



Examiners' Report June 2022

GCSE Business 1BS0 01

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Introduction

This was the fourth sitting of the new GCSE in Business, but essentially the second meaningful one after 2019, due to the Covid-19 pandemic. Again, entries rose compared to 2019 with approximately 55,000 students sitting this examination. This report gives feedback on Paper 1 (1BS0_01) 'Investigating small business'. It should be used by centres as a document to enhance both teacher and student understanding of the core skills that are under test in each type of question.

The aim of this report is to provide help and guidance to teachers and students on the approach to take when answering each style of question within the examination. Each question will have worked exemplars which will highlight common mistakes and provide examples of high-scoring performance. Where appropriate 'Examiner Tips' are given to show candidates how performance can be improved.

A common issue with this paper is that candidates run out of time and fail to finish the paper. This could be attributed to poor examination technique by over-answering 2 mark and 3 mark questions by including more linked strands than is necessary to score full marks. Another common issue with candidate performance is poor business knowledge. This report will highlight technique and structures expected for each style of question, but without the ability to recall the required business knowledge candidates will struggle to answer the questions.

There will be two significant changes to the examination next year: 1. The source material for sections B and C will be in a separate booklet, requiring no flicking backwards and forwards by the candidate to access the source material: 2. The amount of time candidates will have to complete the examination will rise to 1 hour 45 minutes. These changes have been the result of extensive teacher feedback and were really pushed for by the team here at Edexcel. I sincerely hope that all centres will find this a very useful development.

Question 1 (c)

This question was, on the whole, very well answered and proved to be an accessible introduction to the paper. Most candidates could identify a risk for an entrepreneur, although some wrote 'back to front' answers by identifying the actual risk at the end of the answer. This is fine, but can often be part of a muddled answer which can be sometimes difficult to assess. Common answers included variations on the themes of 'business failure' and 'financial loss'. Candidates who had been clearly taught the specification bullet points tended to score full marks. Other issues with this question tended to be linked to repetition of the risk, with the same risk being included in the answer with slightly different wording.

(c) Explain **one** risk for an entrepreneur when starting a new business.

(3)
ONE risk for an entrepreneur
when starting a business is loss of
money. This shows that you should
be careful before investing into a business.
As a result you can avoid losing
your money.



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Examiner Comments

This answer shows an example of repetition. A suitable risk is identified - 'loss of money', but the candidate then develops the answer by saying the same thing again. Therefore, only scoring one mark.



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Examiner Tip

Avoid repetition in answers. In an 'explain' question look to answer the question in the first sentence and then provide two developed strands of explanation. Do not repeat the first sentence using slightly different wording.

(c) Explain **one** risk for an entrepreneur when starting a new business.

(3)

One risk for an entrepreneur when starting a new business is business failure. This is because a new business might not get the attention it needs which leads to low or no sales and therefore the business is making no profit in order for it to survive.



See below.



This candidate has demonstrated excellent technique and not over-elaborated the answer when it is not needed. A suitable risk is given in the first sentence - 'business failure', and then two simple points of development have been made to explain why this risk could occur. A simple and short answer that is streamlined and efficient. All of the allocated space is not needed in order to achieve all three marks.

Question 1 (d)

This was a slightly different type of 'explain' question in that the candidate was asked to explain one way to add value rather than one benefit or advantage. Most candidates were more comfortable when explaining 'advantages' or 'disadvantages', but struggled when it came to explaining 'ways' or 'methods'. Lots of answers focused on why a business does this, rather than how they do this. Therefore, most answers tended not to go past two marks on this question. The majority of candidates were able to identify how added value could be created, with common answers including USP, quality, branding and product features. However, many candidates failed to consider how a small business would do this, or how this leads to the financial concept of adding value to a product which is what a question on added value requires candidates to consider.

(d) Explain **one** way a small business could add value to a product.

(3)

One way a business could add value to their product is through Unique Selling Point (USP) as it will ~~give~~ differentiate them from competitors. Ultimately making the product more attractive to consumers



ResultsPlus
Examiner Comments

This type of answer was common with this question. The way to add value is identified – 'unique selling point', and one point of explanation as to how this adds value is then provided by saying 'it will differentiate them from competitors'. However there is no attempt to explain how this leads to value being added financially. Two marks awarded.



ResultsPlus
Examiner Tip

Look out for 'explain' questions that require explanations of 'ways' or 'methods'. These require candidates to focus on 'how' something can be done in a business rather than 'why'.

✕ (d) Explain **one** way a small business could add value to a product.

(3)

one way they could add value is through having a unique selling point. This allows them to differentiate from competitors and therefore attract more customers. This would lead to higher sales and profits as customers would be willing to pay more for products that offer something new.



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Examiner Comments

The start of this answer is almost identical to the first example provided, but it then gives a further point of how value gets added. The USP means that customers are 'willing to pay more', which is where the extra value is added to the product. This additional point moves an answer such as this from two marks up to three.

Question 2 (c)

Question 2c was the first 'calculate' question on the paper. In 'calculate' questions no marks are given for the formula, since the question tests AO2 (Application). If the correct answer is seen on the answer line, the candidate is automatically awarded 2 marks. Thus, most candidates scored either 0 or 2 marks.

This question required a relatively simple subtraction using the provided figures to calculate the margin of safety for a small business. However, as many candidates did not understand what margin of safety is, a large proportion scored 0 marks for this question

(c) Using the information in Table 1, calculate the margin of safety. You are advised to show your workings.

(2)

$$2,700 - 1,500 = 1,200$$

1,200 units



This candidate understands the term 'margin of safety' and can therefore select the correct figures. This leads to a simple calculation and 2 marks.

