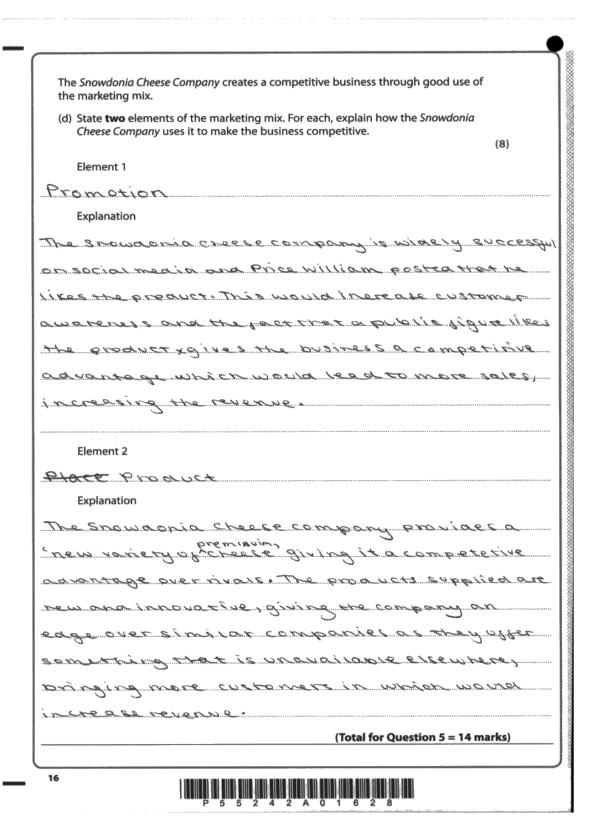


The candidate has a clear understanding of the exchange rate mechanism and understands how a strong pound will affect the exports of cheese to the USA.

Q05d

This question is a 2 x 4 split. The majority of candidates showed understanding of the marketing mix and were able to use the context of SCC to explain how two of the Ps are used by the company to increase competitiveness. Those candidates who were able to use the context of the case study and provide specific examples of how the marketing mix of SCC led to their competitiveness were able to score 7 or 8 marks. 31% of candidates achieved 6/8 marks.

Example 1:



An excellent answer. The candidate has identified two elements of the marketing mix and has given two detailed explanations in context.

(d) State two elements of the marketing mix. For each, explain how the Snowdon. Cheese Company uses it to make the business competitive.	ia (8)
Element 1	
Their product.	***************************************
They sell high quality, "f	remium'
cheeses. Therefore, the gual	v+v
of their cheeses will encou	urcial.
customers to buy from	٥
them instead of a compe	Hitor
who lacks at the same que	ality.
*	
Element 2	
The places & Promotion.	h
Explanation	0
Snowdonia Cheese Company Their success on Social m	plomores
	. 1
This rouses awareness of	4
brand and product. As a re	
making the business more	CC
competitive as the custome	1/2
are more likely to buy fr	ъm
them than lesser know compa	unies.
(Total for Question 5 = 14	4 marks)

Although both parts of this answer have context, the candidate has got given a third point of linked explanation for either side of the answer

Q06a

For both marks, candidates had to show some understanding of ethical/moral behaviour/actions of business and an appreciation of how social responsibility impacts on the environment or a stakeholder group. Candidates gave a wide variety of answers that qualified and used real world examples appropriately. 50% of candidates achieved 1/2 marks.

Example 1:

6 The Snowdonia Cheese Company only uses the finest local Welsh ingredients takes social responsibility very seriously. Only local dairies that use ethical bu practices are chosen as suppliers.	and usiness
(a) What is meant by the term social responsibility ?	(2)
Social responsibility is when a business	relies
on the public to provide the makinais or	hgredens
to more the product:	

The candidate has referred to 'the public' but has not shown an understanding of social responsibility or given an example.

Score: 0 Marks.

Example 2:

6 The Snowdonia Cheese Company only uses the finest local Welsh ingredients and takes social responsibility very seriously. Only local dairies that use ethical business practices are chosen as suppliers.

(a) What is meant by the term social responsibility?

(2)

Social responsibility is when firms choose to each in a way that is ethically responsible and mean the heads of a wider group of stakeholders.

For example, they may refuse to buy from suppliers that use children workers in foreign countries.

An accurate definition supported by a real world example.

Q06b

For this question most candidates were able to identify that the local Welsh ingredients are likely to be scarce and therefore more costly than ingredients from other suppliers. However, only 16% of candidates were able to develop their response in context to achieve both marks.

