

Examiners' Report/
Principal Examiner Feedback

Summer 2016

Pearson Edexcel GCE
In Economics and Business (6EB02)

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Introduction

This was the penultimate sitting of the Economics and Business 6EB02 paper with a relatively small number of candidates. The paper was split into 2 sections: Section A had 6 supported multiple choice questions (SMC) and Section B had a total of 6 questions.

Section A - SMC:

- Candidates can only access 3 marks for part (b) if they have part (a) correct.
- Candidates are able to gain 1 Knowledge mark for a definition which are listed in the mark scheme for each question.
- Candidates are able to gain up to 2 marks for a fully explanation of the distracters (incorrect answers).
- Candidates **MUST** explain why their answer for part (a) is correct to be able to access all 3 marks for part (b) i.e. a definition and 2 distracters would still only be worth 2 marks if there is no explanation of why part (a) is correct.
- Candidates must explain **WHY** the distracters are incorrect.

Question 1: Elasticity

Many candidates were able to get part (a) correct and examiners allowed candidates to define either PED or revenue. Examiners were looking for explanations as to why revenue would likely to increase with references to there being no substitutes and that all tickets were sold out for every game, therefore demand exceeding supply. Examiners did see some good explanations as to why some of the distracters were incorrect which did gain some candidates additional marks for part (b).

Question 2: Consumer Knowledge

Many candidates were able to get part (a) correct (price). The definition of consumer knowledge could be anything which indicated that consumers had information about the market or products. Examiners were looking for the explanation of why businesses would lower their prices rather than just stating business will lower prices. Many candidates simply repeated the stem rather than a full explanation. Many candidates explained distracter D (quality) and examiners were looking for the fact that quality was likely to increase rather than a statement about consumers not wanting to buy low quality products.

Question 3: YED calculation

In order to gain all 3 marks for part b, candidates had to provide a correct definition or formula for YED and then show their workings for the 2 Application marks. On the whole, this was well done and the majority of candidates scored 3 marks for part (b).

Question 4: Monopoly

Many candidates were able to get part (a) correct (an increase in profits). Examiners accepted the definition of monopoly to be either 25% market share or when one firm dominates the market. Examiners were looking for references to customers having no/little choice of train provider to gain the development mark. Many candidates used distracter D (low barriers to entry) to gain an additional mark and examiners were looking for a full explanation rather than just stating monopolies have low barriers - references to examples such as high start-up costs.

Question 5: Minimising cash tied up in stock

This was a popular question and the majority of candidates did score 1 mark for part (a). Examiners only accepted the definition of market research and allowed references to finding out what customers wants/primary and secondary research methods. Examiners allowed anything which suggested that the wrong type of smartphone had been produced from inadequate market research which resulted in left over stock. The most popular distracter was A and candidates had to explain why JIT was incorrect rather than just defining JIT.

Question 6: Marketing Strategy

Many candidates were able to get part (a) correct (National TV advertising). Examiners accepted either a definition of marketing strategy or mass market. For the development mark, examiners were looking for why TV adverts were the most appropriate in terms of reaching a wide audience quickly. Many candidates used distracter A (advertising specialist magazines) to gain an additional mark and linked this to being more appropriate for a niche chocolate product.

Section B: Application

Application was essential in Section B because without it can restrict the marks which can be accessed. Using the name of the business e.g. Halfords, Boardman Bikes, cycling ranges, bikes if this is given in the question is **NOT** application. If the question just refers to Halfords, then references to bikes and cycling could be used.

Question 7: Centralised distribution centres

This was marked according to AO's: Knowledge 2, Application 1 and Analysis 1. Examiners allowed 1 mark for a definition of either centralised organisation or centralised distribution centres. Some candidates simply gave a reason without defining a key term so could not gain both Knowledge marks. The second Knowledge mark was for giving a reason why Halfords use centralised distribution centres such as faster decision making, consistency and economies of scale. Application could be references to bikes, number of retail stores and fast dispatch to customer's homes. For the Analysis mark - examiners were looking for a reason, cause or consequence and this ranged from providing good customer service to costs saving by having a centralised system.