(c) Using the information in Table 1, calculate the margin of safety. You are advised to show your workings.

(2)

$$\frac{1500}{20-6} = 107.142857 : 108$$

108

units



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Examiner Comments

This was indicative of many answers seen where candidates did not understand what was meant by the term 'margin of safety'. There were lots of incorrect answers where random numbers were used in random calculations and 0 marks were awarded.



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Examiner Tip

If the answer is correct on the answer line, the examiner will automatically give 2 marks. The workings are only ever looked at if the answer on the answer line is incorrect. Thus, very few students ever get 1 mark. This only happens when the workings are right, but the answer on the answer line is wrong.

Question 2 (d)

This question was not answered quite so well as other 'explain' questions. It was evident that many candidates had little specific understanding of what an overdraft is. Too many answers were generic. Candidates who scored well were able to identify that high interest rates and short time frames were disadvantages of using an overdraft, and that this would have subsequent effects on costs and cash flow.

(d) Explain **one** disadvantage to a small business of using an overdraft as a source of business finance.

(3)

using an overdraft
could put the business
at risk as the business
may not be able to
pay the money back



This was a typical response for many candidates and included no specific disadvantage of using an overdraft. This could be applied to any form of borrowing.

Answers where no specific knowledge was shown scored 0 marks.

(d) Explain **one** disadvantage to a small business of using an overdraft as a source of business finance.

(3)

one disadvantage is that the interest rates are very high. This means that their costs will increase and so they may have to higher break even level of output. Therefore they may have to charge higher prices in order to cover their costs which would cause customers to be dissatisfied.



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Examiner Comments

This is a much better response in that a specific disadvantage of using an overdraft is identified – 'interest rates are high'. This is supported with linked strands of development. Note that the candidate actually includes more than the required two strands, and whilst correct, may cause problems with time later in the paper.

Three marks were awarded.



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Examiner Tip

Try to include specific knowledge in answers, and avoid generic responses. Consider if the answer provided could equally be applied to other possible answers. If the answer to this is yes, then try to be more specific.

Question 2 (e)

This was generally well answered. Most candidates were able to show sound understanding of unemployment. Answers tended to have 3 specific themes – a wider pool of potential employees, or some impact on a reduction in wages due to many workers being available for hire, or a reduction in disposable income of the population affecting demand for a business. Where these were identified, candidates tended to go on and score three marks. A small number of responses got the perspective of unemployment incorrect, and thought the question meant that a business would lose its own workers, with development about losing productivity.

(e) Explain **one** impact on a small business of an increase in unemployment.

(3)

An increase in unemployment would mean that not as many people have jobs therefore, they ~~to~~ may not have as much income and money to spend on businesses' services and products.

This may lead to less sales for the business and less cash in flows which may mean the business has less money to spend on growth.



This response showed good understanding together with valid development points. Note that the question requires an explanation of an impact, which means positives and negatives could be considered. This candidate explained a negative impact linked to less spending power of consumers. Many other candidates considered positive impacts linked to lower wages and wider choice in recruitment. Both were acceptable.

Three marks were awarded.

(e) Explain **one** impact on a small business of an increase in unemployment.

(3)

One impact on a small business of an increase in unemployment would be that there would be less people which means certain workers might have to be working a lot longer than usual and that maybe the morale in your workers will decrease.



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Examiner Comments

This type of response was seen quite frequently, where the candidate has misunderstood the concept of unemployment. No marks were awarded for this type of answer.

Question 3 (b)

This was another 'calculate' question. Again, the same principles apply. If the correct answer is seen on the answer line, the candidate automatically receives 2 marks. The only way 1 mark can be generated is if the candidate does not give the correct answer on the answer line, but provides the correct workings. There are no marks for providing the formulae. Note, this question tested generic quantitative skills as laid out on page 31 of the specification.

(b) Using the information in Figure 1, calculate the total net cash-flow from May to August. You are advised to show your workings.

(2)

$$\begin{aligned} & \text{(3000 + 5000 + 6000 + 5000)} - (4000 + 3000 + 3000 + 4000) \\ & = 5000 \end{aligned}$$

£ 5000



ResultsPlus
Examiner Comments

A well laid-out answer with well-presented workings. Correct answer provided and two marks awarded.

Note that two marks would have been awarded if correct answer given but no workings included.

(b) Using the information in Figure 1, calculate the total net cash-flow from May to August. You are advised to show your workings.

(2)

$$3000 - 4000 = -1000$$

£ - 1000



Incorrect answer given, so the workings are now checked to see if they are correct. This would be the only way in which one mark could be awarded. In this case, the workings are not correct so no credit can be given.

0 marks were awarded.

Question 3 (c)

Another example where the candidate is asked to explain the 'way' something could be achieved in a business. In this instance, candidates needed to explain a way that a business could reduce its variable costs. Most candidates fail to focus fully on explaining how this could be done and let answers drift into providing benefits of having reduced costs. Another issue was that some candidates did not identify specific variable costs as the question required. Answers that focused on fixed costs, or costs in general, scored zero marks.

(c) Explain **one** way a small business could reduce its variable costs.

(3)

a small business could reduce variable costs by using locally sourced materials. Instead of getting materials shipped in from all over the place and paying a large amount of money if a business uses locally sourced materials they can pay less for transport and less overall.



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Examiner Comments

This is a nicely structured answer, but it is fully focused on how variable costs could be reduced. The way is to use locally sourced materials (taken as raw materials). The candidate then makes two points as to how this leads to a reduction in variable costs – the materials are not shipped from 'all over the place' which leads to paying 'less for transport'.

Three marks were awarded.



