

Examiners' Report

June 2016

GCSE Business Studies 5BS03 01

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Introduction

This year's 5BS03 paper was generally well answered. There was limited evidence of candidates being unable to complete the examination paper. It is also becoming increasingly clear that centres are taking heed of the advice provided in documents such as this to prepare their candidates for subsequent examination series. As a result, there was a much greater use of context, whereas in the past, this was more frequently the stumbling block which held back candidates' performance. There was also increasing recognition of the mark scheme as a document which can be used to support improved candidate performance. Many candidates attempted to structure their responses around the level descriptors provided in the mark scheme. This use of a paragraph structure helps examiners spot key components of a candidate's answer and is to be encouraged. Nevertheless, centres need to be wary that the use of the word '*however*' does not mean that a response automatically contains evaluation and there is growing evidence of candidates providing a structure, which at first glance appears to give the impression of a high-quality answer, but after closer scrutiny the response offered scored at the bottom of the mark scheme. Candidates who performed badly on essay questions, worth 6 marks or more, usually resorted to producing a paraphrased re-write of the material contained within the accompanying case-study.

Section A was, on the whole, well answered with the exception of questions 1(d) and 4(b). There have been few questions on decentralisation and export subsidies during the lifetime of this specification and as a result very few candidates were able to access these questions successfully. Centres should be reminded of the fact that all of the specification content can be tested in any examination paper and there is no pattern as to what appears in any given year. Elsewhere, the scoring was good, with most candidates achieving solid marks. Despite the fact that use of context has improved, it still held back a sizeable number of candidates from scoring 3 marks on the '*explain in context*' questions and the second mark on '*outline in context*' questions. Question 4(d) was not answered as well as usual with some candidates focusing on improving profit rather than extending the product life cycle.

Section B was statistically the hardest of the three sections. A large proportion of candidates scored zero marks on the questions 6(b)(i) and (ii) through not learning the appropriate formulae. These questions were in theory straightforward and centres should provide a formulae list that candidates can learn, making these questions more accessible. Question 6(c) was also badly answered with a majority of candidates having virtually no recognition of the pros and cons of the break-even model.

Section C, by contrast, was well answered with a pleasing improvement in performance on Question 9. Question 10 also proved to be accessible, in the main, and candidates were well versed in the pros and cons of Just in Time stock control.

Question 1 (b)

This question was designed to be accessible to all candidates and targeted a G grade candidate. Virtually all candidates were able to score a mark on this question by coming up with something plausible. Most answers focused on '*jargon*' or '*failure of communication equipment such as wifi*'.

(b) Identify **one** possible barrier to effective communication.

(1)

It will make the ~~business~~ business better if you have good communication with each other.



ResultsPlus
Examiner Comments

This is a good example of a candidate not reading the question closely enough. 0 marks were scored.

(b) Identify **one** possible barrier to effective communication.

(1)

A tall hierarchy in business would mean that communication would be slower.



ResultsPlus
Examiner Comments

By contrast, this answer scored 1 mark. Note that the candidate would have scored 1 mark for just writing '*tall hierarchy*' and the remaining words were unnecessary.



ResultsPlus
Examiner Tip

In '*identify*' questions, the marks can be scored using just one or two words. A sentence is not necessary and just wastes time that is better used elsewhere.

Question 1 (c)

This question was well answered and most candidates were able to identify an impact and then provide two linked strands of explanation. Note that the question requires no contextualisation, since the question refers to a generic 'business'.

(c) Explain **one** impact of insufficient communication on a business.

(3)

People would become confused as the lack of communication would make the workers in a business not understand what is going on. This is why communication would be the most important aspect of a business.



ResultsPlus
Examiner Comments

This response provides an impact 'people would become confused' which then has one strand of explanation 'workers in a business not understand what is going on'. The response scored 2 marks since it lacked a further linked strand of explanation.

(c) Explain **one** impact of insufficient communication on a business.

(3)

Insufficient communication can lead to employees not being knowing their specific jobs and tasks which lowers productivity in a business. Lower productivity either means a fall in products produced or a lower quality service, which both lead to less sales and therefore less profits.



ResultsPlus
Examiner Comments

This response provided more linked strands than was necessary. It is an example of an answer that goes beyond what is required to score the 3 marks on offer. The answer could have stopped at 'less sales' and would have still scored 3 marks. 3 marks were awarded.



ResultsPlus
Examiner Tip

Over-answering a question will secure all of the marks, but at what cost? If it prevents you from finishing the exam paper it is counter-productive.

Question 1 (d)

This question was badly answered. Many candidates clearly had never heard of the term 'decentralisation' and thought it was something to do with being 'better organised'. There was a polarisation of marks awarded, with 3 and 0 being the most frequent scores.

(d) Explain **one** benefit to a business of using a decentralised organisational structure.

(3)

A benefit of using a decentralising organisational structure is that it will help with the effectiveness and running of a business, as everything will be more structured and easier to obide by.



ResultsPlus
Examiner Comments

This is an example of response, where the candidate has no knowledge of what decentralisation is. 0 marks were awarded.

(d) Explain **one** benefit to a business of using a decentralised organisational structure.

(3)

One benefit would be that there is no central office so each department is allowed to run how they want which means there is a wide span of control so the workers could have more motivation as they can complete tasks how they would like which would lead to an increase in productivity.



ResultsPlus
Examiner Comments

This response is in total contrast to the previous exemplar. The candidate has a clear understanding of the term, identifies a benefit and provides two linked strands of explanation. 3 marks were awarded.