Question 8: R&D

This was marked the same as Q7 - Knowledge 2, Application 1 and Analysis 1. Examiners gave 1 Knowledge mark for a definition of R&D. The second Knowledge mark was for giving a benefit such as ensuring the product is cutting edge. Many candidates did not provide a definition of R&D so were unable to score all 4 marks. For Application, examiners did not accept cycling ranges, Boardman Bikes or bikes as Application as these were given in the question. For the Analysis mark - examiners were looking for a reason, cause or consequence such as increased sales, unique selling point, increased profits. Some candidates explained market research rather than R&D.

Question 9: Supply and demand diagram

Examiners marked this response in two parts. The diagram was worth 5 marks and the written explanation was worth the remaining 3 marks. As in previous years, the diagram has to be perfect to gain all 5 marks with an outward shift in the demand curve. The labels had to be correct. Examiners did not accept 'Quantity Demanded' and this is an error which is made year on year despite this being highlighted in this PE Report. The two equilibrium points had to be extended out to the axes with labels to show the impact on Price (P1, P2 etc.) and Quantity (Q1, Q2 etc.) i.e. showing the increase in Price and Quantity. If these labels were missing, then candidates were not fully showing the old and new equilibrium. For the written analysis, examiners were looking for references to changes in trends, tastes or fashion for the mark. Examiners did not accept 'there has been an increase in the number of people cycling' as this was in the question. An additional mark could be awarded for stating that supply had remained the same (or supply was limited). The third mark could be awarded for stating that the equilibrium price had increased. It is very disappointing that many candidates still cannot correctly label the supply and demand curves.

Question 10: Impact of inflation on Halfords

This was a points based question and each reason was marked out of 3 marks - Knowledge 1, Application 1, Analysis 1. Examiners also allowed a definition of inflation, although the majority of candidates did score the 2 Knowledge marks with their reasons. This was a popular question and examiners were very impressed with the responses given for this question. The vast majority of candidates were able to score at least 4 marks and many scored 6 marks.

Question 11: Macroeconomic indicators

This was a Levels of Response question with 4 levels. Many candidates were able to evaluate the use of macroeconomic indicators in context so could get into Level 4. Application was well done with many candidates using the data from Evidence C to support their analysis and evaluations. Some candidates did write generic evaluations which could have applied to any business and this was restricted to L3 - 6 marks. Examiners saw lots of evaluations with context on one side only which scored 7 marks. To score 9-10, examiners were looking for evaluation with context on both sides plus a conclusion.

This question was marked:

L3: Analysis (one sided) but no context = 5 marks

L3: Analysis (one sided) with context = 6 marks

L3: Generic evaluation (no context) = 6 marks

L4: Evaluation with context on one side only = 7 marks

L4: Evaluation with context on both sides = 8 marks

L4= Detailed evaluation with context on both sides = 9-10 marks

Question 12: Stakeholders

This was a Levels of Response question based on the impact on the stakeholders from the merger between Halfords and Boardman Bikes. Each stakeholder was marked out of 7 and candidates covered a range such as customers, shareholders and employees. For this question, evaluation had to have context in order to access Level 4. If the evaluation had context only on one side, then examiners awarded 5 marks. Examiners Award 6-7 if both sides were in context depending upon the quality of the response. If the evaluation was generic and not in context, examiners awarded L3 = 4 marks. Many candidates did write generic evaluations so scored L3, 4 marks.

Summary

Based on their performance on this paper, students should:

- Ensure all SMC questions are completed for part (a) otherwise this will restrict part (b) marks to a maximum of 2 marks.
- Always define a key term (either from the stem of the question or in some cases, the correct answer).
- Fully explain the correct answer otherwise you will restrict your mark to 2 marks.
- Fully explain why the distracters (incorrect options) are incorrect and not just define them.
- Read the Evidence very carefully and ensure you spend enough time reading through the different pieces of Evidence.
- Ensure you know what is meant by the command words - Explain, Analyse, Assess and Evaluate require different skills to be shown.
- **USE** the Evidence to contextualise your response rather than just lifting data or saying the name of the business.
- Assess or Evaluate - this is looking at both sides and coming to a conclusion.
- In order to enter Level 4, your response must be in context.
- Ensure that your time management allows you to answer all questions on the paper, especially the Q12 which is worth 14 marks.

Grade Boundaries

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

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