ResultsPlus
Examiner Tip

Practice different types of 'explain' question when preparing for the exam. Note that there are subtle differences in some of these questions and not all of them are looking for benefits and drawbacks. Falling into the 'this will increase revenue/profit' trap will not work on all questions.

(c) Explain **one** way a small business could reduce its variable costs.

(3)

They could change packaging and turn it from plastic packages for example to cardboard, this will make sure they will save as much money as possible by reducing variable cost



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Examiner Comments

This response illustrates the common problem that has been highlighted in the feedback to this question. The answer starts off well and gives a suitable way - 'change packaging'. There is then a suitable development point of how this could be done - 'from plastic to cardboard'. However, there is not a final development point of how this leads to reduced variable costs. The candidate simply repeats the question.

Two marks were awarded which is common in this type of question.

Question 3 (d)

Many responses were able to identify an advantage. Common answers included potential improvements in morale and motivation, job security, improved reputation for recruitment, and a small number of well-developed answers based on health and safety and minimum wage legislation. Weaker answers were able to identify a benefit, but then developed by considering how this would affect customers, missing out the connective link of the effect on staff first.

(d) Explain **one** advantage to a small business of meeting all employment legislation.

(3)

An advantage will be the business meeting customer satisfaction which could lead more customers being attracted to the business. ~~As~~ This will result in an increase in sales



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Examiner Comments

This is a weak answer that does not focus on the effect of employment legislation. It is too much of a jump to think that customers will be attracted to a business because they follow employment legislation. There has to be some link as to what effect this would have on employees first.

Zero marks were awarded.

(d) Explain **one** advantage to a small business of meeting all employment legislation.

(3)

one advantage is that employees would feel safe and happy in their workplace because they know they are protected. This leads to employees being more productive. Therefore this leads to the products having a higher quality as ~~workers~~ employees are more encouraged to work at a high standard.



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Examiner Comments

A much better answer that focuses on the impact on employees and why 'safe and happy' employees would benefit the business. This answers the question rather than making unsubstantiated links.

Three marks were awarded.

Question 3 (e)

This question tests 'AO1b' or 'Understanding' and 'AO3a' or 'Analysis'. Examiners are instructed to make a level judgement separately on each 'AO' or 'Assessment Objective' and then take a 'line of best fit' to arrive at the final level and mark.

Many students were able to specifically identify conflict, or the potential outcome of conflict, and develop their thinking into at least Level 2 via linked strands of development. Common conflicts included workers' need for higher wages against owners' desire for higher profits or changes in workers' practices (hours/job role). Development often discussed the effect on workers' morale on productivity, staff turnover and some responses based around industrial action. Sometimes candidates offered the same development for both identified conflicts. However the majority of candidates failed to discuss the importance of conflict on profits which impacted on the level awarded for 'AO1b – understanding'.

(e) Discuss how possible conflicts between owners and employees could affect the profit of a small business.

(6)

One possible effect is that more mis-communication occurs between the store owner and the store so customers may not know what they have to do properly. This means that customer service will reduce. As a result, customers will leave to the businesses competitors, therefore less sales will be made, so revenue and profits will decrease.

Furthermore, another effect is that staff may ~~leave the business~~ have less motivation to work. This means that staff may become less hard working so productivity decreases. As a result, less products may not be made, therefore, leading to less sales, revenue to be made, causing profits to decrease.



When making assessment judgements for this question, examiners will look to make two decisions – how well the candidate has understood the question and how much analysis has taken place. This candidate clearly shows excellent understanding of what conflicts could occur between owners and employees and then what effect this would have on profits, which was the part many candidates struggled with. The answer is supported by 5 or more development points. Therefore both assessment decisions could be placed at level 3 and six marks could be awarded.



To reach Level 3 in AO3a (Analysis), you require five logically linked strands spread out across either one or two points. Most students find it easier to develop two points, hence they often provide two paragraphs. They normally develop three linked strands off the first point and two linked strands off the second point. This is, perhaps, easier compared to trying to develop five linked strands off one, solitary point.

(e) Discuss how possible conflicts between owners and employees could affect the profit of a small business.

(6)

This could affect the business by not growing any further. If having conflicts with employees they probably don't wanna work with you which will lead to a faller in survival. If employees are quitting their jobs then you are on your own. They'll likely work for your competitors or go to jobs that will get them paid higher.



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Examiner Comments

The same assessment decisions applied to this response resulted in a different judgement. There is some limited understanding of conflict between owner and employee but nothing linked to how this would affect profit. This was placed in Level 1 for AO1b. There is also a lack of development points. The outcome of the conflict is identified as that the employees 'don't wanna work with you' but analysis would be shown through how many development points were made about this point or impact. Only one (weak) point has been made, which is that 'they'll likely work for your competitor'. This means that AO3a can only be placed in Level 1.

Level 1 response overall and two marks awarded.

Question 4 (a)

In Section B, all of the questions now require 'Application' or 'AO2'. The contextual information that forms the basis of this application is to be found in the case study at the start of Section B. Application requires the candidate to make specific reference to the information in the case study within an answer. This can be through the use of words or phrases that ensure an answer is applied to the business in the case study.

'Outline' questions are marked as follows – they require a point – in this case a factor that influences the business location, to score 1 mark. To score 2 marks, there has to be development of the factor and the existence of application somewhere within the response. A significant number of answers failed to include this application and gave generic factors that could affect any business location. This restricted such answers to one mark.

4 (a) Outline **one** factor that may influence the location of a *Little Movers* franchise. (2)

location of
One factor would be the franchise competitors
as the little movers franchise will most likely be
in an area with no competitors in order to
gain competitive advantage and customer
s in that target market.



