

Mark Scheme (Results)

Summer 2012

GCSE Business (5BS03)  
Paper 01

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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.

**Section A:**

Question Number	Answer	Mark
1(a) AO1=1	C	(1)

Question Number	Answer	Mark
1(b) AO1=2	<p>2 marks for any two ways in which a business could become more ethical.</p> <p>Possible ways include:</p> <ul style="list-style-type: none"> <li>• Paying workers higher wages.</li> <li>• Improved working conditions.</li> <li>• Reducing pollution.</li> <li>• Buying Fairtrade supplies/agreeing to pay more to suppliers.</li> <li>• Donations to the community.</li> <li>• Reducing packaging.</li> </ul> <p>Accept any reasonable responses. Candidates can score two marks if they state two different ways.</p>	(2)

Question Number	Answer	Mark
1(c) AO1=1 AO3=1	<p>1 mark for the identification of a benefit from improving a business' ethical behaviour and 1 mark for some kind of appropriate development of the benefit.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Stronger brand.</li> <li>• Increased sales.</li> <li>• Increased profits.</li> <li>• Ability to charge higher prices.</li> <li>• Out-compete rivals.</li> </ul> <p>E.g. The business' brand will be improved (1 mark) because the business no longer exploits its workers (1 mark).</p> <p>This answer would gain 2 marks since a benefit has been identified and there is some development of the benefit.</p>	(2)

Question Number	Answer	Mark
<p><b>1(d)</b></p> <p><b>AO1=1</b></p> <p><b>AO3=2</b></p>	<p>For 3 marks, there will be <b>one</b> drawback identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible drawbacks include:</p> <ul style="list-style-type: none"> <li>• Damage to brand/reputation.</li> <li>• Forced to change decision making.</li> <li>• Increased costs.</li> <li>• Tighter government regulation.</li> <li>• Loss of market share to competitors.</li> </ul> <p>E.g. Pressure groups could make everyone know that the business pollutes (1 mark). This bad publicity could result in consumers not buying the business' products (1 mark), resulting in falling revenues (1 mark).</p> <p>This answer would gain three marks since there are at least two relevant, linked points made, following the identification of a valid drawback.</p>	<p><b>(3)</b></p>

Question Number	Answer	Mark
<p><b>2(a)</b></p> <p><b>AO1=1</b></p>	<p>C</p>	<p><b>(1)</b></p>

Question Number	Answer	Mark
<p>2(b)</p> <p>AO2=3</p>	<p>1 mark for each appropriate method of motivation identified. Each method needs to be applicable to a checkout operator. Accept generic answers <b>only</b> if they can be realistically viewed as a source of motivation to a checkout operator. E.g. do not accept company cars, but do accept generic 'fringe benefits'.</p> <p>Possible methods include:</p> <ul style="list-style-type: none"> <li>• Promotion.</li> <li>• Praise.</li> <li>• Flexible working hours.</li> <li>• Discount card off shopping in <i>Sainsbury's</i>/vouchers.</li> <li>• Loyalty cards.</li> <li>• Fringe benefits.</li> <li>• Employee of the month awards.</li> <li>• Holidays.</li> <li>• Training.</li> </ul>	<p>(3)</p>

Question Number	Answer	Mark
<p>2(c)</p> <p>AO1=1</p> <p>AO2=1</p> <p>AO3=1</p>	<p>For 3 marks, the description will make two relevant points or one developed point associated with the effect of increasing pay on <i>Sainsbury's</i> checkout staff. The answer <b>must be</b> rooted in the context of a checkout worker to secure all three marks. Two marks are awarded for the points which could include a definition of motivation, and 1 mark is awarded for the use of context.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Satisfies physical needs.</li> <li>• Increases ability to buy goods and services.</li> <li>• Increases overall remuneration package.</li> <li>• Makes <i>Sainsbury's</i> a better place to work.</li> <li>• Makes checkout staff feel more valued.</li> </ul>	

