



Pearson
Edexcel

A level Business

Assess Question Exemplars
Level Based Mark Grids from
the 2023 series

Paper 2: Business activities,
decisions and strategy





Introduction

From 2023 onwards, the wording of the level-based descriptors for the 8, 10 and 12 mark questions will change to provide transparency in examiners' marking approach and greater clarity for teachers and students.

These exemplars have been produced, following teacher feedback, to ensure the approach to marking is accessible to both teachers and students in preparation for final course assessment.

The senior team for GCE Business is made up of practising teachers, so we understand how important it can be to share our knowledge, understanding and the practice of marking, especially with respect to answers relating to Levels of Response questions.

Contained in this booklet is a selection of student responses taken from the summer of 2022 series, complete with the level and appropriate marks awarded. After each response is a commentary which should help to explain the level and raw mark awarded.

These selected responses aim to illustrate to teachers and learners the difference between Level 3 and level 4 responses, to clarify examiners' approach to marking and to help students access the higher mark bands.



10 Mark Questions

Level	Mark	Descriptor
	0	<ul style="list-style-type: none">• A completely inaccurate response.
Level 1	1-2	<ul style="list-style-type: none">• Isolated elements of knowledge and understanding – recall based.• Weak or no relevant application to business examples.• Generic assertions may be presented.
Level 2	3-4	<ul style="list-style-type: none">• Elements of knowledge and understanding.• Which are applied to the business example.• Chains of reasoning are presented, but may be assertions or incomplete.• A generic or superficial assessment is presented.
Level 3	5-6	<ul style="list-style-type: none">• Accurate and thorough knowledge and understanding.• Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).• An attempt at an assessment is presented using quantitative and/or qualitative information• Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	7-10	<ul style="list-style-type: none">• Accurate and thorough knowledge and understanding.• A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).• Assessment is balanced and well contextualised, using quantitative and/or qualitative information• Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.



Paper 2 2022 Question 1(c)

Response 1

(c) Assess, with reference to Porter's five forces, whether the 'bargaining power of buyers' represents the most significant external influence on easyJet plc.

(10) 8 Q01c

one way bargaining power of buyers is the most significant external influence is that easyJet focus all of their strategies on consumer wants and needs, such as promising to ~~go~~ have net zero carbon emissions as 94% of customers are concerned about the environmental impact. This could lead to consumers becoming more brand loyal to easyJet rather than competitors based on their ethical stance, therefore increasing easyJet's market share in relation to major competitors such as Ryanair.

However it could be argued that the bargaining power of suppliers is the most significant external influence on easyJet as due to the price of fuel falling the bargaining power of suppliers has dropped, allowing easyJet to achieve a higher economies of scale by buying more fuel at once. In November 2013 jet fuel was \$135 per barrel and in November 2020 it's \$55. The price of fuel has been in steady decline, but the pandemic plummeted pricing, which allows for better prices to easyJet. This means that they can lower the prices of tickets due to lower



costs, boosting sales and subsequently revenue.

on balance I believe that the bargaining power of buyers has the biggest impact on easyJet as they focus their entire business model upon the needs of consumers, low-priced leisure travel. This is justified by the fact they've introduced package holidays of over 97% of consumer travel for leisure. It could depend upon the bargaining power of suppliers as if it's high, easyJet won't be able to maintain their low price, but most importantly the oil market has had reduced prices allowing for less bargaining power.

Level 4: 8/10

This student shows clear knowledge of bargaining power of buyers and uses the evidence contained in Extract D to support their argument. A chain of reasoning is developed to suggest why consumers might become more 'brand loyal'. This is contrasted with the bargaining power of suppliers using the evidence from Extract C (falling fuel prices).

However, the final judgement does not add anything which would elevate the mark awarded to 9 or 10. The student could have made better use of the context or evidence to support a final decision, such as 'Bargaining power of buyers is the most significant influence because consumer complaints can damage easyJet's reputation, resulting in a loss of sales and market share' (see Examiner's Report)



Response 2

(c) Assess, with reference to Porter's five forces, whether the 'bargaining power of buyers' represents the most significant external influence on easyJet plc.