This example illustrates the point made about the importance of application. The candidate clearly understands the question and gives a suitable location factor linked to the amount of competition. However, there is no application to the Little Movers business in the case study and therefore scores one mark.



Including the name of the business in the answer is not classed as application.

4 (a) Outline **one** factor that may influence the location of a *Little Movers* franchise.

(2)

Target market population. This is because it would need to be in an area with enough children to want to ~~run~~ apply to be in these classes.



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Examiner Comments

A similar level of understanding is shown in this answer and a suitable factor (target market) is identified. However, this answer is elevated to two marks because the candidate has included an applied reference to the business in the development point through using the terms 'children' and 'classes'.



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Examiner Tip

Remember that three things are needed to score two marks:

- a correct factor or answer
- a suitable development point
- application/context.

If any are missing then it is only possible to score one mark at most.

Question 4 (b)

The 'Analyse' question tests two 'Assessment Objectives' or 'AOs', namely 'AO2' or 'Application' and 'AO3a' or 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer. Examiners will make a separate judgement on 'AO2' looking for a range of different examples of context, spread throughout the response to reach level 3. Equally, examiners are also looking for 5 linked, accurate, strands of development emanating from the 1 or 2 points (which in this case are impacts). If they see this, then a level 3 judgement will also be made for this Assessment Objective as well.

To reach their final mark, examiners will take a 'line of best fit' across the two 'AO' levels that have been adjudged by the examiner. Note that a generic answer that has no context/application cannot score above 3 marks.

The majority of candidates were able to analyse some impacts of being a franchisee, although a small number confused these with impacts on the franchisor. Common impacts included established brand, training and support provided. Some candidates also considered the question from a negative perspective citing lack of freedom or financial costs as factors. As the question asked for an analysis of 'factors', then this is perfectly fine.

(b) Analyse the impact on an entrepreneur of being a *Little Movers* franchisee.

(6)

The entrepreneur will have a prebuilt brand image and recognition as hundreds of families were attending classes within few weeks of opening. This leads to ~~an increased chance of sustainability within the market~~ easier sales against sole traders and partnership competitors which gives the entrepreneur a competitive edge therefore having an increased chance of sustainability.

Franchisees also receive lesson plans each month for the classes leading to less expenses for the entrepreneur as training is supplied by the franchise therefore the entrepreneur does not have to do market research for the business as they will only need to follow the franchises instructions.



There are many things to like about this answer. The candidate analyses two different impacts. Whilst it is still possible to score full marks from analysing one impact, candidates often find it easier to include the correct level of development if they focus on two. Note – any more than two will not be accepted (the examiner will assess the best two). Relevant factors affecting the franchisee are selected and there are 5 or more development points of analysis, allowing the answer to be judged at Level 3.

The decision linked to application was a little trickier. The answer is in context through reference to 'hundreds of families' and 'lesson plans' (both of which are mentioned in the case study). However, this was judged not to be enough for Level 3 and placed in Level 2.

Five marks were awarded.



To score Level 3 on 'Application' or 'AO2' there must be a wide variety of different application/contextualised words used and they must be spread out across the response.

(b) Analyse the impact on an entrepreneur of being a *Little Movers* franchisee.

(6)

The impact is there will be a lot of risk to partake but also a lot of rewards as the owner's goal is to enjoy school holidays with their own children. As an entrepreneur Little Movers started small in local areas as to achieve their objective now they have expanded all the way to Poland and Dubai. This means more sales will be coming in and per franchisee company attracts a lot of customers from different areas of the world. A reward would be that within weeks of opening hundreds of families came. This means that the business was successful and effective in the long run.

A negative impact would be that the income could some point run out. This can lead to suppliers not delivering and customers shopping at a different place.



In an exam situation candidates find themselves in time pressured situations. Many waste time in Section A and write too much in their answers. As a result they start to rush and not fully focus on what the question asks them to do. This is an example of that, where the candidate appears to have skim read the question and not realised it is asking for impacts affecting the franchisee.

This answer focuses on the franchisor and therefore could not be accepted. It scored 0 marks.

Question 5 (a)

10% of the marks for each paper must come from quantitative skills, yet it is an area that many students struggle with. These questions are often quite straightforward and do not require a high level of mathematical skill. The issue stems from the questions being written in a business context and thus causing problems with candidate understanding.

This is a good example of this. If candidates were presented with two numbers and asked to work out the percentage of one number compared to the other, then many would have no issue. However, in the context of using words such as 'interest' and 'loans', then more struggle. This must be a regular feature in preparing candidates for the exam, as poor performance in the 'calculate' question will have an overall effect on the grade achieved.

- (a) Using the information in Table 2, calculate the interest on the loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

10

111 %



See below.



In this response there is no understanding of what to do and no workings to try and calculate a percentage.

Zero marks awarded.

(a) Using the information in Table 2, calculate the interest on the loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

$$\frac{11,100 - 10,000}{10,000} \times 100 = 11\%$$

11

%



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Examiner Comments

Clear understanding in this response. The correct figures are used to calculate the interest percentage.

Two marks awarded.

Question 5 (b)

This was a trickier 'Calculate' question since the answer had to be given to 2 decimal places. If the answer was correct but not given to 2 decimal places a mark of 1 was awarded.

(b) Using the information in Table 2, calculate, to 2 decimal places, the monthly repayments for the loan. You are advised to show your workings.

(2)

$$\begin{array}{r} 11,100 \\ \div 3 = 3700 \end{array}$$

$$3700 \div 308 = 3333$$

£308.33



Correct answer given to 2 decimal places.

Two marks awarded.

(b) Using the information in Table 2, calculate, to 2 decimal places, the monthly repayments for the loan. You are advised to show your workings.

