Examiners' Report/
Principal Examiner Feedback

January 2015

Pearson Edexcel International GCSE
in Commerce (4CM0) Paper 01

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General Comments

The overall standard for this examination produced similar results to last year. It is clear that centres are now familiar with the format and style of the examination paper, and the change of timing of the examination paper to two hours in length. With regards to the latter point, there was no evidence of any candidates not completing the examination paper due to time pressures.

Candidates continue to cope well with the use of the question paper as answer book. There were very few occasions where candidates used space in addition to the answer lines in order to complete their answers. The standard of written communication was generally very good. However, it is important to point out that if candidates do not carefully read the question before starting an answer the key focus of the question will be missed. For example, in answering question 16 (a) (ii) some candidates focussed their answers on analysing two methods of communication rather than focussing on the most appropriate one. It is also essential when candidates are carrying out any calculations to not only show their working but use the percentage or £ sign in their final answers.

Some candidates do not always answer at the appropriate level of skill. In this connection, the command words on the examination paper and the mark scheme are particularly relevant to centres. Each question indicates the level at which it is based:

AO1 Demonstrate - this assessment objective tests candidates on their ability to demonstrate their knowledge and understanding of the commercial term, idea or concept mentioned in the question. For example, Question 12 asked candidates to 'Give two features of a franchise.' Command words such as 'List', 'Name', 'Describe', 'Give' and 'State' confirm that the question is at this level.

AO2 Apply – this assessment objective tests candidates' ability to relate their answer to the context. In this series, the context to question 16 was about containerisation. For example, question 16 (b) required candidates to answer the question 'Why is the newspaper a suitable media for advertising this container service'. Command words such as 'Why', 'Calculate', 'Give an example in context' and 'What was' confirm the question is at this level.

AO3 Analyse – this assessment objective requires candidates to select, interpret or otherwise analyse some point presented in the question. For example, question 15 (c) asked candidates to 'Analyse why it is important for a small-scale retailer to provide customer service'. Command words such as 'Identify', 'Analyse', 'Compare' and 'Select' confirm the question is at this level.

AO4 Evaluate – this is the most demanding assessment objective which tests candidates' ability to formulate some judgements. For example, question 15 (b) expected candidates to 'Explain why there has been a rapid growth of supermarket chains in many countries'. Command words such as 'Evaluate', 'Explain why', 'Judge' and 'Consider' confirm the question is at this level.

The published online mark schemes continue to be an invaluable resource to centres for a number of purposes. Possible answers are provided as indicators of what is expected but the answers provided are not meant to be exhaustive. The possible answers are structured using brackets for each creditworthy point. It remains the practice to use a dash in order to separate points that are worth additional marks, and an oblique to indicate an alternative way of making the same point.

Question 1
The four parts of this question were generally well answered, with many candidates gaining 2 or 3 marks out of the four marks available. However, the answer to part (d) was less well known.

Question 2
Candidates found this question difficult with part (b) generally much better answered than part (a). Marks were lost in part (a) by candidates giving imprecise definitions. It was only the better answers that explained that consequential loss happened after an event, such as a fire, and covered the loss of trade and profits of the business. In particular, consequential loss was often confused with indemnity. Good answers to part (b) defined correctly that fidelity guarantee insurance covered losses against the dishonest staff, such as stealing money. Finally, to both question parts, some candidates did not provide any examples but simply defined the terms.

Question 3
In order to carry out the calculation it was necessary to know the formula which a minority of candidates appeared to have difficulty with. Some candidates simply subtracted the two stock figures instead of dividing them and x by 100.

Question 4
The majority of candidates scored at least one mark for this question by mentioning either the point that there may be a delay in receiving goods when shopping online or that when the goods were received that they may not match the description of the goods advertised on the website. Some

candidates lost marks by stating advantages instead of disadvantages in their answers.