(10) 6 Q01c

Porter's 5 forces is a tool for businesses to highlight the aspect of the business & illustrating which sector has the most 'bargaining power' (Suppliers, buyers, rivalry etc).

It could be argued 'bargaining power of buyers' represents the most significant external influence on easyJet plc. The reason for this is because '97% of its ~~to~~ consumers travel for leisure and easyJet plc is aiming its package holidays at these customers'. This means easyJet plc did some market research on consumers which had brought them to realise the potential of package holidays in which they persisted in 2019. This coupled with the fact that ~~they~~ ~~increasingly~~ buyers have the power to choose different companies leading to easyJet plc's offer 'best price and guarantee full refund'. This is beneficial for buyers as they have the power to switch causing easyJet plc to improve price benefiting consumers. However, easyJet plc is known for being a budget airline so may not get recognition for packages compared to the big players like emirates.



On the other hand it could be argued that rivalry and threat of new entrants represents the most significant external influence on easyJet PLC. The reason for this is because a new or existing rival may have seen a gap in the market of providing package holidays. This coupled with the fact that they capitalise on their first leading easyJet to remain follow and not allow them to be the first and gain more custom. This suggests

Level 3: 6/10

This response is very one-sided. Whilst the student begins with a clear knowledge and understanding of Porter's five forces, only the 'bargaining power of buyers' is really examined with respect to easyJet PLC. 'Rivalry and threat of new entrants' may be mentioned by the student, but it is not really a factor which is fully explained in a way that provides a balanced response.

Furthermore, there is no overall judgement, therefore the maximum mark awarded is Level 3 – 6.



Response 3

(c) Assess, with reference to Porter's five forces, whether the 'bargaining power of buyers' represents the most significant external influence on easyJet plc.

(10) 9 Q01c

Bargaining power of the buyers may be the most significant external factor for easyJet as it will largely impact the prices of sales.

For example if customers have bargaining power over their flights due to factors such as experiencing 'delayed flights' 'poor service' 'cramped seating' (which has currently been seen in airports such as Manchester where easyJet have provided ~~to~~ very delayed flights & poor service by canceling flights) ~~know~~ then customers are more likely to demand cheaper prices for their flights & holidays. By easyJet not controlling this they have to accommodate for customer's needs & wants such as a lower price to try & maintain their reputation as this could lead to more & more customers becoming dissatisfied & potentially letting more buyers gain bargaining power.

However on the other hand external influences such as ~~competitors~~ ^{new} competitors in the market from Porter's 5 forces may have higher significance than buyers with bargaining power. For example competitors in the airline market may be



a problematic external factor. ~~Factor~~ Competitors such as ~~Thomas Cook, Flybmi, easyjet~~ 'rise of new generation airlines' ~~many~~ ~~more~~, ~~easyjet~~ ~~thickly~~ face very high levels of competition. Customers may swap to competing flight companies which will have a significant impact on easy jet. If ~~in~~ there is a switch to potentially better value, quality flights ~~from~~ compared to easy jet then people will alternatively pick them over easy jet, causing a decrease in demand & also a decrease in revenue from people switching flights. By easy jet having a decrease in demand & income it could lead to easy jet becoming like thomas cook flybmi who both collapsed.

Q In evaluation I think ~~own~~ bargaining power of buyers isn't very significant as easy jet can try & control prices as they already offer a low price due to them ~~being~~ being a budget airline already.

Level 4: 9/10

As with response 1 above, this student provides a balanced response, also using the evidence provided in the extracts.

However, what takes this to 9 marks is the overall decision that 'bargaining power of buyers isn't very significant' given that easyJet are in a position to control prices as an established budget airline. Furthermore, the student explains well each of the forces using the context and evidence provided.



12 Mark Questions

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Level 3	5-8	<ul style="list-style-type: none">• Accurate and thorough knowledge and understanding.• Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).• An attempt at an assessment is presented using quantitative and/or qualitative information.• Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.
Level 4	9-12	<ul style="list-style-type: none">• Accurate and thorough knowledge and understanding.• A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).• Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information.• Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.