Example 1:

(b) Outline one disadvantage for the Snowdonia Cheese Company of only using the finest local Welsh ingredients. These local ingredients are likely to come from Small Durinews Samb hore not achieved economies & scale. This means I have higher prices, causing Snowdonia chees to have higher costs on their raw materials—Such as milk

A relevant response with development. The answer is in context by referring to 'farmers'.

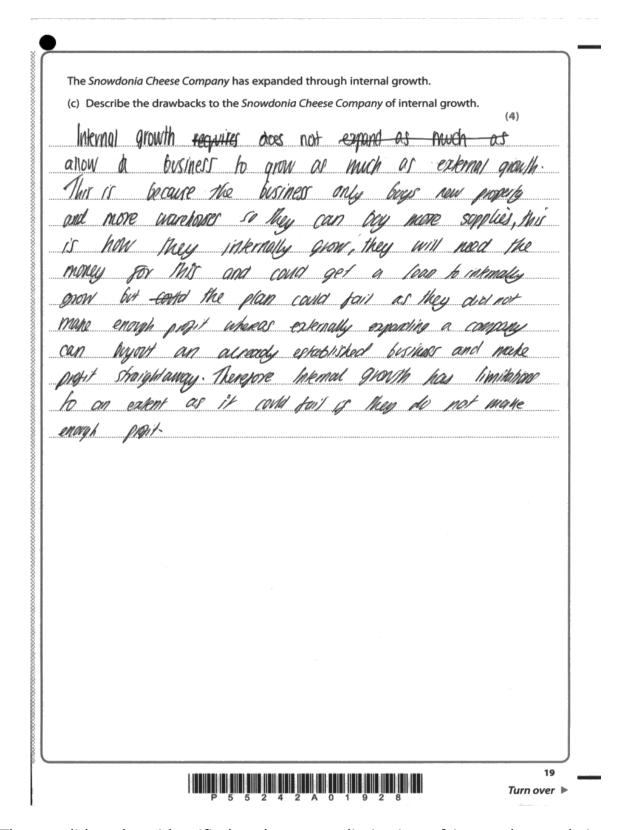
The Cost of the high quality ingredients would be higher than using bower quality ingredients meaning their total Coses will be higher.	would be higher than using lower quality inquedients meaning their total coses will	Their	Costs	₩	i U	be	higher		(2)
inguedients meaning their total coses will	ingredients meaning their total coses will	Tle	C056	οF	tle	high	- qual	ity in	gredients
inguedients meaning their total coses will	inguadients meaning their total coses will	would	be	hi	gler	Hen	using	lower	quality
				meaning	<u>tle</u>	ÀV	to tal	Coses	Will

Score: 1 Mark.

Q06c

Many candidates were able to provide reasons why business growth may lead to a drawback or limitation. For example, referring to increased fixed costs, diseconomies of scale or issues with communication and cash flow. However, fewer candidates were able to achieve full marks by contrasting the concept of internal growth with external growth.

Example 1:



The candidate has identified at least one limitation of internal growth in comparison to external growth. There is no context.

Score: 3 marks.

Example 1:

		oany has expanded to the Snowdonia (-	_	(4)
The	draw b	acus to r	the Show	sonia chee	æ
compon	y op	Internal	9cout	n is that	H
00 119	m/m,	ronger to	malk	decissions.	
		9			
	hhh		***************************************		

				>>	

				788877711111177788888887771111117777888887771111	

Turn over ►

The candidate offers a simple reason without development 'take longer to make decisions'.

Score: 1 Mark.

Q06d

Almost 30% of candidates scored 0 on this question as they failed to understand the mechanism of a tariff and how it would affect SCC. Although most candidates were able to explain that the tariff would be a bad thing for SCC as they trade with other nations, sufficient understanding of the concept limited their responses to Level 1 or level 2.

	ose restrictions when trading with other countries. It on the Snowdonia Cheese Company of a tariff on its cheese.	. (8)
NO WOURD NO	Impact of a tank tank on	4-7
	- company's cheese is that it wil	
	ne to expurt and 4 to other ca	
and this will	MC lase their costs and mag lea	NA
me purmerse	1 MILMIT!	
VVJ. I. W.J.	Luly voll	
		111111111111111111111111111111111111111
		130000000000000000000000000000000000000
		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

		»»»»»«««««««««««««««««««««««««««««««««

A simple response and an example of a candidate who has stated that a tariff will increase costs for SCC.