ResultsPlus
Examiner Tip

Do not make the error of looking back at previous examination papers to identify topics that are frequently occurring. The exam paper can ask questions about any topic in the specification and there is no pattern as to what appears in any given year's examination paper.

Question 2 (b)

This question was an 'outline in context' question. Candidates had to identify one reason why a business may use product trials and then provide one strand of development. To score both marks the response had to be in context.

(b) Outline **one** reason why *Soap and Glory* may decide to use product trials.

(2)

Soap and Glory might want to use product trials as a way of communicating with the customer to gain qualitative research on how they can make the product better.



ResultsPlus Examiner Comments

This response has a reason 'qualitative research' and some development 'how to make the product better'. However, the response lacks context so therefore cannot go beyond 1 mark. 1 mark was awarded.

(b) Outline **one** reason why *Soap and Glory* may decide to use product trials.

(2)

To see if customers' opinions on the new products and how they judge how successful the products will be when properly stocked and sold. If customer feedback is poor the company may feel it necessary to remove these products as they are not selling. Instead, spend the money elsewhere to make the company more competitive with competitors such as Pantene.



ResultsPlus Examiner Comments

This response is overly detailed and goes beyond what is necessary for a 2 mark 'outline' question. A reason is stated 'to see customers' opinions on products' and is developed through 'judge how successful the products will be when properly sold'. However, the response cannot score 2 marks until context has been added. This is provided later after further unnecessary strands of development have been added with the final word 'Pantene'. 2 marks were awarded.



ResultsPlus Examiner Tip

You must add context to your answer if the question mentions a specific business name. Context can only be added by using words that are not already mentioned in the question. So in this case 'Soap and Glory' would not count as context but 'Pantene', 'cosmetics' and 'make-up' would.

Question 2 (c)

This question was an 'explain with context question' and candidates had to state an advantage and provide two linked strands of explanation whilst providing evidence of contextualisation somewhere within the answer. Without context, responses could not score more than 2 marks.

Soap and Glory has a strong brand name in the cosmetics market.

(c) Explain **one** advantage to *Soap and Glory* of having a strong brand name.

(3)

An advantage of then having a strong brand name is that they have an advantage over some of their rivals and smaller businesses selling similar products because they have 'loyal customers who will only buy the products from them because they're familiar with the brand instead of buying from less known brands.'



ResultsPlus
Examiner Comments

The candidate takes a while to start answering the question and spends unnecessary time repeating the question. An advantage is finally stated with 'have loyal customers' which is developed through 'who will only buy the products from them because they're familiar with the brand'. There is no further development, so this response cannot score more than 2 marks because it lacks a strand of development and there is no evidence of contextualisation. 2 marks were awarded.

Soap and Glory has a strong brand name in the cosmetics market.

(c) Explain **one** advantage to Soap and Glory of having a strong brand name.

(3)

A brand is something which differentiates the products from its competitors such as L'Oreal. One advantage of having a strong brand is it increases customer loyalty and makes it more likely ^{for a new customer} to choose their product over one from a smaller business. This makes Soap and Glory more competitive which is important in such a competitive industry as cosmetics.



ResultsPlus Examiner Comments

This candidate starts with a definition which is unnecessary and scores no marks since there are no knowledge marks (AO1) allocated to 'explain with context' questions. Nevertheless, the candidate states an advantage 'increases customer loyalty' and then adds a developed strand through 'more likely for a new customer to choose their product over one from a smaller business'. This is then further developed through 'makes Soap and Glory more competitive'. Context is added at the end through the inclusion of the word 'cosmetics'. 3 marks were awarded.

Question 2 (d)

This question is a 'describe with context' question and acts as a flexible 'explain with context' question. The inclusion of knowledge marks (AO1) means that a candidate can offer a definition of a key term in the question to score 1 mark. The candidate could also provide a negative impact and further three linked strands and so long as there is context, responses such as this would score 4 marks. Alternatively, the candidate could offer two negative impacts with one strand of development for each and score 4 marks (assuming there was context added to the description of one of the negative impacts). Thus, there are multiple routes to scoring 4 marks in this question type. Most candidates focused on 'rising costs' and 'the fact that there could be a consumer backlash against too much promotion'. A minority of candidates misread the question and focused on the 'advantages of promotion'. These candidates scored zero marks.

(d) Explain **one** disadvantage to Hornby from having large amounts of debt.

(3)

A disadvantage to Hornby from having large amounts of debts is that they will not have the money to do important things such as improve their products. As a result customers could lose interest in the business and choose to buy toys from a different competitor such as Toys 'R' Us.



ResultsPlus Examiner Comments

The candidate identifies a negative impact 'high costs' which is developed through 'lead to more cash outflow', which is then linked to 'lead to higher sale price to maintain positive cash flow' which is then linked to 'reduce competitiveness'. Therefore, the candidate has an impact and sufficient strands of development to score 4 marks. However, lack of context prevents this from happening and 'an already competitive market' does not provide sufficient clarity. 3 marks were awarded.

Soap and Glory uses high levels of promotion to maintain its competitiveness.

(d) Describe how high levels of promotion could have a negative impact on Soap and Glory.

To promote something, such as a product, it costs money. Therefore if Soap and Glory use high levels of promotion they will spend a lot of money. This may have a negative impact because the more money they spend on promotion the less money they can spend on their products. This ~~to~~ could cause customers to stop using their products which will lead to a fall in sales and profit, meaning that their competitor will have an advantage, such as L'Oreal. ⁽⁴⁾



ResultsPlus

Examiner Comments

The candidate identifies a negative impact 'costs money' which is developed through 'the more money they spend on promotion the less they can spend on their product' which is further developed through 'will cause customers to stop using their product' which is linked to 'fall in sales and profit'. Context is provided at the end of the response through a reference to 'L'Oreal'. 4 marks were awarded.