(2)

$$3 \text{ Years} = 36 \text{ months}$$
$$11100 \div 36 = \underline{\underline{\pounds 308.30}}$$



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Examiner Comments

Correct answer, but this time the candidate has not given the answer to two decimal places and is therefore only awarded one mark.



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Examiner Tip

Read the question carefully. If it requires the answer to be 2 decimal places, then do not lose a mark by not following this instruction.

Question 5 (c)

This was the second 'Analyse' question in the paper and assessed in the same way as Q4b.

Most candidates were able to offer at least one impact of having a strong brand with common impacts including reputation, awareness, trust, and an ability to charge higher prices. The level of development in this answer was generally good but the level of application was not as good as in Q4b. Only a small minority of candidates accessed Level 3 for AO2.

(c) Analyse the impact on *Little Movers* of having a strong brand.

(6)

Having a strong brand means customers already know the business is of good service and quality. Also meaning there would be no struggle getting new customers or when releasing something new as a good reputation has been set for all products and services produced. This means sales, revenue and profit is likely to go up as everyone would want to try the/a new product if it were to come out due to a trusted brand name.



This example illustrates the impact of poor application in an answer. The answer shows a good understanding of branding and includes some good development of the benefits of a strong brand. However, the answer is generic and could be applied to any business. There is no application anywhere in the answer. The question asks for the impact on 'Little Movers', but this answer only talks about the generic impact of a strong brand.

Three marks were awarded.

(c) Analyse the impact on *Little Movers* of having a strong brand.

(6)

If 'little movers' have a strong brand image, customers will recognise the name. When they franchise, families will recognise the brand in their local childrens centres and this would mean they are attracted to the brand and may send their child to a movement class. This would gain Melanie's business more customers and higher sales.

If little movers ~~at~~ have a strong brand, ~~and~~ this means when people talk and advise people to go to Melanie's movement classes or birthday parties, new customers can easily find the brand and are also aware of the high quality parties and classes Melanie produces. This increases sales and therefore profit ~~allowing~~ giving Melanie more money to franchise.



Although written in a more structured way, this answer does not contain much more analysis than the first example. However, there is a much higher level of application in this answer. References to 'families', 'children centres', 'child', 'movement class', 'Melanie' and 'birthday party' are all examples of application. This is more than enough to place this answer in Level 3 for application and elevate to full marks.



Do not neglect Application. Writing an answer in context is vitally important in Sections B and C. Candidates will lose a lot of marks if they do not understand how to apply their answers. The case study is included to help candidates do this.

Question 6 (a)

Question 6a is worth one mark, this is because the question assesses AO2 'Application', and therefore needs to be written in context before a mark can be awarded. Therefore, for this question simply stating a non-financial aim is not enough. It has to be a non-financial aim that is specific to Melanie, who started Little Movers.

- 6 (a) State **one** non-financial aim that Melanie may have had when starting Little Movers.

(1)

~~Personal satisfaction~~ Personal Satisfaction



ResultsPlus
Examiner Comments

This example illustrates the point. 'Personal Satisfaction' is a non-financial aim but it cannot be awarded a mark because it is not in context. To gain the mark it must be applied to Melanie. Adding 'in starting the dance business' to the answer would be enough to do this.

Many candidates did not do this and lost a mark.

Question 6 (b)

This question is the second 'Outline' question on the paper. Candidates needed to identify a 'benefit' and provide one strand of development. Candidates also needed to provide some evidence of 'Application' or 'AO2' to score the two marks on offer. Most candidates only gave a benefit and some development and the lack of any application resulted in only 1 mark being awarded.

Many candidates answered the question from the perspective of the customer and said that an online booking system made it more convenient for them. This is not a benefit to the business, so unless this type of answer was developed to say how it benefitted the business then zero marks were awarded.

(b) Outline **one** benefit to *Little Movers* of having an online booking system.

(2)

One benefit to Little Movers of having an online booking system is that it is more convenient for the customer. Instead of being in store they can do it online which would save a lot of time.



This answer focuses on the benefit to the customer and therefore does not answer the question. There needs to be some development here as how this would lead to a benefit for Little Movers such as 'this would lead to more bookings for their dance classes'.

Zero marks were awarded.

(b) Outline **one** benefit to *Little Movers* of having an online booking system.

(2)

It would be much more easier for them because they will have to deal with less on the spot bookings, and they can have more staff moving from booking to helping the children with activities.



This answer focuses on how the online booking system helps the business. It achieves the three criteria to be awarded two marks:

- Benefit is given - 'deal with less on the spot bookings'
- Development point included - 'have more staff moving from booking to helping the children with activities'
- Context is included through reference to 'children with activities'.

Question 6 (c)

This was the first 'Justify' question on the paper and from the range of responses there seems to be some misconceptions as to how to approach the 'Justify' question. A significant number of students developed the benefits of both options within their answer. This approach does not naturally lead to any 'Evaluation' or 'AO3b', unless the candidate starts to contrast the importance of the two benefits. Candidates who followed this approach seldom included any contrasting comments. This therefore cannot be accepted as evaluative comment and therefore contribute to assessment of AO3b, 'Evaluation'. Using this method across all 4 of the 'Justify' questions on both papers could cost a candidate 12 marks across the entire qualification.

A better approach would be to pick one of the options, and consider the pros and cons of that option, and then come to a conclusion that adds extra evaluation, rather than a repeat of what has already been written elsewhere in the answer. If this is done with application throughout and there are 5 linked strands of development – then 9 marks should be accessible to the candidate.

Remember there is no requirement for candidates to consider both options as part of their response.