	<p>E.g. An increase in pay will make checkout staff feel more valued (1 mark). As a result workers will not apply for jobs at rival supermarkets such as <i>Tesco</i> (1 mark). It will also give them the ability to satisfy their physical needs (1 mark).</p> <p>This answer would gain three marks since there are at least two unrelated points and there is use of the supermarket context.</p>	<b>(3)</b>
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Question Number	Answer	Mark
<p><b>2(d)</b></p> <p><b>AO2=2</b></p> <p><b>AO3=1</b></p>	<p>For 3 marks, <b>one</b> effect will be given and there will be at least <b>two</b> clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation <b>must be</b> in the <i>Sainsbury's</i>/supermarket context if it is to secure all three marks.</p> <p>Possible effects include:</p> <ul style="list-style-type: none"> <li>• Better motivation amongst female staff.</li> <li>• Increased costs.</li> <li>• Loss of profit.</li> <li>• Need to employ temporary workers.</li> <li>• More female workers will want to work for <i>Sainsbury's</i>.</li> </ul> <p>E.g. By giving female workers maternity leave, <i>Sainsbury's</i> will have to employ temporary workers (1 mark). These workers may not be as good as the permanent workers (1 mark). This will increase <i>Sainsbury's</i> costs as they employ lots of female workers (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of an effect. The answer is also rooted in the context of working in a supermarket. Without this use of context the answer can score a maximum of 2 marks.</p>	<b>(3)</b>

Question Number	Answer	Mark
3(a) AO1=1	A	(1)

Question Number	Answer	Mark
3(b) AO2=2 AO3=1	<p>For 3 marks, there will be <b>one</b> benefit identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation <b>must be</b> in the <i>Easyjet</i>/airline context if it is to secure all three marks.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Lower costs per passenger.</li> <li>• Ability to charge lower prices.</li> <li>• Out-compete rival airlines such as <i>BA</i> and <i>Ryanair</i>.</li> <li>• More efficient use of planes.</li> <li>• Ability to offer more services/routes.</li> </ul> <p>E.g. <i>Easyjet</i> will be able to lower its average total cost (1 mark) since more output will be produced in an hour. This will then allow <i>Easyjet</i> to lower its prices (1 mark).</p> <p>This answer would gain two marks since there are at least two linked strands that build the explanation, following the identification of a benefit. However there is no use of context which prevents the answer from being awarded 3 marks.</p>	(3)

Question Number	Answer	Mark
<p><b>3(c)</b></p> <p><b>AO1=1</b> <b>AO2=1</b> <b>AO3=1</b></p>	<p>For 3 marks, the description will make two relevant points or one developed point which describes how an airline could differentiate its service from that offered by rival airlines. The answer <b>must be</b> rooted in the context of an airline to secure all three marks. Two marks are awarded for the points which could include a definition of differentiation, and 1 mark is awarded for the use of context.</p> <p>Possible methods include:</p> <ul style="list-style-type: none"> <li>• Faster service.</li> <li>• Shorter check-in times.</li> <li>• Lower prices.</li> <li>• Bigger luggage allowance.</li> <li>• On board meals.</li> <li>• More leg room.</li> <li>• Airports closer to the destination.</li> </ul> <p>E.g. <i>Easyjet</i> could offer free meals on its planes (1 mark). This means passengers feel that they are getting better value for money compared to <i>Ryanair</i> (1 mark). They could also offer more leg room (1 mark).</p> <p>This answer would gain three marks since there are two separate points and there is use of the airline context.</p>	<p><b>(3)</b></p>

Question Number	Answer	Mark
<p><b>3(d)</b></p> <p><b>AO2=2</b></p>	<p>For 3 marks, there will be <b>one</b> disadvantage identified and <b>two</b> clearly identifiable linked strands of explanation between the</p>	

<p><b>AO3=1</b></p>	<p>statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation <b>must be</b> in the <i>Easyjet</i>/airline context if it is to secure all three marks.</p> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Loss of sales to other airlines.</li> <li>• Damage to branding/increased complaints.</li> <li>• Less repeat passengers.</li> <li>• Lower revenue/profits.</li> </ul> <p>E.g. Poor customer service will increase the number of complaints <i>Easyjet</i> receive (1 mark). As a result the complaining passengers are unlikely to use <i>Easyjet</i> again (1 mark) and will switch to <i>Ryanair</i> (1 mark).</p> <p>This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a disadvantage. The answer is also rooted in the context of <i>Easyjet</i>/airlines since reference is made to passengers and a rival airline.</p>	<p><b>(3)</b></p>
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Question Number	Answer	Mark
<p><b>4(a)</b> <b>AO1=1</b></p>	<p>D</p>	<p><b>(1)</b></p>