Question 3 (b)

This question proved to be problematic, in that candidates did not have sufficient understanding of the differences between cash flow and profit. Thus, examiners were instructed to only accept answers that could lead to an immediate improvement in cash flow. Thus, answers such as 'improve advertising' and 'increase product range' were not accepted. Equally, candidates that identified three very similar methods e.g. 'pay suppliers less', 'pay energy companies less', 'pay less rent' were only awarded 1 mark due to the clear overlap. As an aside, there were some excellent answers to this question as indicated in one of the exemplars highlighted below.

(b) Identify **three** methods *Hornby* could use to improve its cash flow.

(3)

- 1 Reduce costs
- 2 Cheaper suppliers
- 3 Produce a business plan



ResultsPlus Examiner Comments

This response only scored 1 mark. 'Reduce costs' and 'Cheaper suppliers' were viewed to be too similar so only 1 mark was awarded. 'Produce a business plan' would not affect cash flow. 1 mark was awarded.

(b) Identify **three** methods *Hornby* could use to improve its cash flow.

(3)

- 1 Factoring
- 2 Reduce costs by changing suppliers.
- 3 De-stock to remove obsolete stock and reduce storage costs.



ResultsPlus Examiner Comments

This candidate has provided three different methods that could be used to improve cash flow. 3 marks were awarded.



ResultsPlus Examiner Tip

In identify questions, make sure that your responses are not too similar to one another. Try and select answers that are sufficiently different to maximise your scoring capabilities.

Question 3 (c)

This question was another 'explain with context' question and was marked in an identical way to the others. This question was, on the whole, answered well with most candidates able to score at least 2 marks. The main factor that prevented higher marks was either lack of context or insufficient strands of explanation, following the identification of a benefit. Most candidates focused on 'larger market size', 'ability to remove the retailer's profit margin' and 'lower costs'.

(c) Explain **one** benefit to Hornby of using its website to sell direct to customers.

(3)

they will get 100% of the sales where as if they were sold at retail shops they would only get a percentage. this could improve their cash flow.



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Examiner Comments

The candidate has identified a benefit 'they will get 100% of the sales where as if they were sold at retail shops they would only get a percentage'. This benefit has some explanation in it. The answer was then further developed through 'this could improve their cash flow'. The response has a benefit and arguably two strands of development. However, there is no contextualisation so a maximum of two marks can be awarded. The response scored 2 marks.

(c) Explain **one** benefit to Hornby of using its website to sell direct to customers.

(3)

The company relies less on retailers ~~and~~ which may not be available to all potential customers, so selling on the website allows a broader amount of consumers ~~to~~ to be able to purchase the products online faster, leading to more ~~and~~ quicker sales of railway sets, therefore an increase in total revenue and improved cash flow as inflows are increasing.



ResultsPlus

Examiner Comments

The candidate identifies a benefit 'the company relies less on retailers which may not be available to all potential customers' which is developed through 'selling on the website allows a broader amount of customers to be able to purchase the products'. This is then further developed through 'leading to more and quicker sales of railway sets'. Therefore, the candidate has identified a benefit and provided two linked strands of explanation. Contextualisation is provided through the use of the term 'railway sets'. 3 marks were awarded.

Question 3 (d)

This question was identical in style to the previous question. Most candidates were able to identify a disadvantage, however the stumbling block again tended to be lack of contextualisation which prevented a large proportion of answers from reaching three marks. Most answers focused on 'risk', 'cash flow' and 'higher costs of having to pay interest'.

(d) Explain **one** disadvantage to Hornby from having large amounts of debt.

(3)

Having large amounts of debt means that Hornby have to pay interest. This means that the amount they received ~~any~~ originally is a lot less than the amount they have to pay back. This causes the cash outflow of Hornby to be much greater than usual.



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Examiner Comments

The candidate identifies a disadvantage 'Hornby have to pay interest' which is developed through 'this means that the amount they received originally is a lot less than the amount they have to pay back'. This is then further developed through 'this causes the cash outflow of Hornby to be much greater'. The answer has a disadvantage and two linked strands of development, but no contextualisation. The response scored 2 marks.

(d) Explain **one** disadvantage to *Hornby* from having large amounts of debt.

(3)

A disadvantage to Hornby from having large amounts of debts is that they will not have the money to do important things such as improve their products. As a result customers could lose interest in the business and choose to buy toys from a different competitor such as Toys 'R' us.



ResultsPlus Examiner Comments

The candidate has identified a disadvantage '*not have the money to do important things such as improve the product*' which is developed through '*customers could lose interest*' which is further developed through '*choose to buy from a different competitor such as ToysRus*'. The candidate has provided a disadvantage and two strands of development. '*ToysRus*' and '*toys*' provides evidence of contextualisation. 3 marks were awarded.



ResultsPlus Examiner Tip

Context is so important in allowing you to score 3, rather than 2 marks in this style of question. This is why there is a case-study at the start of the question. This case-study is there for a purpose and gives you information about the business which you can use to contextualise your answer.

Question 4 (b)

This was the worst answered question on the paper. Again, just like '*decentralisation*' in question 1(d), '*export subsidies*' have not appeared in very many previous papers. However, this topic is on the specification so questions can be asked about the concept. The modal mark for this question was zero with the vast majority confusing an export subsidy with a '*tariff*' or '*quota*'. There were very few 2 mark answers to this question.

The Singapore Government has given *Dyson* an export subsidy.

(b) Outline **one** possible impact on *Dyson* of the export subsidy.

(2)

It will increase their costs
as they have to pay
for the exports.



