

Mark Scheme (Results)

January 2012

GCE Economics & Business (6EB02)
Paper 01

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January 2012

Publications Code US030336

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

6EB02/01 Mark Scheme Winter 2012

Section A Mark Scheme

NOTE: If part (a) of the question is INCORRECT, then a maximum of 2 marks can be awarded for part (b)

Maximum 2 marks for explaining why distracters are incorrect

Question Number	Question	Marks
1(a)	<p>Richer Sounds, a UK electrical retailer, empowers all its employees so that they can make as many decisions as possible on their own.</p> <p>When a business introduces greater empowerment it is likely to result in</p> <p>Answer – (C) an increase in productivity</p>	1
1(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Empowerment means giving employees more responsibility and/or involvement. (1 mark) • It has long been seen or used as a powerful motivating force. (1 mark) • It is likely to result in a more efficient and/or productive workforce. (1 mark) • For instance, for Richer Sounds the increase in productivity is achieved by higher sales per employee. (1 mark) • Closer supervision of the workforce is likely to have the opposite effect as this will mean decisions are made by senior staff. (1 mark) • A longer chain of command will mean that employees have less responsibility and more decisions are made by senior staff. (1 mark) • Less customer satisfaction is unlikely to occur as employees are able to respond quickly to customer requests. (1 mark) • More customer satisfaction is likely to occur due to happier/more motivated employees. (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
2(a)	<p>In June 2010, Nintendo reduced the price of its DSi handheld video games console from £160 to £130.</p> <p>This may have led to</p> <p>Answer – (D) a rise in quantity demanded</p>	1
2(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • This will cause a movement along the demand curve (1 mark) and results in a rise in quantity demanded. (1 mark) • A change in price does not shift the demand curve. (1 mark) • A reduction in price will result in more Nintendos being sold as the price is cheaper. (1 mark). • The DSi is relatively expensive and might be classed as a luxury good. (1 mark) • A shift left in the demand indicates a reduction in demand not an increase due to demand factors such as income, fashion etc. not due to a change in price .(1 mark) • A shift right in the demand curve indicates an increase in demand due to demand factors such as income, fashion etc. not due to a change in price. (1 mark) • A fall in demand is more likely to occur when there has been an increase in price and therefore a decrease in quantity demanded (1 mark) • A diagram showing a movement along the demand curve (1 mark) • A contextualised diagram (DSi) showing a movement along the demand curve (2 marks) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number	Question	Marks
3(a)	<p>Aldi, a supermarket chain, uses Just in Time (JIT) management of stock.</p> <p>This is likely to involve all of the following except</p> <p>Answer - (C) a decrease in the number of deliveries.</p>	1
3(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • JIT involves the use of minimal stock levels, i.e. no buffer stocks. (1 mark) • This will mean more frequent deliveries rather than a decrease in deliveries order to maintain fully stocked shelves in the supermarket. (1 mark) • JIT will lead to a fall in average costs rather than an increase as capital is not tied up in stock. (1 mark) • There will be a closer relationship with suppliers as deliveries are made more frequently so Aldi will need to have more contact with suppliers. (1 mark) • This will lead to a reduction in stock levels not an increase in stock levels as stock is only ordered as it is required (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
4(a)	<p>In October 2010, the UK annual rate of inflation as measured by the Consumer Prices Index was 3.2%. The target set by the UK Government was 2%.</p> <p>Inflation can be a problem for an economy because it</p> <p>Answer - (A) it causes a loss of competitiveness</p>	1
4(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Inflation can be defined as a general rise in the price level. (1 mark) • If UK goods are competing with foreign goods and services then UK products are likely to become more expensive and therefore less competitive. (1 mark). • This can result in UK exports declining and import penetration increasing. (1 mark) • UK businesses may struggle to compete with cheaper goods from abroad. (1 mark) • Wage demands should increase rather than decrease with high inflation so that workers do not experience a reduction in standard of living. (1 mark) • People with loans become better off in real terms rather than worse off because the real rate of interest is lower. (1 mark) • Saving is likely to fall as its value is eroded in real terms and a higher proportion of income is needed to purchase the same level of goods and services. (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number	Question	Marks
5(a)	<p>The concept of the ‘long tail’ can be applied to the music industry.</p> <p>This is because the music industry</p> <p>Answer – (B) has sales across a wider range of musical styles</p>	1
5(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • The long tail is the name given to the shape of the graph showing sales of products when ranked in order of sales volume. (1 mark) • There will be an increase in the number of specialist music products as the Internet has enabled niche products such as special interest music to be purchased. (1 mark) • This has lead to the tail has becoming longer. (1 mark). • There has been a rise in consumer choice rather than fall due to the increase in the number of online retailers. (1 mark) • The rise in the use of the Internet to purchase music has seen a decrease in the number of high street stores. (1 mark) • This is because they cannot stock such a wide range of music. (1 mark) • Contextualised diagram of the long tail (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Question Number		Marks
6(a)	<p>Which of the following is most likely to lead to a decrease in the demand for cinema tickets?</p> <p>An increase in</p> <p>Answer – C (the price of a complementary good)</p>	1
6(b)	<p>Explain why this answer is correct:</p> <ul style="list-style-type: none"> • Demand is the willingness and ability to purchase a good/service at a particular price at a particular point in time. (1 mark) • Complementary goods are ones that are somehow linked. Purchasing one will lead to the purchase of its complement. (1 mark) • Cinema tickets are linked to these goods e.g. popcorn, chocolates, drinks, meals, ice cream. (1 mark) • If the price of complementary goods increases, demand for these will fall, and fewer cinema tickets will be bought. (1 mark) • An increase in the population will likely lead to an increase in the demand for cinema tickets as there are more people able to buy this product. (1 mark) • An increase in income will lead to an increase in the demand for cinema tickets as they are now more affordable. (1 mark) • An increase in the price of a substitute good (e.g. other forms of entertainment) will lead to an increase in demand rather than a decrease for cinema tickets as people switch to cinema tickets as they are relatively cheaper. (1 mark) <p>Any acceptable answer which shows selective knowledge/understanding/application and/or development</p> <p>NB up to 2 marks out of 3 may be gained for part (b) if part (a) is incorrect</p> <p>Maximum 2 marks for explaining why distracters are incorrect</p>	<p>1-3 marks</p> <p>(Total 4)</p>