Question Number	Answer	Mark
<p><b>4(b)</b> <b>AO2=2</b></p>	<p>1 mark for the identification of each quantitative research method <i>Nintendo</i> could use.</p> <ul style="list-style-type: none"> <li>• Surveys.</li> <li>• Questionnaires.</li> <li>• Internet.</li> <li>• Office for National Statistics data.</li> <li>• Market/company reports</li> </ul> <p>Accept any reasonable responses. Candidate can score two marks if they state two different methods of quantitative market research.</p>	<p><b>(2)</b></p>

Question Number	Answer	Mark
<p>4(c)</p> <p>AO2=2</p> <p>AO3=1</p>	<p>For 3 marks, there will be <b>one</b> drawback identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation <b>must be</b> in the <i>Nintendo</i>/games console context if it is to secure all three marks.</p> <p>Possible drawbacks include:</p> <ul style="list-style-type: none"> <li>• High costs of storage for the consoles.</li> <li>• Lots of cash tied up/poor cash flow.</li> <li>• Loss in value of the consoles (depreciation).</li> <li>• Consoles might not sell as well as expected.</li> <li>• Higher risk of needing to de-stock.</li> </ul> <p>E.g. <i>Nintendo</i> might find sales of the <i>3DS</i> are not as high as they expected (1 mark) since people might not be willing to spend extra just to play games in 3D (1 mark). This will result in a lot of spare consoles that cannot be sold (1 mark).</p> <p>This answer would gain three marks since the candidate identifies the drawback and there are at least two linked statements using the <i>Nintendo</i> context.</p>	<p><b>(3)</b></p>

Question Number	Indicative content
<p>4(d)</p> <p>AO2=2</p> <p>AO3=4</p>	<p>The aim here is for candidates to make a judgement as to whether increasing advertising or designing new features is more effective in allowing <i>Nintendo</i> to improve the sales of its consoles. There is no right or wrong answer and the candidate can argue that either method is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer:</p> <p>Increasing advertising:</p> <ul style="list-style-type: none"> <li>• Enhance branding.</li> <li>• Target certain market segments.</li> <li>• Increases repeat purchases from existing <i>Nintendo</i> customers.</li> <li>• Expensive.</li> <li>• Not guaranteed to increase sales.</li> </ul>

		<ul style="list-style-type: none"> <li>• Depends on what kind of advertising is done.</li> <li>• Will rival firms simply increase their advertising?</li> </ul> <p>Designing new features:</p> <ul style="list-style-type: none"> <li>• Differentiates their consoles from those of competitors.</li> <li>• Makes their consoles unique.</li> <li>• Time consuming.</li> <li>• Expensive.</li> <li>• Will the new features be attractive to the market?</li> <li>• Will other manufactures copy the new features?</li> </ul> <p>To be evaluative and support the judgement made, the candidate might suggest (for example) that the more effective method might be to increase advertising since this will allow <i>Nintendo</i> to boost sales, although this would be dependent on how much advertising is done and whether it is done in the right way.</p> <p>An alternate route to evaluation might come through the candidate examining the drawbacks of their chosen option. E.g. advertising is expensive.</p>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	A judgement or point is given as to which method is most likely to allow <i>Nintendo</i> to improve its sales. If there is just a simple judgement or where the support shows misunderstanding of the concept 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	3-4	A judgement/point is given on one or both issues with some development/support, which includes at least <b><u>one</u></b> reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
Level 3	5-6	A judgement/point is given on one or both issues with some development/support, which includes at least <b><u>two</u></b> reasons/causes/consequences etc. and includes some balance. At the top of this level there will be a conclusion drawn from the analysis and the answer will be in context.

**Section B:**

Question Number	Answer	Mark
5(a) AO1=2	<p>Cash flow is the amount of cash flowing in and out of a business.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests that candidate has some understanding of the term. E.g. cash coming in from <i>Apple</i>.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration.</p>	(2)

Question Number	Answer	Mark
5(b) AO2=2	<p>1 mark for each appropriate outflow identified. It is likely that all generic answers will be applicable to <i>Shiftyjelly</i>, so award each valid method 1 mark.</p> <p>Possible outflows include:</p> <ul style="list-style-type: none"> <li>• Salaries.</li> <li>• Bank loan repayment.</li> <li>• Electricity.</li> <li>• Rent.</li> <li>• Purchase of equipment.</li> <li>• Advertising.</li> <li>• Payments for raw materials.</li> </ul>	(2)