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Examiner Comments

This was typical of most answers. It is incorrect and scored 0 marks.

The Singapore Government has given *Dyson* an export subsidy.

(b) Outline **one** possible impact on *Dyson* of the export subsidy.

(2)

This will reduce costs of exporting to
other countries so they can increase
market share by exporting hoovers worldwide
and gain a competitive advantage over VAX.



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Examiner Comments

This was an example of one of the rare two mark responses. The candidate has identified an impact '*reduce costs of exporting*' and has developed this through '*gain competitive advantage over VAX*'. The use of the brand '*VAX*' provides the contextualisation. The response scored 2 marks.

Question 4 (c)

This question was well answered. The main error made by a small proportion of candidates was that they examined the benefit from the point of view of the consumer, rather than *Dyson*. Again, the importance of reading the question closely is critical if candidates want to maximise their marks.

(c) Explain **one** benefit to *Dyson* from being able to manufacture 'lighter, smaller and more effective' vacuum cleaners.

(3)

Being able to manufacture lighter, smaller and more effective vacuum cleaners means that dyson have ~~gi~~ gained product differentiation which will attract more customers increasing revenue, which can lead to higher profits.



ResultsPlus Examiner Comments

This response was typical of most answers. The candidate has identified a benefit '*gained product differentiation*' and has then provided two strands of development. However, lack of context prevents three marks from being awarded. The response scored 2 marks.



ResultsPlus Examiner Tip

Do not re-write the question at the start of your answer. This candidate has written 2.5 lines before they score a mark. This is the main reason why students run out of time in the exam.

(c) Explain **one** benefit to *Dyson* from being able to manufacture 'lighter, smaller and more effective' vacuum cleaners.

(3)

They are more appealing to customers because they are easier to handle and to vacuum their carpets and up high areas. This leads to more purchases and a bigger brand image. This leads to more profit.



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Examiner Comments

This candidate has a focus on context. A benefit is immediately identified '*more appealing to customers*' which is developed through '*easier to handle*' which is further developed through '*leads to more purchases and a bigger brand image*'. Contextualisation is provided through '*carpets and high up areas*'. 3 marks were awarded.

Question 4 (d)

This question was well answered with the majority of candidates being able to score 4 marks or more. The main difference between attaining 4 marks at the top of level 2 and 5 marks at the bottom of level 3 is the need for balance (evaluation) within the response. Candidates who selected option 2 were able to do this by considering the cost and time lags involved with improving a product. However, just like in previous years, some candidates believed that they automatically create balance through using the word 'however'. This is not the case and considering the drawbacks of option 1 and the benefits of option 2 does not create balance. The drawbacks of option 1 are just further support of the benefits of option 2. Thus, the response is still one-sided.

To gain full marks on this question, candidates needed to provide depth of analysis, balance, evidence of context and a conclusion.

The product life cycle of a vacuum cleaner, such as the DC54, can be very short.

(d) In order to extend the product life cycle of its DC54 vacuum cleaner, Dyson considered the following two options:

Option 1: Increase promotion

Option 2: Improve the product.

Which of these two options do you think would be more effective in allowing Dyson to extend the product life cycle of its DC54 vacuum cleaner? Justify your answer.

(6)

I think that for Dyson to extend the product life cycle of its DC54 vacuum cleaner they should improve the product. I think they should improve the product because it means that they ~~are~~ always have a competitive advantage over other business. Having a competitive advantage and a unique selling point with your products means that there sales would continue for longer, as customers always want something new and imaginative, and that means then that the customers would ~~buy~~ buy a Dyson vacuum as they

are the only company who sell the vacuum with the feature that customers want.



ResultsPlus Examiner Comments

The candidate makes the choice of improving the product and explains why that choice was made. The answer is totally one-sided and there is no evaluation whatsoever. Therefore, the answer was placed at the top of level 2 and 4 marks were awarded.



ResultsPlus Examiner Tip

When answering the 'choice' question, select **one** option and consider the pros and cons of that option. **You do not have to consider both options as part of your answer.** Using this tip will save you time and make it more likely that your answer will reach level 3 in the mark scheme.

The product life cycle of a vacuum cleaner, such as the DC54, can be very short.

(d) In order to extend the product life cycle of its DC54 vacuum cleaner, Dyson considered the following two options:

Option 1: Increase promotion

Option 2: Improve the product.

Which of these two options do you think would be more effective in allowing Dyson to extend the product life cycle of its DC54 vacuum cleaner? Justify your answer.

(6)
Increasing promoting would mean that more potential customers are aware of the Dyson DC54 vacuum. However, vacuums are constantly improving and it is a very competitive market so by promoting the DC54 they may be losing money to other businesses like VAX who are advancing their products further. On the other hand if Dyson were to improve their product then they already have a loyal customer base to sell to, who trust the brand and the product quality.

However, improving the product can be very costly for the business and if they do not make the money back from sales then they could lose money in the long run.

Overall I think that improving the product will be more effective in increasing the life cycle of the DC54. This is because of the highly competitive market it is in and the loyal customer base ready for more Dyson products.

(Total for Question 4 = 12 marks)



ResultsPlus Examiner Comments

The candidate makes a choice and believes that option 2 is better. The candidate explains this by first considering the drawbacks of option 1. The candidate then develops the benefits and drawbacks of option 2. This ensures that the response has evaluation. The candidate then provides a conclusion. Contextualisation is provided through the use of the terms 'VAX'. 6 marks were awarded.



ResultsPlus Examiner Tip

Make it clear to the examiner that you are providing a conclusion by having a clear paragraph structure. Start your last paragraph with 'In conclusion...' or 'Overall...'.