Score: 0 Marks

Some countries impose restrictions when trading with other countries. *(d) Assess the impact on the Snowdonia Cheese Company of a tariff on its cheese. (8) built is a tose placed on an imported product This cause the price of SCC's orchease in the country eg. USA that it was However, Snowdona Chesse Company mainly sell cheese within the UK so as their be unaffected by tariffs overses likely to be little affect to them. It could a positive impact on the businesses as a if the large we expanded to its competitors as well, there huge affect on the company. In firsty, eases. Secondly, torops are unlikely to selling company's product compepshitors will likely be affected by private

20

A good answer. The candidate clearly understands how a tariff on cheese would affect SCC as an exporter. The candidate has shown balance by suggesting that the impact of the tariff may not be as significant because the majority of their sales are currently in the UK. Other candidates also went on to explain that the premium nature of the cheese may make the price insensitive therefore sales of cheese abroad may not be affected severely

Score: 7 Marks.

<u>Q07</u>

Most candidates understood the term 'differentiated' but the modal score was 1, with many candidates simply using 'make something different' without further development.

SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.



Mercedes-Benz

Mercedes-Benz, the German car manufacturer, has set a new goal to launch four new electric-powered models by 2020. Each of the four models will fit in with other Mercedes-Benz models, but will also have distinct design features to ensure they are clearly differentiated from any of the other electric-powered cars on the market. The electric vehicle market continues to grow with rival car manufacturers such as Tesla and BMW already selling popular models.

The company's decision to speed up the development of its electric-powered cars is partly due to the German government's new policy of offering subsidies to customers who buy an electric-powered car priced less than €60 000. *Mercedes-Benz* has already made significant investment in its electric-powered vehicles range, most notably a €500 million expansion of its existing car battery production facilities in Germany.

(Source: adapted from http://www.topspeed.com/cars/car-news/mercedes-benz-plans-to-release-four-electric-vehicles-by-2020-ar173347.html)

/	what is meant by the term differentiated?
	The term means when a pead good service
	is all compared to any of other
	businessess on the market.
	(Total for Question 7 = 2 marks)
	(Total for Question 7 = 2 marks)

22



An example of an imperfect definition..

Score: 1 Mark.

SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.



Mercedes-Benz

Mercedes-Benz, the German car manufacturer, has set a new goal to launch four new electric-powered models by 2020. Each of the four models will fit in with other Mercedes-Benz models, but will also have distinct design features to ensure they are clearly differentiated from any of the other electric-powered cars on the market. The electric vehicle market continues to grow with rival car manufacturers such as Tesla and BMW already selling popular models.

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(Source: adapted from http://www.topspeed.com/cars/car-news/mercedes-benz-plans-to-release-four-electric-vehicles-by-2020-ar173347.html)

7 What is meant by the term differentiated?

differentiated is the clear change or
difference from oner products in to
manes that are recognisable, often
Specialist. Such as Fester any
producing creame cas the Bugari
creating the fostest can a no word,
differented from noman (Total for Question 7 = 2 marks)

22



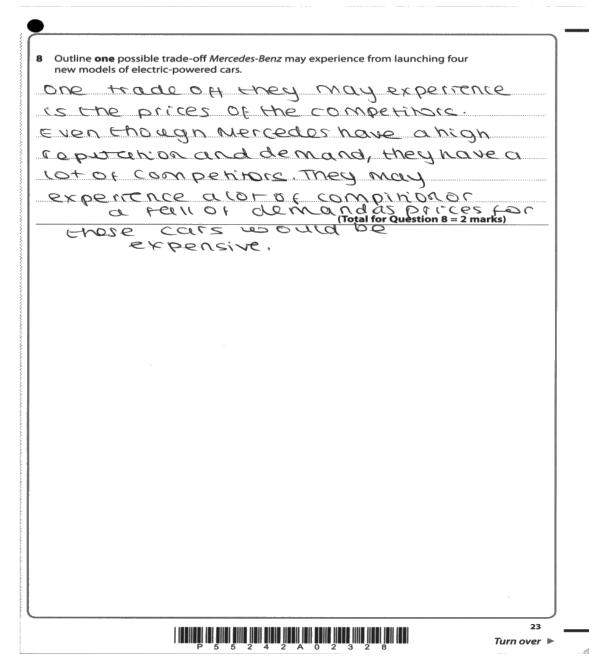
A clear and detailed definition.

Score: 2 Marks.