Question Number	Answer	Mark
5(c) AO2=1 AO3=1	<p>1 mark for the identification of a method <i>Shiftyjelly</i> could use to improve its cash flow and 1 mark for some kind of appropriate development of the method.</p> <p>Possible consequences include:</p> <ul style="list-style-type: none"> <li>• Getting debtors to pay faster.</li> <li>• Getting creditors to wait longer for payment.</li> <li>• Overdrafts.</li> <li>• Loans.</li> <li>• Cutting costs.</li> <li>• Increasing sales.</li> <li>• Leasing computer equipment.</li> <li>• De-stocking.</li> </ul>	

	<p>E.g. <i>Shiftyjelly</i> could ask <i>Apple</i> to pay more quickly (1 mark). This will increase <i>Shiftyjelly's</i> cash inflows (1 mark).</p> <p>This answer would gain 2 marks since a method has been identified and has been developed.</p>	(2)
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Question Number	Answer	Mark
<p><b>5(d)</b></p> <p><b>AO2=4</b></p> <p><b>AO3=4</b></p>	<p>This question has a 2 x 4 mark split. There is one mark for identifying an advantage and one mark for identifying a disadvantage. The remaining 3 marks are for the explanation which will show how paying a salary can be an advantage/disadvantage to <i>Shiftyjelly</i>. Within the answer there will be at least <b>three</b> clearly identifiable strands of explanation <b><u>and reference to the context</u></b> for each advantage/disadvantage considered. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> <li>• Better motivation (security of income).</li> <li>• Cheaper than other methods of remuneration e.g. commission if the apps designed are successful.</li> <li>• Can ask app developers to do more work for no extra pay.</li> <li>• Simple for <i>Shiftyjelly</i> to calculate its labour costs.</li> <li>• More staff loyalty.</li> <li>• Higher profits.</li> </ul> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Motivation may be lower.</li> <li>• Other app companies may use more attractive methods of remuneration.</li> <li>• May find it harder to recruit the best app developers.</li> <li>• Lower profits.</li> </ul> <p>E.g. Advantage: Lower Costs (1 mark).</p> <p>Paying a salary means <i>Shiftyjelly</i> can get its developers to work for longer hours designing new apps without having to pay them any extra money (1 mark). This will</p>	

	<p>reduce the costs of designing an app (1 mark) compared to paying a wage/commission/time rate etc. (1 mark), increasing <i>Shiftyjelly's</i> profits.</p> <p>This answer would gain 4 marks since an advantage has clearly been identified and there are at least <b>three</b> linked strands that build the explanation, with reference to the app/<i>Shiftyjelly</i> context. The contextualisation must go beyond what is provided in the question. Without the use of this context (designing new apps) the answer would be worth 3 marks.</p>	<b>(8)</b>
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Question Number	Answer	Mark
<p><b>6(a)</b></p> <p><b>AO1=2</b></p>	<p>The break-even point is the level of output where total revenue equals total cost.</p> <p>2 marks for an accurate definition or the provision of the break-even formula. If an accurate definition is not given award 1 mark for an answer that suggests that candidate has some understanding of the term. E.g. point where no profit is made.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration.</p>	<b>(2)</b>

Question Number	Answer	Mark
<p><b>6(b) (i)</b></p> <p><b>AO1=1</b></p>	<p>1 mark for stating 1 250 apps.</p> <p>If the candidate simply writes '1250' then this should also be awarded 1 mark.</p>	<b>(1)</b>

Question Number	Answer	Mark
<p><b>6(b) (ii)</b></p> <p><b>AO2=1</b></p> <p><b>AO3=1</b></p>	<p>1 mark for showing workings and 1 mark for the correct answer.</p> <p>3 000 apps – 1 250 apps</p> <p>therefore:</p> <p>Margin of safety = 1 750 apps</p> <p>Candidates who state the correct workings,</p>	