Responses to this question generally made weak judgements with candidates struggling to justify the choice they made. There was very little evidence of extended balance or evaluation and too many candidates analysed each option available without evaluating which was the best.

Little Movers is considering two options to carry out market research for possible new franchises in Poland:

Option 1: internet research to identify competitors in Poland

Option 2: conducting focus groups with parents living in Poland.

(c) Justify which **one** of these two options *Little Movers* should choose.

(9)

I think Little Movers should choose option 1, internet research to identify competitors in Poland. Secondary market research is much more cheap and and information can be obtained quicker. This means that Little Movers can locate the competitors and set up their franchise distant from other com, the other competitors in Poland. This would result in more Polish customers visiting their franchise, rather than travelling further to other competitors. Internet research can be used to see how much other competitors charge customers, and whether Little Movers should increase or decrease the prices. This would result in more affordable yet profit worthy prices for the franchise. Internet research can be used to see if competitors are doing well or bad, and if Little Movers can locate closer to them to steal their customers.



This example is typical of a candidate that has not been prepared properly and has no clear understanding of how to structure a response to a 'Justify' question. The candidate has made a clear choice but then goes on to give a one sided argument as to why this is the best choice. In order to justify the selection evaluation must be included. This would also consider the negatives of this choice and then weigh up the arguments to arrive at a supported conclusion

There is a little bit of application through the reference to 'Polish customers'. Therefore, without any evaluation and very little application, this response was awarded four marks.

Little Movers is considering two options to carry out market research for possible new franchises in Poland:

Option 1: internet research ^{secondary} to identify competitors in Poland

Option 2: conducting focus groups with parents living in Poland.

(c) Justify which **one** of these two options *Little Movers* should choose.

(9)

A benefit of option one is that it allows meiraine to get an overview idea. This means she can adjust the pricing of her ~~product~~ dance classes to help her compete. This ~~leads~~ leads to customers from poland being more willing to pay her pricing than other companies like zoo-manuia. Resulting in more profits earned.

However a drawback of option one is that its an overview view. ~~Meir~~ meaning meiraine may have to carry out more research for individual opinions ~~of~~ on her themed birthday parties. leading to her not being able to reach ^{enough sales} ~~full potential~~ on her activities like movement classes. resulting in fewer sales.

despite the drawback i still think

option one is better for melaine as it allows her to find a gap in the market helping her to gain competitive advantage on her childrens activity business.

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS



This answer has a similar level of detail and would have taken the candidate a similar amount of time. However, because the candidate has a clearer understanding of how to structure their answer, they make much better use of time and score a much higher mark.

Key things to point out are that the candidate makes a choice and explores one option. There is one paragraph which analyses why this is the best choice and then a second paragraph analysing potential drawbacks. A conclusion is then used to give reasons for the final choice.

Good context has been included through references to 'Melanie', 'dance classes', 'customers from Poland and 'birthday parties'.

Eight marks were awarded for this response. A stronger conclusion would have allowed full marks to be awarded.



Make sure to understand the structures required when answering questions. This is vital in levelled questions such as Q6c.

Question 7 (a)

The second 'State' question of Paper 1, which is assessed in the same way as Q6a. Therefore, the requirement to include some form of context in the answer is needed before a mark can be awarded. This proved to be a little easier than Q6a, because there are a number of examples in the case study of what services the business offered its clients such as 'training on how to use social media'. These could be written straight into the answer and be awarded a mark because they were already in context.

7 (a) State **one** source of revenue for *Digital Allies*.

(1)

businesses
People paying for training on how to use social media and digital
communications to improve their marketing.



This example simply takes the information from the case study. As it is a source of revenue for Digital Allies, and it is in the case study, then a mark can be awarded.

7 (a) State **one** source of revenue for *Digital Allies*.

(1)

Selling shares



A significant number of answers provided a source of income or investment for the business that was not revenue based. This showed a lack of knowledge and awarded zero marks. 'Selling shares' is not a source of revenue.

Question 7 (b)

There was only one possible answer for Q7b, as this is an 'Identify' question which requires a candidate to extract the correct information from a chart or graph. As expected, most candidates gave the correct answer, but there are still some candidates that rush this question and select the wrong piece of information.

(b) Using the information in Figure 2, identify which social media platform was the second largest in the UK in 2019.

(1)

LinkedIn



ResultsPlus
Examiner Comments

Correct information selected. One mark awarded.

(b) Using the information in Figure 2, identify which social media platform was the second largest in the UK in 2019.

(1)

Instagram



ResultsPlus
Examiner Comments

Wrong information selected from the chart. Zero marks awarded.

Question 7 (c)

This is the final 'Outline' question on the paper.

The vast majority of responses were able to identify an impact of being a limited company. The most common answers used Limited Liability, and ability to control who buys shares as the impact. A small number of responses displayed a lack of knowledge for a standard part of the specification and confused Ltds with PLCs and unlimited/limited liability. Even the strongest answers with good development failed to score the AO2 mark due to no evidence of context.

- (c) Outline **one** impact on the owners of *Digital Allies* from being a private limited company.

(2)

~~One impact on the ow~~ Being a private ~~big~~ limited company means the tech company has limited liability. This means that if the online business were to go into ~~debt~~ the owners of Digital Allies would not be at risk of losing their personal assets ~~so~~ to pay it back.



A good answer. Impact identified, development point made, and context included through reference to 'tech company'.

(c) Outline **one** impact on the owners of *Digital Allies* from being a private limited company.

(2)

One impact on the owners from being a private limited company is that it has unlimited liability meaning the owner is fully responsible for all the debt of the business and its personal assets could be used to pay any debt.



ResultsPlus
Examiner Comments

Poor knowledge of limited companies demonstrated here. This inevitably leads to zero marks.