Q08

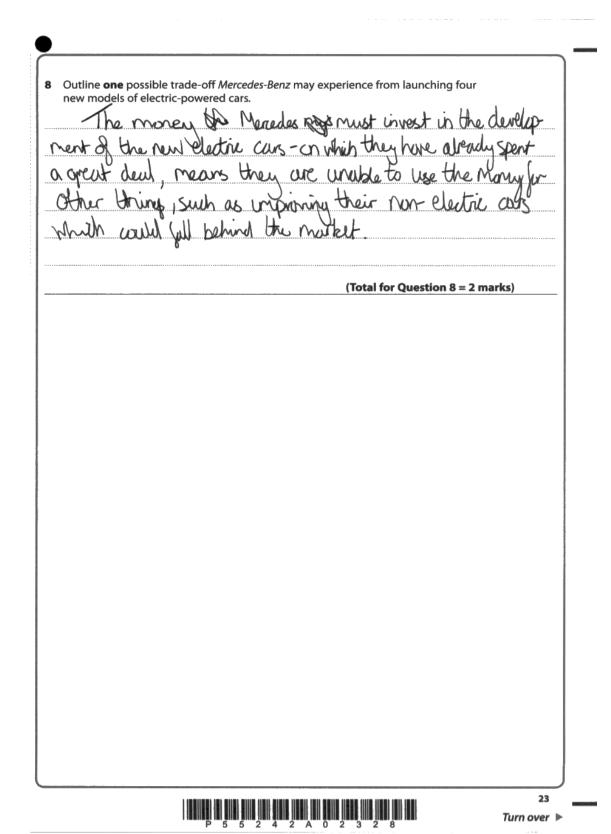
As on other series, many candidates understood the concept of 'trade-off'. As with other outline questions, the second mark required some development in context. 28% of candidates were able to do this by applying their answer to Mercedes.

Example 1:



In this example the candidate has not understood the concept of a tradeoff and instead has given an example of a disadvantage of investing in four new electric car models.

Score: 0 Marks.



The candidate has shown an understanding of trade-off and applied the concept to Mercedes by linking it to other models e.g. petrol/diesel cars.

Score: 2 Marks.

Q09

To achieve full marks on this question, candidates were required to develop two reasons why the investment in capital stock by Mercedes would benefit the German economy and give a limiting factor (such as a negative externality) to provide balance. For the sixth mark, candidates were required to answer in context and provide a simple evaluation. Only 8% of candidates achieved level 3 (5 or 6 marks).

1.1	r battery production facility.
	f the company invest that much in a
	ar bottony production facility it him make it
	much more capable of making bey migh
	volity car batterijes which can make a very
r	righ profit for mo cedes - venz *
1	nuesting in this facility will also increase
€	employment meaning more individual will have
	wigh income which can be spent in the
	economy when therefore will increase the
	GDP of the country and also & improve th
	standard of thing in the country.
K.	this will cause an increase in the countries
	GDP and economic growth.
	,



Score: 4 Marks.

	Discuss the likely impacts on the German economy of <i>Mercedes-Benz</i> investing in its car battery production facility.
	the likely impacts on the German economy
	Of Mercedes Benz Investing In 1ts ar
	battery production facility, would increase
	Le server Check the for the server
	the economic growth in germany
	Germany and Create More employment
	Opportunities for the German People
	and could also reduce the risk of
	Job losses from existing departments
	and moving, reople into battery production,
	Mercedes-Benz can also hire Specialists
	in battery production.

_	(Total for Question 9 = 6 marks)

Many candidates explored the reasoning that the investment by Mercedes

will lead to job opportunities and economic growth. This answer gives a point with some simple development. Level 1 - 2 marks.

Score: 2 Marks.

Q10

The final question on the paper required candidates to explore the impact on Mercedes of a subsidy on electric-powered cars by the German government. Most candidates were able to explain that a subsidy would lead to increased demand for electric-powered cars and therefore increased sales. Candidates were required to develop two reasons and demonstrate balance through a limiting factor. To achieve level 3, candidates had to answer in context and provide a justified conclusion. The top marks were awarded to candidates who were able to use the context and perhaps discuss how the extent of the benefits may depend on a number of factors. The majority of candidates scored between 4-6 marks.

*10 Using your knowledge of business and economics, assess the likely impact on Mercedes-Benz of the German government giving a subsidy to buyers of new electric-powered cars.
(10)
The government providing subsidies for could buyers of new electric-powered cars, benefits Mercedes-Benz in a posotive way. This mercedes-Benz electrical cars is because people may find, there are a a more affordable option in Germany too to ordinary
fossil fuel powered cars. This is because
the government will be providing an
amount of the car due to the car
being enviormentally friendly.
Less people will also house
hesitate to buy the new Mercedes
cars as not only is it environmentally
friendly, it would also be more
affordable. The Subsidy adds on to
the attractioness of the top now
enviormentally friendly car.

The candidate has given a fairly detailed response, but has only given one reason as to how the subsidy can benefit Mercedes. The reason is developed but there is some repetition. The answer is a level 1 response and scored 3 marks.

Turn over ▶

Score: 4 Marks.