Question 5
Many candidates lost marks by a lack of application on this topic. The question required candidates to 'Suggest two reasons why small businesses find it difficult to raise finance'. Therefore, the valid answers should have included points applied to small businesses such as 'banks would be unwilling to small businesses as they are a more risky type of business' or 'as small businesses have few owners, they are unable to raise much capital'.

Question 6
Candidates had a varied understanding of seasonal sales when answering this question. This was surprising given the fact that seasonal sales are a significant retail selling technique to clear shelves of old stock and to introduce new stock by all countries' retailers. In consequence, there were a number of generalised and incorrect answers based simply on selling seasonal goods, such as winter clothes.

Question 7
Only a minority of candidates scored maximum marks to this question on matching market research to either the desk or field but the majority of candidates scored two marks or three marks.

Question 8
This question produced a range of responses. The correct answer required was a 'deed of partnership'.

Question 9
A key word in answering this question was the phrase 'recent developments'. So answers such as cargo ships or containers were not accepted by examiners. Valid answers included the use of motorways/highways, the use of couriers and larger aircraft to carry more freight.

Question 10
Most candidates realised that a benefit of effective communication was to reduce misunderstanding to enable them to receive one of the two marks available. However, giving a relevant second benefit for the second mark proved much more difficult.

Question 11

The best answers focussed on the question and gave three distinct functions of a stock exchange, such as to allow people to buy and sell shares, to show share prices and to let companies raise capital. Weaker candidates lacked focus on the valid functions and gave general points of using the stock exchange to make profits or irrelevant factors such as determining the rates of dividends paid by companies. Overall, the question differentiated well as there was a spread of marks from 0 to 3.

Question 12

As this type of question had not been asked before there were a pleasing number of well attempted answers. Many candidates were able to identify two correct features such as 'the franchisor allows franchisees to sell the product' and the franchisee 'received advice/support from the franchisor'. Weaker answers were limited to stating the general advantages of franchises without identifying their features.
An example of a good answer for two marks is shown below.
1. The franchisee is able to use the brand name and logo of the franchisor.
2. The franchisee will pay royalty fees to the franchisor'

Question 13

The main issue with the answering of this question was that too many candidates decided to explain the effect on sales rather than explaining why prices fall. The better candidates recognised that lower prices increased competition and that businesses had to lower prices or they would lose sales to competitors. Only a minority of candidates were able to gain more marks by developing their answers with more relevant material such as that higher sales led to higher output, resulting in economies of scale which lowered average costs and prices.

Question 14

This question required candidates to study the resource material of a table showing the number of people employed in different industries and apply their knowledge and understanding. In answering part (a)(i) most candidates identified a valid relevant primary industry from the table. Many candidates in answering part (a)(ii) obtained the correct answer of 1,800,000 by adding up the two secondary industries shown in the table. Some candidates lost marks to part (a)(iii) by not dividing the number of tertiary people into the total amount of people employed, that is, 4,000,000 into 8,000,000 for the correct answer of 50%. Although many answers were able to identify a relevant reason to part (c), explanations could have often been improved by giving two points of development. For example, better answers explained how some primary industries had declined such as coal

mining as there is less global demand for fossil fuels. Weaker answers gave only one point of development or none at all.

Question 15
In part (a) many candidates gained full marks on this question. Good candidates explained differences such as the supermarkets sold a wide variety of goods, whereas small-scale retailers sold a narrow range of goods; supermarkets bought in bulk direct from the manufacturer, whereas small-scale retailers bought in small quantities from wholesalers. Weaker candidates stated features of supermarkets and small-scale retailers that were not direct differences.

With reference to part (b), good candidates developed an answer to gain full marks by explaining how supermarkets bought in bulk from manufacturers resulting in cheaper supplies that lowered prices. They also explained the convenience that supermarkets offered to customers such as self-service, one stop shopping, car parking and other facilities such as a cafe. Weaker candidates provided less detail. Some answered with irrelevant detail such as a growing population and greater personal incomes.