Question 5 (a)

In this question, candidates had to make some kind of implicit or explicit reference to information involving attitudes, judgements or opinions. An imperfect definition could be raised to 2 marks through the use of an example e.g. focus groups. Zero marks were awarded for examples that could relate to quantitative as well as qualitative information e.g. questionnaires.

5 (a) What is meant by the term **qualitative market research**?

(2)

Research for quality products and ideas with high quality products.



ResultsPlus
Examiner Comments

This response was simply too vague to score any marks at all. Zero marks were awarded.

5 (a) What is meant by the term **qualitative market research**?

(2)

Qualitative market research is research about people's opinions, judgements and ideas and are expressed in words.



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Examiner Comments

This answer makes a clear reference to '*opinions*'. The candidate clearly understands qualitative market research. This response was awarded 2 marks.

Question 5 (b)

Virtually every candidate scored a mark on this question with the majority of candidates opting for 'training'. The answers that scored zero marks had nothing to do with customer service e.g. 'special offers' and 'lower prices'.

(b) Identify **one** method *Travelodge* could use to improve its customer service.

(1)

Promote their brand



ResultsPlus
Examiner Comments

This response has nothing to do with customer service. Zero marks were awarded.

(b) Identify **one** method *Travelodge* could use to improve its customer service.

(1)

They could provide staff training to help the staff



ResultsPlus
Examiner Comments

This answer was typical of many that were seen. 1 mark was awarded.



ResultsPlus
Examiner Tip

The candidate did not have to write a sentence. 1 mark would have been awarded if the candidate had simply written 'training'.

Question 5 (c)

A significant proportion of candidates struggled with this question since they did not read the wording of the question closely enough. The question asks candidates to 'explain one impact on the environment'. Many candidates instead wrote an answer which focused on 'explain one impact on Travelodge'. Candidates that did this scored zero marks.

- (c) Explain one impact on the environment of Travelodge's decision to build hotels using recycled materials.

(3)

~~A positive impact~~ Building hotels using recycled materials can be a positive impact because they're being eco-friendly and ethical, this can lead to an increase in custom, good reviews and repeat purchase, therefore, Travelodge ~~don't~~ don't have to risk customers rejecting their offers and pressure groups, trying to change them.



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Examiner Comments

This candidate has fallen into the trap of not reading the question closely enough. They have explained one impact on *Travelodge* and not the environment. Zero marks were awarded.

(c) Explain **one** impact on the environment of *Travelodge's* decision to build hotels using recycled materials.

(3)

Travelodge has reduced waste as the shipping containers would've been disposed of. This leads to less pollution and landfill as disposing the shipping containers would've released harmful gases like carbon dioxide leading to global warming. Therefore Travelodge has reduced global warming by using recycled materials.



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Examiner Comments

The candidate has identified one impact on the environment through '*reduced waste*'. This is then developed through '*less pollution and landfill*' which is further developed through '*disposing the shipping containers would've released harmful gases like carbon dioxide*'. Contextualisation is provided through reference to '*shipping containers*'. This response scored 3 marks in total.

Question 5 (d)

This question is marked as two separate 4 mark questions. Examiners are instructed to read the whole of the advantage/disadvantage section in order to determine how many marks to award. This method allows an unclear advantage/disadvantage to still score marks if further clarity is provided in the 'explanation' part of the answer. In general, this was a well-answered question with most candidates being able to score 5 marks or more.

Travelodge pays its hotel managers a salary.

- (d) State **one** advantage and **one** disadvantage to *Travelodge* from its decision to remunerate its hotel managers using a salary. For each, explain the likely effect on *Travelodge*.

(8)

Advantage

It's a yearly payment calculated to be given at a certain time.

Explanation

This means its employees would get money every month which will help them and use it to buy simple things such as food. They are able to support their families and the money will help them with little expenses and pay rents and bills.

Disadvantage

Money won't be given at any other time.

Explanation

This means that you won't be able to get money on any other occasion and would have to wait for them to get paid. This means if the employee needs money urgently they won't be able to get it so soon.



ResultsPlus
Examiner Comments

The candidate has provided advantages to the employee, not *Travelodge*. Therefore, the candidate has not answered the question. This part of the answer scored zero marks.

In the second half of the question, the candidate has considered a drawback to the employee and not a drawback to *Travelodge*. Again, the candidate has not answered the question. Zero marks were awarded.

In total, this response scored 0 marks.

Travelodge pays its hotel managers a salary.

- (d) State **one** advantage and **one** disadvantage to Travelodge from its decision to remunerate its hotel managers using a salary. For each, explain the likely effect on Travelodge.

(8)

managers Advantage

~~Staff~~ feel valued.

Explanation

this is because they know that they are going to get that salary. This means that they could go up a scale on Maslows hierarchy. This will have a good effect on travel lodge because if staff feel secure in their jobs it will make them enjoy work more so that Travelodge becomes a nice working environment.

Disadvantage

staff become less motivated.
~~there are better methods that could be better.~~

Explanation

~~If Travel lodge payed by piece rate they could pay~~

If the managers are getting payed by salary, other staff may not feel as valued so become less motivated. This means that customer service could decrease because staff aren't motivated, so

Travel lodge could get a poor reputation for bad customer service and could lose customers to Premier Inn.

(Total for Question 5 = 14 marks)



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Examiner Comments

The candidate identifies an unclear advantage '*feel valued*' which is developed in the explanation section through '*this means that they could go up a scale in Maslow's hierarchy*' which is linked to '*staff feel more secure in their jobs*' which is further developed through '*Travelodge becomes a nice working environment*'. The answer has enough strands of development for 3 marks. However, there is no context which makes it impossible for this section to score the full 4 marks.