Section B Mark Scheme

Question Number	Question	
7	Explain why small businesses supplying the Olympics might still flourish despite the lack of economies of scale.	
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 1, Analysis 1)</p> <p>Knowledge/understanding: up to 2 marks are available for defining or describing what is meant by a small businesses e.g. a business which sells products/services, (1 mark), what is meant by economies of scale e.g. average unit costs decreases as size increases (1 mark), why a business can flourish e.g. selling a unique product (1 mark), having good customer service (1 mark)</p> <p>Application: 1 mark is available for contextual answers which show that small firms supplying products for the Olympics e.g. t-shirts can still exploit niche markets (1 mark) and have access to e-retailing (1 mark), Evidence A states that 70% of the contracts have been awarded to small businesses (1 mark)</p> <p>Analysis: 1 mark available for giving a reason/cause/consequence of why small businesses can flourish e.g. that a small firm might be better to cope with a one-off event such as the Olympic Games resulting in high profit (1 mark), provide better customer service than a larger organisation which leads to higher sales (1 mark), have unique products which leads to higher sales (1 mark), provide better non-price competition resulting in profit (1 mark), many tourists are looking for unique products which are only sold by local businesses (1 mark), many products might have inelastic demand due to nature of the Olympic Games which leads to high turnover (1 mark)</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">(4 marks)</p>