Question 7 (d)

This is the second of the two 'Justify' questions. This proved to be less accessible to candidates, largely because of the nature of the business in the case study. Centres need to be aware that a range of different businesses could be used, especially in Paper 1 which focuses on small businesses. Candidates tend to have less understanding of service based businesses and this is usually reflected by the poor use of context. When preparing for the exam it is important to use a range of different business scenarios in classroom activities.

The same problems as Question 6c persisted, with candidates tending to select a structure which limited their ability to generate sufficient Evaluation (AO3b) to reach Level 3 in this skill area. Again, choosing to consider the benefits of the chosen option and the benefits of the discarded option essentially turns the question into two separate analyse questions and does not naturally lead to Evaluation (AO3b). The only way Evaluation (AO3b) can be generated, using this approach, is if the candidate starts to contrast the relative scale or importance of the two benefits. Very few candidates who adopted this approach were able to demonstrate the ability to do this successfully.

The same problem exists for candidates who look at the drawbacks of their chosen option and of the discarded option. Again, it does not naturally lead to Evaluation (AO3b). Equally, the benefits of the chosen option and the drawbacks of the discarded option, essentially just provides more support for the chosen option. Again, this makes Evaluation (AO3b) much harder to achieve from a candidate's perspective.

There was an element of misunderstanding shown by some candidates in this question. Almost all students were able to identify a choice and reasons why this would be the most effective, but some candidates developed the impacts in relation to Digital Allies when the question asked them to measure the impact on the university. Candidates also struggled with AO2 'Application' in this question as they demonstrated little understanding of the services that Digital Allies could offer the university.

In order to help improve digital marketing for a local university, *Digital Allies* is considering two options:

Option 1: improve the design of the university website

Option 2: design a social media campaign to target new students.

(d) Justify which **one** of these two options *Digital Allies* should choose.

(9)

I think that *Digital Allies* should choose option 2, to design a social media campaign to target new students, this is because by creating a campaign on social media, the campaign will be seen by a wide audience of people who may be interested in going to the local university, this would lead to many students applying to the university because they have seen *Digital Allies* advertisement campaign which could therefore cause *Digital Allies* to become a more popular option for people wishing to promote their businesses online.

However a disadvantage of choosing option 2 is that the campaign may not reach the right target market, this is because if the campaign is posted on social media platforms such as Facebook which are mostly used by middle aged people who have ~~to~~ already been to university then this would lead to not many people who would want to go to university seeing the campaign and therefore not many people would apply for the university causing *Digital Allies* popularity to decrease.

In conclusion, option ~~1~~² would be the best option for *Digital Allies* to choose as it is a good way for a wide option of people

to see and be attracted to unlike it they they were to
choose option 1 where still not many people would see
the website for the University. However it does depend on
which social media platform the campaign is posted on to
whether it would be a success or not. But overall I believe
that option 2 is the best option for digital ~~advertising~~ Digital Advertising.



When assessing 'Justify' questions, three levelled judgements need to be made:

- the amount of application used in answering the question
- the level of analysis - remember 5 development points are needed
- the level of evaluation - how well has the candidate considered both sides of the argument and used this to arrive at a supported conclusion.

This is a well structured answer and its straight forward approach of making a choice, considering the reasons for, considering the reasons against and a conclusion, could be used as a model of good practice by centres.

Application is evident throughout by reference to 'students applying', 'advertisement campaign', 'platforms such as Facebook'. All of this is written in the context of students finding out more about the local university.

There are at least five development points made in the first two paragraphs.

There is also good evaluation through the consideration of both advantages and disadvantages of using social media to promote the university, and the conclusion adds value to the answer by making a key point that some young people do not engage with certain social media platforms as others.

This therefore was placed in Level 3 overall and given nine marks.

In order to help improve digital marketing for a local university, *Digital Allies* is considering two options:

Option 1: improve the design of the university website

Option 2: design a social media campaign to target new students.

(d) Justify which **one** of these two options *Digital Allies* should choose.

(9)

I think that *Digital Allies* should choose to improve the design of the university website. This is because the ~~aesthetics~~ aesthetics are extremely important. ~~to attracting~~ attracting new ~~students~~ students, who are more likely to choose based on first impressions, and if they have seen the website first and it's nothing special, they'll instantly rule it out. An impact of improving the website design is that it could cause the website to stand out, creating a better first impression and therefore attracting more ~~students~~ students to the university.

However, this option might not be fully effective. The ~~aesthetics~~ ^{aesthetics appeal} of the website is quite limited for what else it can do. It doesn't change how they're advertising their university, only how it looks. This could lead to ~~a~~ change in ^{new} students applying to only change slightly. This could lead to the time and money spent on the website being wasted.

In conclusion, this is the best option as the aesthetics can greatly impact first impressions. In the long run, ~~this~~ ^{this} would benefit the university as their website wouldn't deter anyone from attending, leading to a potential increase in

new ~~students~~ students applying to their ~~university~~ university.



Using the same criteria as above to make an assessment decision this example also performs well. There is a similar structure and it is well applied to the question and the university. The analysis is strong and a conclusion is included.

However, this question was given one less mark than the first example and given eight marks. The reason for this was the quality of the conclusion. The conclusion summarises earlier information and does not add anything of new value to the answer. This is required before full marks can be awarded. The 'it depends' rule can often be a good way of doing this. Adding something new into the conclusion that may be a factor that could be the key influence the justification of the chosen option.



Always make sure that the conclusion adds value to the answer. It should not simply repeat what has already been said earlier in the answer.