The second section is better than the first. The candidate repeats the disadvantage in the explanation and then goes on to provide numerous strands of explanation through '*customer service could decrease*' which is linked to '*Travelodge could get a poor reputation*' which is linked to '*lose customers to Premier Inn*'. Therefore, the candidate has provided a valid disadvantage and three linked strands of explanation. The candidate has also provided context by identifying a competitor '*Premier Inn*'. This section of the response scored 4 marks.

In total, the answer scored 7 marks in total.



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Examiner Tip

Make sure that you do not repeat the advantage/disadvantage in the explanation section. This could cause you to think that your answer contains more strands of explanation than it actually does. This could limit your scoring on this question to a maximum of 6 marks.

Question 6 (a)

The 'margin of safety' was a term which very few candidates were familiar with. Many candidates thought it was something specific to hotels and there were many answers focused around food and fire safety. This led to a low mean mark on this particular question.

6 In 2013, the Uxbridge *Travelodge* had a margin of safety of 1,400 rooms.

(a) What is meant by the term **margin of safety**?

(2)

The excess products or services (in this case rooms) a business has left, free to offer



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Examiner Comments

This was typical of many answers. The candidate has no understanding of the term. Zero marks were awarded.

6 In 2013, the Uxbridge *Travelodge* had a margin of safety of 1,400 rooms.

(a) What is meant by the term **margin of safety**?

(2)

Margin of Safety is the output minus the break even point.



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Examiner Comments

An accurate definition. This response was awarded 2 marks.

Question 6 (b) (i)

There were very few 1 or 2 mark answers to this question. Candidates either knew the break-even formula or they did not. Candidates who gave the correct answer, but provided no formula or workings were still awarded 3 marks.

The Uxbridge *Travelodge* has annual fixed costs of £100 000. The selling price of a room is £50 per night and the variable cost of a room is £10 per night.

- (b) (i) Calculate how many hotel rooms had to be sold in 2013 for the Uxbridge *Travelodge* to break-even. Show your workings and the formula used.

(3)

$$50 - 10 = 40$$

$$100,000 \div 40 = 25,000$$

25,000 rooms to break-even.



ResultsPlus Examiner Comments

The candidate has provided the correct working after providing an incorrect answer. There is no formula so this candidate can only score 1 mark. 1 mark in total was awarded.



ResultsPlus Examiner Tip

Always provide the formula and workings. Therefore, even if you make a careless mistake like this candidate, you will still score 2 marks.

The Uxbridge *Travelodge* has annual fixed costs of £100 000. The selling price of a room is £50 per night and the variable cost of a room is £10 per night.

- (b) (i) Calculate how many hotel rooms had to be sold in 2013 for the Uxbridge *Travelodge* to break-even. Show your workings and the formula used.

(3)

$$\frac{100,000}{(50 - 10)} = \underline{\underline{2500}}$$

Fixed cost
Selling price - variable price



ResultsPlus Examiner Comments

The candidate has given the correct answer of 2500. 3 marks were awarded.

Question 6 (b) (ii)

Questions requiring candidates to calculate profit have appeared on previous GCSE Business Studies papers. Therefore, it was disappointing that so many candidates could not even state the formula, even if the maths was beyond them. The main mistake made by candidates was not to multiply the variable cost per room by the number of rooms sold. This led to an incorrect total cost figure.

During 2013, the Uxbridge *Travelodge* sold 3,900 rooms.

- (ii) Calculate the profit of the hotel in 2013. Show your workings and the formula used.

(3)

$$\begin{aligned} \text{fixed cost } £60 \times 3,900 &= 234\,000 - \\ £100,000 &= £134\,000 \\ \text{profit} &= \text{Variable cost} - \text{fixed cost} \\ &\hookrightarrow 234\,000 - 100\,000 = £134\,000 \end{aligned}$$



ResultsPlus
Examiner Comments

The candidate does not know the correct formula and there is nothing of value in this answer. Zero marks were awarded.

During 2013, the Uxbridge *Travelodge* sold 3,900 rooms.

- (ii) Calculate the profit of the hotel in 2013. Show your workings and the formula used.

(3)

$$\begin{aligned} \text{Profit} &= \overset{P \times Q}{\text{Total Revenue}} - \overset{FC + VC}{\text{Total Costs}} \\ \text{TR} &= £50 \times 3900 = 195,000 \\ \text{TC} &= 100\,000 + (10 \times 3900) = 139\,000 \\ \text{Profit} &= 195\,000 - 139\,000 = 56\,000 \\ \text{Profit} &= £56,000 \end{aligned}$$



ResultsPlus
Examiner Comments

This was an example of a well set out answer. The examiner can clearly follow what the candidate is trying to do. The candidate has provided the correct answer. 3 marks were awarded.

Question 6 (c)

This question proved to be very challenging for the vast majority of candidates. Many candidates struggled to write an answer that went beyond level 1 on the mark scheme. Many candidates also drifted off the set question. The exemplars below illustrate the large contrast in quality.

**(c) Assess the usefulness of break-even analysis to a hotel company, such as Travelodge.*

(8)

*know For a hotel
Company knowing your point
of break-even is help full,
as it allows you to
get an idea of how
many rooms you must
sell in order to
make profit.*



ResultsPlus
Examiner Comments

This answer was typical of many answers which only showed simple understanding of the break-even model. The candidate has made a simple statement that demonstrates some understanding. 1 mark was awarded.

*(c) Assess the usefulness of break-even analysis to a hotel company, such as Travelodge.