Question Number	Question	
8	Explain one possible disadvantage to consumers of a business being the only licensed supplier of Olympic merchandise.	
	Answer	Mark
	<p style="text-align: center;">(Knowledge 2, Application 1, Analysis 1)</p> <p>Knowledge: up to 2 marks for defining supplier/licensee (1 mark) and/or identifying a disadvantage of having one supplier e.g. monopoly power (1 mark)</p> <p>Application: 1 mark is available for contextual answers demonstrating that Panini is licensee/official supplier and provides official merchandise such as stickers (1 mark), there are a range of businesses selling Olympic products ranging from t shirts, key rings and souvenirs (1 mark)</p> <p>Analysis: 1 mark is available for giving a reason/cause/consequence of the disadvantage e.g. no competition leads to poor quality merchandise (1 mark), less choice but higher prices due to monopoly power (1 mark), less consumer choice of t-shirts from a very small number of licensed Olympic suppliers (1 mark)</p>	<p style="text-align: center;">1-2</p> <p style="text-align: center;">1</p> <p style="text-align: center;">1</p> <p style="text-align: center;">(4 marks)</p>

Question Number	Question	
9	<p>Record numbers of visitors to the Games will want accommodation in the city.</p> <p>Using a supply and demand diagram, illustrate and explain the effects of this increased demand on the market for rental properties.</p>	
	Answer	Mark
	<p align="center">(Knowledge 3, Application 3, Analysis 2)</p> <p>Diagram: 5 marks Written Explanation: 3 marks</p> <p>Correct labelling of axes with P and Q (1 mark) Supply and demand curves drawn correctly (1 mark) Initial equilibrium shown (1 mark)</p> <p>Shift in demand curve to the right (1 mark) New equilibrium correctly shown (1 mark)</p> <p>Recognising shortage of accommodation and how this would affect both price and quantity – a rise in quantity demanded at a higher price. More able students may refer to the price elasticity of supply either in the diagram (show inelastic supply curve) or in their written explanation. Needs to have context - rental properties/rooms etc rather than just a description of what is happening in the diagram.</p> <p>NB: A total of 5 marks are available for the correct diagram below:</p> <div data-bbox="512 1554 1059 1928" data-label="Figure"> </div> <p>NB: Answers lacking a diagram, maximum of 3 marks.</p>	<p align="center">1-5</p> <p align="center">1-3</p> <p align="right">(8 marks)</p>

Question Number	Question		
10.	Assess the role of market research in reducing uncertainty to a merchandising business such as Panini.		
Level	Mark	Descriptor	Possible Content
1	1 - 2	Knowledge: up to 2 marks are available for knowledge such as for identifying what is meant by market research or what it does	e.g. there may be mention of types of market research - primary and secondary, surveys, consumer panels. Businesses carry out market research to find out who their target market is.
2	3 - 4	Application: up to 2 marks are available for contextualising the response by referring to Panini or can refer to a firm of their choice	e.g. Panini could have carried out primary research through customer questionnaires to determine current market conditions and suitable stickers wanted by the public
3	5 - 6	Analysis: up to 2 marks are available for considering the usefulness of market research for reducing uncertainty for Panini	e.g. market research can vary in quality and relevance for Panini; the right questions need to be asked, appropriate samples chosen from those who are likely to be interested in the Olympic Games, having the resources to act on the information, accuracy of forecasts etc.
4	7 - 8	Evaluation: up to 2 marks are available for providing balance e.g. showing possible advantages and disadvantages of using market research trying to reduce uncertainty for Panini	e.g. market research can identify gaps in the market and product requirements for Panini but there are also disadvantages of market research in terms of cost and effectiveness of the results. e.g. Sample sizes and nature are crucial, as is the interpretation of results. e.g. Does not always reduce uncertainty as results may be biased or not representative. e.g. Other economic factors should also be considered e.g. R&D, macroeconomic indicators