Paper 2 2022 Question 1(d)

Response 1

(d) Assess whether the change in price of jet fuel between November 2015 and July 2018 may have affected easyJet plc's management of its working capital.

(12/7 Q01d)

An increase in fuel prices will decrease working capital management of working capital as it means easyJet will face much higher costs. By increasing the cost of fuel it means that the airplanes will be much more expensive to run as prices have increased from Nov (15) ~~to~~ from \$40 per barrel up to around \$98 per barrel in July 2018. This could cause easyJet to have to reduce the amount of flights as they can't maintain the high variable costs as the aviation industry is already struggling with rising costs, meaning management of working capital is likely to decrease.

An increase in fuel prices may not decrease working capital as easyJet may be able to adapt to high costs through the form of higher prices for customers. By increasing prices working capital can be maintained to help stabilize easyJet.

Overall increase fuel prices have negative impact on easyJet working capital.

Level 3: 7/12

This student argues by referring to the data in Extract C why jet fuel prices may affect easyJet's working capital. This is further supported by reference to high variable costs and the aviation industry as a whole. However, the student fails to develop this point and indeed provide any balance to their argument which means that only a Level 3 mark can be awarded.



It is expected that at least two arguments or a developed response against should be explained by candidates hoping to achieve level 4. For example in the Examiner's Report it suggests that the balance could have been met by the student stating either that easyJet is the world 7th largest airline. It may be able to negotiate lower jet fuel prices from its suppliers, resulting in lower cash outflows OR easyJet may be able to obtain more favourable credit terms from its suppliers, enabling it to reduce cash outflows by delaying payments.

Furthermore, to gain a Level 4 mark of 11 or 12, a final judgement is expected, such as the one contained in the Examiners Report:

easyJet could improve its management of working capital by offering incentives to its customers to pay for their flights earlier, resulting in quicker cash inflows



Response 2

(d) Assess whether the change in price of jet fuel between November 2015 and July 2018 may have affected easyJet plc's management of its working capital.

(12) Q01d

Nov 15 = \$50 July 18 = \$90

Management of working capital refers to how a firm such as easyJet decides what to invest/spend its capital on. Between Nov 15 and July 18 price rose to \$90 per barrel.

This price change will have affected easyJet's management of working capital due to their budgeting. If easyJet was to stick to their budget in order to meet shareholder's higher expectations then they will have to cut spending in other areas. As fuel is a necessary for flying at various stages of fuel needed stage (either through the year). As it states in extract D fuel accounts for a third of total costs, this results in management of working capital having to change. However, despite the amount of income via share holder, easyJet can re-budget via zero based budgeting to have a clean start, this may result in no management control of working capital, it may just be a factor easyJet has to just accept.

Due to fluctuating fuel prices as stated in extract B, firms may choose not to change management of working capital due to prices fluctuating again for example it can be seen in extract C when price falls to around \$70 per barrel just 3 months later. As a result of fluctuations within



may not choose to change management or working capital
as it may be time consuming and by the time management has
changed, the prices have changed again. However, due to not have an
infinite it can't be predicted how or when prices will
change. Hence for it is more risk free to change
management of working capital just as the carbon price ~~is~~ price
has decreased by too much.

In conclusion, it is very dependent on the world supply of
fuel. In the short run managing ~~working~~ ^{working} capital is
very important and could lead to profit loss, however in the long
run prices fluctuate and it is not as tightly linked
to management or working capital. My skills improve but may
not be too significant.

Level 4: 9/12

It is clear from the reference to the evidence in line 1 (Nov 15 = \$50, July 18 - \$90) and the opening paragraph that this student understood the purpose of the question. Furthermore, evidence from Extract D is used to help support the student's argument ('fuel accounts for a third of total costs') of how it might affect easyJet's working capital.

The response strays a little when the student focuses on budgeting, but an attempt at balance is provided when the student refers to the unpredictability of jet fuel prices. An even more clear balanced response may have simply explained that easyJet could reduce its cash outflows by switching to just in time, enabling it to buy smaller quantities of higher priced jet fuel.