(8)

Break-even analysis helps Travelodge set a target for how many hotel rooms need to be sold for a profit to be made. This target is helpful in motivating employees to reach this target. Therefore, the workers will work harder, increasing productivity which leads to lower costs. It also helps Travelodge ask "what if" questions so that they can plan what would happen if costs rise and how this affects profit.

However, it may not be useful because break-even is not specific enough. This ~~means~~ is because not all hotel rooms are sold at the same price so break-even could be higher or lower.

In conclusion, I think break-even analysis is useful for Travelodge as the target helps them see what needs to be sold. I think that it could be even more useful if they set a range for the break-even point so they know the minimum amount of ~~rooms~~ rooms to be sold and the maximum for break-even to be reached.

(Total for Question 6 = 16 marks)



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Examiner Comments

This response was one of the few that scored all 8 marks. The candidate clearly articulates the pros and cons of using the break-even model and there is a clear focus on the usefulness of the concept to a hotel. The answer is in context and there is an imaginative conclusion that goes beyond simply repeating what has already been written in the response. This is a clear level 3 response. 8 marks were awarded.

Question 7

This was a straightforward definition. Examiners were instructed to look for the notion of an organisation that can influence a decision. A small proportion of candidates mixed up 'pressure group' with 'focus group'.

7 What is meant by the term **pressure group**?

a group where business ideas are shared.



ResultsPlus
Examiner Comments

This candidate has mixed up 'pressure group' with 'focus group'. Zero marks were awarded.

7 What is meant by the term **pressure group**?

Pressure group means a group of people who disagree with the operations of a business. They usually go on strike, campaign and lobby to get the business to change their ways.



ResultsPlus
Examiner Comments

This candidate manages to capture the idea that pressure groups try and influence the decision making of a business. 2 marks were awarded.

Question 8

There were many 1 mark answers to this question. The mistakes made were similar to the ones made on previous 'outline in context' questions. More often than not candidates could identify an impact and develop it. However, lack of context prevented both marks from being awarded.

- 8 Outline **one** impact on Zara from improving the health and safety record in its factories.

It will not cause bad advertisement or publicity meaning that the brand name's reputation will be better.



ResultsPlus

Examiner Comments

This candidate identifies an impact 'not cause bad advertisement' and provides development through 'meaning that the brand name's reputation will be better'. However, there is no contextualisation so the candidate cannot score the second mark. The response was awarded 1 mark.

- 8 Outline **one** impact on Zara from improving the health and safety record in its factories.

This would mean ~~that Zara~~ ^{that Zara} would be less likely to receive any hassle from pressure groups such as greenpeace. ~~Which~~ ^{Which} would make it easier for Zara to conduct the business and make clothes without any disturbance to sales or cash flow.

(Total for Question 8 = 2 marks)



ResultsPlus

Examiner Comments

The candidate has identified an impact 'less likely to receive any hassle from pressure groups' and offers one strand of development through 'would make it easier for Zara to conduct business'. Context has been provided through the use of the words 'Greenpeace' and 'clothes'. 2 marks were awarded.

Question 9

This question was answered much better than it has been in previous examination series. Candidates were able to explain the benefits of ethical behaviour to *Zara*. Most candidates focused on 'adding value', 'improved branding' or a 'reduction in pressure group activity'. To reach level 3 in this style of question, candidates are required to explain at least two benefits and then provide some evidence of balance. Note that the question makes reference to benefits in the plural. Candidates who examined one benefit and provided balance were placed at the top of level 2 in the mark scheme.

*9 Discuss the benefits to *Zara* from improving its ethical behaviour.

Zara improving their ethical behaviour would result in customers not feeling as guilty for buying products made by *Zara*. As a result of this customers are much more likely to buy products made by *Zara* therefore increasing *Zara's* revenue. Revenue for *Zara* being increased would lead to *Zara* having more money available to reinvest into themselves which means they would be able to produce a better product with more sales being made.

Zara improving its ethical behaviour would also result in the pressure from pressure groups being decreased. As a result of this *Zara* would be seen as a more trustworthy brand as resulting in more customers. If there is less pressure from pressure groups then *Zara* would not be exposed.



ResultsPlus
Examiner Comments

This was typical of the majority of responses seen. The candidate has developed two benefits of improving ethical behaviour to *Zara*, but has failed to act on the command word 'Discuss'. Therefore, lack of balance prevents the response from escaping level 2 on the mark scheme. 4 marks were awarded in total.

*9 Discuss the benefits to *Zara* from improving its ethical behaviour.

By being ethical it could result in higher sales if the public know about it. This would lead to higher revenue as customers like to buy clothes from ethical companies. This would lead to higher profits. However *Zara* already achieves a high amount of sales, meaning customers may not really care about ethics. This would therefore not lead to an increase in sales, revenue and profit.

Zara would have a better reputation which would lead to higher sales leading to higher revenue and higher profits. However if the environmentally friendly dyes were more expensive it would lead to higher costs. This would lead to lower profits.

It would be beneficial for *Zara* to improve its ethical behaviour however the customers also have to be persuaded for Greenpeace to be effective.



ResultsPlus Examiner Comments

The use of a clear paragraph structure makes this very easy to mark. The candidate has provided two developed benefits to *Zara* from ethical behaviour and has evaluated both of these benefits at the end of each respective paragraph. This allows the response to reach level 3. The difference between 5 and 6 marks is the existence of context. This is provided in numerous places through the use of the words 'clothes', 'dyes' and 'Greenpeace'. The candidate also provides an overall conclusion which is unnecessary in allowing the candidate to reach full marks. This response scored 6 marks in total.