If evaluation but no context, restrict to 5 marks

Question Number	Question		
11	Assess whether an economic downturn would affect the success of the 2012 Olympic Games		
Level	Mark	Descriptor	Possible Content
1	1-2	Available for knowledge such as identifying what is meant by economic downturn	e.g. decline in growth rate / recession / falling output / incomes / GDP
2	3-4	Available for contextualising the response by referring to 2012 Olympic Games and show how the economic downturn may affect the Games	e.g. The economic downturn may reduce income and increase unemployment. This may lead to a decline in the number of people taking holidays to the UK.
3	5-6	Available for considering a one sided impact of the economic downturn on 2012 Olympic Games	e.g. depends whether consumers see 2012 Olympics as a luxury good. Some consumers may consider the 2012 to be a once in a lifetime opportunity therefore demand for the Games would not be affected. e.g. some countries may not be experiencing an economic downturn and therefore the same number of tourists will still visit the UK
4	7-8	Available for providing balance e.g. showing the possible costs and benefits of the economic downturn to 2012 Olympic Games	e.g. Some consumers may have lost their jobs and cut back on luxuries such as holidays so 2012 Olympics may see a drop in demand from UK residents. e.g. other factors may also affect

			<p>2012 Olympics - exchange rate fluctuations, unemployment and consumer confidence, marketing of the Olympic Games.</p> <p>e.g. depends upon the sensitivity to the price set and how changes in income might affect demand (YED).</p> <p>e.g depends upon the PED as to the extent of a decline in tickets</p>
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If evaluation but no context, restrict to 5 marks

Question Number	Question		
12	<p>The regeneration of East London will change employment and output patterns in the region. Evaluate the likely impact of the Olympic Games on</p> <p>a) the residents of East London</p>		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Some awareness of what is meant by residents</p> <p><i>QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.</i></p>	e.g. people living in an area and affected by businesses

2	2-3	<p>Application must be present, i.e. the answer must be contextualised and be Stratford, East London</p> <p>Low Level 2: 2 marks Just a simple reference to the context</p> <p>High Level 2: 3 marks A specific reference to the context</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.</i></p>	<p>e.g. The Olympics is being located in Stratford , east London which is a run down area</p> <p>e.g. Most of the £9bn is being spent improving transport networks, build sporting facilities and the athletes village.</p>
3	4	<p>Analysis must be present, i.e. the candidate must give reasons/ causes/ consequences to local residents of hosting the Olympic Games</p> <p><i>QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg</i></p>	<p>e.g. The consequences of the Olympic Games can be both positive and negative depending upon the success of the Games and how it is organised.</p> <p>e.g could create jobs and increase house prices (+ve)</p> <p>OR</p> <p>e.g. there will be congestion and pollution from the event with many locals unhappy with the disruption caused by the building of the Olympic Park (-ve)</p>