Question 7 (e)

This was a badly answered question. A sizeable minority of students failed to plan their time properly and as a result did not really start, only writing a few sentences or leaving the whole question blank. However, those that did write lengthy responses tended to use quite basic arguments. This prevented a higher judgment being made on Knowledge and Understanding (AO1b).

Many candidates struggled with the question asking how developments in technology could affect a technology based business. Stronger answers understood that technology would constantly be changing and could alter the market position of Digital Allies if it did not stay ahead of its competition. This gave the opportunity to explore impacts on staff qualities, experience, training and potential difficulties in recruitment. Many candidates also explored the cost implications with some stronger answers exploring how costs could be reduced through home working and recruiting from a wider geographical area. Weaker answers looked at generic benefits of technology and did not consider the nature of the business. Answers that focused on using technology for promotion or using e-commerce to sell to customers were indicative of poorly thought out responses.

It is worth pointing out that this question is designed to be testing, and alongside the 'Justify' questions, it provides an opportunity to help isolate Level 9 GCSE candidates.

- (e) Evaluate the impact that changes in technology may have on *Digital Allies*.
You should use the information provided as well as your knowledge of business.

(12)

Changes in technology will overall have a positive impact on *Digital Allies*. As more and more people get access to technology and social media, *Digital Allies*' services will become increasingly in demand. This means that *Digital Allies* will have a larger customer base to appeal to and a larger potential market to gain more revenue. Furthermore, as price comparison websites become more common and the competitors' products grow closer in price and quality, businesses may find an increasing need for services such as data analysis and analysing social media communications to give them a competitive edge. This means there will be a greater demand for their services, increasing their market share over competitors who do not offer such services. Moreover, as more people get access to technology and social media sites such as LinkedIn, *Digital Allies* can use this to ~~an~~ post job recruits with job openings. This means that they will be able to hire the highest-quality staff with the most up-to-date knowledge enabling them to improve their services by a large extent, ~~and~~ such as improving the design of the websites they are ^{commissioned} ~~commissioned~~ to do, giving them a competitive advantage and allowing them to build up a reputable brand. This will also ~~also~~ ~~over~~ ~~additionally~~, as remote working becomes more viable, *Digital Allies* may choose to only ~~to~~ have smaller offices with less employees.

on one particular day with the rest working at home. This can decrease costs for Digital Allies, enabling them to pay for the highest quality staff and allows them to pay their employees more, increasing motivation. As a result, this may transfer into increased productivity and higher quality services. Social media campaigns being provided for customers, increasing revenue.

However, competitors will also share these advantages. More established competitors such as ~~business~~ may have more experience and employee loyalty, meaning they will have higher quality services and such as data analysis which may result in customers choosing that particular business. Furthermore, web design is becoming easier to do yourself with websites such as Wix or Squarespace and customers can learn social media marketing with websites such as Skillshare. This may result in a decreased customer base and revenue from these customers.

Ultimately, ^{changes in} technology will allow the business to greatly increase their ~~market share~~ potential market and will allow them to offer the highest of quality services to their customers. However, the success of this depends on if competitors will make use of these changes, as effectively and if Digital Allies can convince customers that the services they offer are better than they could do themselves.

(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS

TOTAL FOR PAPER = 90 MARKS



This example shows that the candidate has clearly understood the services offered by the business, but also considers that new technology is going to open the doors for new competition. The impact of working in an industry that is constantly changing is evident throughout the answer.

A range of possible benefits, that are fully relevant to the business, are analysed. The candidate picks up on that Digital Allies can benefit in that it offers data analysis services to its customers, which is above and beyond the website design and social media promotion services offered by competitors. There is also a well thought out consideration that they may not have to expand premises after all if new technology allows remote working without a reduction in quality.

Balance and evaluation are effectively built into the answer on page 2. Competition will grow and new technology may erode the competitive advantage Digital Allies currently has. In fact, many services may not be required at all if businesses can design websites using off-the shelf products.

Finally, there is conclusion that adds value and effectively uses the 'it depends rule'.

12 marks were awarded.

- (e) Evaluate the impact that changes in technology may have on Digital Allies. ^{DA}
You should use the information provided as well as your knowledge of business.

(12)

As technology increases Digital Allies is only getting more needed and more useful as more people use the internet and new tech because more jobs & tasks will be needed. Therefore any improvements to technology are only creating more work opportunities for DA leading to further business success.

However it may increase competition as more business try to advance online, this would cause demand to drop for DA unless they can show potential customers why they should be used over ~~to~~ rival businesses. This leads to ~~a~~ business failure or pressure within the business as Digital Allies competes for top of the market.



ResultsPlus
Examiner Comments

Many candidates ran out of time on this paper and centres must realise that this is something that will always happen. As well as preparing candidates to manage their time better, it could also be a good idea to try and build in contingencies to candidate approach rather than leaving answers blank. This example illustrates this well.



The candidate looks to have struggled for time, but in the time available they have tried to put together a short answer whilst still adhering to a structure that can score some marks. Whilst there has not been an opportunity to demonstrate a detailed understanding or well-developed analysis, the candidate has made some valid points and made sure they have used balance in their answer. This allowed four marks to be awarded, which may have proven to be invaluable in the overall grade for the candidate.



If pushed for time on levelled questions, try to remember how the levelled decisions will be made. Including balance and some context into the answer, no matter how short, could add in a couple of marks. It is better than trying to rush in a large amount of one sided analysis.

Paper Summary

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

- Always read the examination questions carefully
- Do not rush your answers
- Think of the context of the question, especially in relation to case studies
- Think about the difference between 'how' and 'why' questions
- Be specific as much as you can in your answers
- Avoid repetition in your answers
- Be aware of timing in the examination
- Practise different kinds of 'explain' questions

Grade boundaries

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

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