Question 10

This proved to be a very accessible question. Candidates appeared to be very comfortable with the pros and cons of Just In Time (JIT) stock control. As a result, most answers managed to reach level 2 in the mark scheme. A minority of candidates approach the final question by essentially re-writing what already exists within the case-study at the start of the section. Candidates who do this are awarded zero marks since they do not demonstrate any additional understanding.

***10** Using your knowledge of business, assess the importance of Just In Time (JIT) stock control in helping *Zara* to remain competitive.

Just in time stock means that 'Zara' won't have to waste money storing their clothes in store, they can have them elsewhere, and delivered to the store as soon as they need them. It costs lots of money to rent out a building for a shop in places like 'Oxford Street', for example, so the less room wasted, the better.

Just in time stock also means that 'Zara' can keep up to date with the latest fashions as soon as they come out, and they aren't left with lots of old stock. This also means that they aren't wasting clothes, so less money is wasted; nearly all the clothes made are sold.

It means that because they release new ranges as soon as new fashions

are released, they are ahead of the market, and their competitors are behind, still holding and trying to sell their old stock.

In conclusion, Just in time stock control helps Zara, because it keeps the company efficient, and it reduces the wastage of clothes and money.



ResultsPlus
Examiner Comments

This response was totally one-sided and developed, very thoroughly, the benefits of Just In Time (JIT) stock control without considering any of the drawbacks. Therefore, the answer cannot go beyond mid-level 2 on the mark scheme, since evidence of balance is required to reach 7 marks. As a result, this response was awarded 6 marks in total.

*10 Using your knowledge of business, assess the importance of Just In Time (JIT) stock control in helping Zara to remain competitive.

If Zara continue to use JIT, they will be more flexible to changes in trends. This is because they won't have invested lots of money in buffer stock and can instead change their orders and dominate the clothing industry at the start of new trends. However they won't have any buffer stock in case of any upsurges in sales. This stops Zara from making sales as they won't have back-up stock to supply customers with. This can lead to Zara losing an opportunity to make a high profit.

JIT also helps Zara save money, this is because Zara don't have to pay money to hold stock, and can instead retain this money to invest in other affairs. However Zara is a very popular shop, therefore it gains lots of sales, and if there is a delay with the suppliers, customers will get their clothes late, this leads to customer dissatisfaction.

JIT can also lead to a high cash outflow this is because Zara won't be buying in bulk and will therefore have to pay delivery fees each time.

they want to transport clothes. This can lead to lots of money being lost. However JIT improves cash flow as a little sums of money is taken out over time instead of all of it at once. This reduces the risk of insolvency.

In conclusion Zara should stick to JIT as they are a trendy clothes store which needs to stay up to date with fashion, also JIT reduces chances of insolvency as lots of money being lost.



ResultsPlus Examiner Comments

This response considers the pros and cons of Just In Time (JIT) stock control and has sufficient development of the points mentioned to reach the top of level 2 and 7 marks. To get into level 3 context is required which the candidate provides through the use of the phrase '*clothing industry*'. To make progress within level 3, the candidate requires a sophisticated conclusion. The candidate provides a conclusion, but there is no evidence of sophisticated evaluation. Therefore, the response was awarded 9 marks in total.



ResultsPlus Examiner Tip

Try and make use of the '*It depends rule*'. This would make the difference between a conclusion that simply '*goes through the motions*' and one which is deemed to contain '*sophisticated evaluation*'.

***10** Using your knowledge of business, assess the importance of Just In Time (JIT) stock control in helping Zara to remain competitive.

JIT stock involves holding no buffer stocks. This reduces the costs of storage, so more money can go into market research and fashion trends can be found out from customers. Therefore their products will appeal more to customers than H&M and Gap. Another benefit is it makes sure clothes 'never stay on shelves for more than a ^{week} week', so there is less chance of the buffer stock clothes going out of fashion and their clothes will appeal more to customers. However, a disadvantage is that they won't be able to meet surges in demand. This will damage Zara's brand and make them lose competitiveness so they'll shop at Gap instead. Also, JIT stock involves more time spent in managing puts more pressure on their own 'factory' workers. This results in them being de-motivated, resulting in lower productivity and a higher price must be charged than H&M and Gap. Overall, it depends on how high the demand is. If demand stays stable, they will be able to benefit from the lower costs and quickly-changing shelves without worrying about damaging their brand. However, as clothes are fairly reasonable there may be lots of surges in demand, for example for bikinis in the summer, and if this happens there is quite a high probability that they won't be able to meet it - a problem which H&M and Gap won't have.



ResultsPlus Examiner Comments

This response should be contrasted with the previous one. This is also a level 3 response, but the quality of the conclusion justifies a mark of 10, rather than a mark of 9. This candidate makes use of the 'it depends rule'.



ResultsPlus Examiner Tip

This response scored full marks. However, notice how the use of paragraphs would have made this answer easier to read.

Paper Summary

Based on the performance of this year's examination, candidates are offered the following advice:

- Read the question closely. In question 2(d) a fairly significant proportion of candidates described the advantages, rather than disadvantages, of increased promotion. A similar problem occurred in question 5(c) where candidates considered an impact on *Travelodge*, rather than the environment. Misreading the question, almost always, results in zero marks being awarded.
- Remember the importance of context. Losing a mark on 3 mark '*explain with context*' or 2 mark '*outline*' questions over the course of an exam paper results in a significant number of marks being lost. This error can reduce your performance by more than an entire grade.
- Learn key definitions and formulae. If you do not do this you will not be able to access some of the questions. Again this will almost certainly cost you grades since there are 12 marks available on the paper for definitions and quantitative skills.

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>

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