	<p>5-7</p>	<p>Low Level 4: 5 marks. Evaluation must be present, i.e. the candidate must present arguments for how local residents can be winners and losers from hosting the Olympic Games</p> <p>Medium Level 4: 6 marks Evaluation must be present to convincingly illustrate the impact on local residents of hosting the Olympic Games</p> <p>High Level 4: 7 marks A convincing and balanced answer throughout making good use of concepts and terminology</p> <p><i>Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. The building of the new facilities including the athletes' village and the Olympic stadium will be in Stratford in East London. This is a relatively poor area of London. The investment will mean jobs for some and a boost for tourism for the whole of London and the UK.</p> <p>e.g. Many have seen house prices increase and many will be able to benefit from renting out property during the Games (Evidence C)</p> <p>e.g. the facilities will be able to be used by the local residents and schools long after the event.</p> <p>e.g. Some will have gained jobs either in the construction of the facilities or with the attraction of new businesses to the areas</p> <p>e.g. Rising house prices may make it difficult for local residents to buy property in the area.</p> <p>e.g. many of the jobs are short term and will disappear after the event.</p>
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Question Number	Question		
12b	<p>The regeneration of East London will change employment and output patterns in the region. Evaluate the likely impact of the Olympic Games on</p> <p>b) local businesses in East London</p>		
Level	Mark	Descriptor	Possible Content
1	1	<p>Knowledge must be present. Some awareness of what is meant by local businesses</p> <p><i>QWC: To achieve a mark of 1 the candidate will have struggled to use business terminology or write legibly with frequent errors in spg and/or weak style and structure of writing.</i></p>	e.g. when people own a going concern providing a good or a service to the local community
2	2-3	<p>Application must be present, i.e. the answer must be contextualised and be applied to local businesses in East London</p> <p>Low Level 2: 2 marks Just a simple reference to the Context</p> <p>High Level 2: 3 marks A specific reference to the context</p> <p><i>QWC: To achieve a mark of 2-3 the candidate will use some business terms but the style of writing could be better / there will be some errors in spg / the legibility of the text could have been better in places.</i></p>	<p>e.g. The Olympics is expected to boost the economy not only in London but to other regions of the country.</p> <p>e.g. Many thousands of athletes and supporters will travel to the UK and will need goods and services such as food, accommodation, merchandise</p>
3	4	<p>Analysis must be present, i.e. the candidate must give reasons/ causes/ consequences to local businesses in East London of hosting the Olympic Games</p> <p><i>QWC: To achieve a mark of 4 the candidate will use business terminology well/style of writing is appropriate to the question/ reasonable to good spg</i></p>	<p>e.g. The consequences of the Olympic Games can be both positive and negative depending upon the success of the Games and how it is organised.</p> <p>e.g. the local businesses may need more employees (especially in the service industries) to cope with increased demand. This might reduce unemployment in the local</p>

			<p>area. (+ve)</p> <p>OR</p> <p>e.g. many of the official licensees are not located in East London so will not benefit truly local businesses - some of the security needed may not be provided by local businesses. (-ve)</p>
	5-7	<p>Low Level 4: 5 marks. Evaluation must be present, i.e. the candidate must present arguments for how local businesses in East London are winners and losers from hosting the Olympic Games</p> <p>Medium Level 4: 6 marks Evaluation must be present to convincingly illustrate the impact on local businesses in East London of hosting the Olympic Games</p> <p>High Level 4: 7 marks A convincing and balanced answer throughout making good use of concepts and terminology</p> <p><i>Assessment for QWC: The candidate will use business terminology precisely and effectively/organises their answer to provide a coherent and fluent response/ good to excellent spelling, punctuation and grammar.</i></p>	<p>e.g. Visitors from home and abroad will come to London to watch the Games and this will benefit hotels, restaurants and other retail outlets from increased number of visitors.</p> <p>e.g. other attractions will also benefit e.g. London Eye</p> <p>e.g. There may not be as many visitors as anticipated depending on the global economy</p> <p>e.g. there has been concern over the long term benefits once the Olympic Games have finished, which may lead to unemployment within East London.</p> <p>e.g. Some of the events are being hosted in other parts of the country so there may be regional benefits to other local businesses</p> <p>e.g. some local businesses may have gained contracts to help in the construction industry to help build the venues.</p>

Assessment Objectives

QUESTION	Content	Knowledge	Application	Analysis	Evaluation	Total
1	2.3.3b	1	1	1	1	4
2	2.3.1bc	1	1	1	1	4
3	2.3.3d	1	1	1	1	4
4	2.3.6b	2	2			4
5	2.3.2a	1	1	1	1	4
6	2.3.4b	2	2			4
7	2.3.4d	2	1	1		4
8	2.3.4c	2	1	1		4
9	2.3.1b	3	3	2		8
10	2.3.5c	2	2	2	2	8
11	2.3.6a	2	2	2	2	8
12	2.3.6cd	2	4	2	6	14
TOTAL		21	21	14	14	70

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Order Code US030336 January 2012

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