In part (c), most candidates gained one mark by stating that small-scale retailers needed personal customer service to get people into their stores rather than people going to supermarkets. Only a minority of candidates developed the answer sufficiently to score maximum marks. These candidates realised that providing personal customer service would make the customer loyal, making them a regular customer, increasing sales leading to continuity of the business. Some candidates also explained that the customer would recommend the small-scale retailer to friends and relatives increasing the shops customer base.

In answering part (d) most candidates gained some reasonable marks on this question. The best answers gained full marks by developing two reasons in detail, with two points of development to the initial way. Many of these explained how wholesalers bought in bulk from manufacturers and sold in small quantities, reducing warehousing expenses. Also that wholesalers allowed credit so that small scale retailers could sell the goods and then pay, helping their cash flow. Some explained other ways such as providing transport. Weaker candidates often gave 3 or 4 ways without explaining them in detail.

Question 16
To part (a)(i) most candidates gained both marks by giving appropriate facts such as prices and the address. Weaker candidates gave facts that were already provided in the data. In part (a)(ii) candidates needed to make a choice on which method of communication would be most effective. Good answers for the website stated that it was better because it had more details, was available 24/7, worldwide and could be booked instantly with a credit card. Other candidates argued for telephone because it provided instant feedback, allowing queries to be sorted, and could be booked straight away. Weaker candidates often chose an incorrect method such as video conferencing or letter.

In their answers to part (b) most candidates gained one mark by stating that newspapers had lots of readers who would see the advert. Good answers developed the answer to explain that in a newspaper the advertisement could be targeted at business people, could be kept for reference and was cheaper than other media such as TV. Weaker candidates gave less detailed answers.
Many candidates lost marks to part (c) by identifying advantages rather than features. Nevertheless, some candidates did score maximum marks.

To part (d) most candidates gained two to three marks by explaining that containers were secure, reducing damage and theft because they were sealed. Better candidates developed their answers more fully to earn more marks. They explained that containers could carry bulky and heavy goods, and reduced handling costs because they could easily be moved from trucks to ships by crane. Some weaker candidates focussed on the advantages of sea transport over other methods, rather than the advantages of containers.

Question 17
This question focussed on international trade and elicited the weakest answers out of the three questions 15, 16 and 17. Overall, this topic continues to be a difficult area of the syllabus for many candidates compared to their knowledge and understanding of home trade.

Answers to part (a) revealed mixed results. Although there were many fully correct calculated answers to part (a)(i) there were many incorrect answers to part (a)(ii). Moreover, to part (a) (iii) there were many answers which thought that the final balance of payments figure was in a deficit one instead of being in surplus.

With reference to part (b) many candidates gained full marks by stating

that visible trade refers to goods, and that invisible trade refers to services; and provided relevant examples. Some weaker candidates commented on the data for visible and invisible trade and thereby did not gain any marks to this question part.

Part (c) was generally poorly attempted. The best answers explained that a devaluation resulted in cheaper exports, increasing the sales of exports; and dearer imports, decreasing the sales for imports. One such answer is shown below:
'The possible effects on trade of a devaluation of its currency in relation to other currencies are that prices of local/countries exported products become cheaper and so more desirable to other countries. This will increase export demand and sales.   However, the countries products for imports become more expensive and less desirable to home consumers, thereby leading to the effect of less imported goods traded, meaning less money for importers.'

Part (d) produced a wide range of answers, with candidates generally performing better on the advantages of trading blocs than the disadvantages.   Better answers explained that the main advantage of trading blocs was the rise in exports due to free trade. They further explained that consumers would benefit from lower prices due to increased competition and the removal of tariffs. For disadvantages, they explained that the increased competition from other trading bloc members may force local firms to close down resulting in unemployment. Weaker answer explained the advantages of international trade without linking them to trading blocs.

Grade Boundaries

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