	<p>but make an error of calculation should be awarded 1 mark.</p> <p>For candidates who incorrectly stated the break-even point in 6 (b) (i) the own figure rule applies.</p>	<b>(2)</b>
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Question Number	Answer	Mark
<p><b>6(c)</b></p> <p><b>AO1=1</b></p> <p><b>AO2=1</b></p> <p><b>AO3=1</b></p>	<p>1 mark for the identification of the formula, 1 mark for workings and 1 mark for the correct answer.</p> <p>Profit = Revenue – Total Costs</p> <p>therefore:</p> <p>Revenue = 3 000 x £2 = £6 000</p> <p>Total costs = (3 000 x £0.40) + £2 000 = £3 200</p> <p>therefore:</p> <p>Profit = £6 000 - £3 200 = £2 800</p> <p>Also reward candidates with full marks if they multiply contribution per unit £1.60 by the number of units above the break-even point (i.e. 1 750 units) to reach the answer (assuming they have stated a formula).</p> <p>Full marks should be awarded if the candidate simply states '2 800' as their response, even if they do not state any workings/formula, since by arriving at the correct answer the candidate would have demonstrated an inherent understanding of the concept.</p>	<b>(3)</b>

Question Number		Indicative content
<p><b>*6(d)</b></p> <p><b>QWC Strands (i), (ii) and (iii)</b></p> <p><b>AO2=3</b> <b>AO3=5</b></p>		<p>The aim here is for candidates to consider whether the use of break-even analysis will be valuable as a planning tool. The question asks the candidate to 'assess', so the candidate must develop some evidence of balance within their answer. This could take the form of considering the degree to which break-even analysis can be used as a planning tool. Assessment could also be developed by suggesting that <i>Shiftyjelly</i> operates in a fast moving market so variables often change, reducing its effectiveness as a planning tool. An alternative route to attaining assessment marks could come through the consideration of the drawbacks of break-even analysis e.g. assumption that all the apps will be sold etc.</p> <p>Possible benefits of using break-even analysis as a planning tool:</p> <ul style="list-style-type: none"> <li>• Can see how many apps need to be sold to break-even.</li> <li>• Can ask 'what if' questions e.g. seeing impacts of price changes.</li> <li>• Will help <i>Shiftyjelly</i> to set sales targets.</li> </ul> <p>Counterbalancing factors:</p> <ul style="list-style-type: none"> <li>• The market for apps is very fast moving so the figures may change quickly.</li> <li>• Only really useful together with other techniques such as market research.</li> <li>• Too simplistic/only a forecast.</li> </ul>
Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question. i.e. break-even analysis is a valuable planning tool.
<b>Level 1</b>	<b>1-2</b>	<p>Reference to <b>one</b> factor related to the use of break-even analysis is given with some weak development or two factors are given with limited or no development of either. If there is just a simple judgement/value attached to one of the factors, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
<b>Level 2</b>	<b>3-5</b>	<p>Reference to <b>one or more</b> factors relating to the use of break-even analysis is given, with some development of at least <b>one</b> at the lower end. A judgement/point is given at the lower end of the level with some development/support, which includes at least <b>one</b> reason/cause/consequence etc. At the middle of the level this analysis will be relevant and linked to the judgement/point made. Answers at the middle of this level will tend to assume that break-even analysis is a valuable planning tool.</p>

		<p>At the top of the level there will be some consideration of another point of view and there <b>may</b> be some context. For example they may consider the limitations of break-even analysis or suggest other factors such as market research are more important in planning.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<b>Level 3</b>	<b>6-8</b>	<p>Reference to <b>two</b> factors relating to use of break-even analysis is given with development of each. A judgement/point is given with some development which includes at least <b>two</b> reasons/causes/consequences etc. and possibly the use of the 'it depends' rule. Some balance will be given in the form of advantage/disadvantage, pros/cons, costs/benefits. The candidate will be able to show some appreciation that the factors are not 'inevitable' or 'automatic'. At this level, candidates will attach some value/importance to both of the factors as to whether break-even analysis is valuable. They will probably suggest that it depends on the situation or that break-even analysis should be used with a variety of other techniques e.g. writing a business plan, market research etc for it to become really useful as a planning aid. The answer will be in context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

**Section C:**

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>7</b> <b>AO1=2</b>	<p>Marketing is the process of anticipating, identifying and satisfying customer needs profitably.</p> <p>2 marks for an accurate definition that demonstrates that marketing is more than just selling/ promotion/ marketing mix and involves understanding consumers. If an accurate definition is not given award 1 mark for an answer that simply refers to 'selling' or lists the 'marketing mix'.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration.</p>	<b>(2)</b>

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>8</b> <b>AO2=2</b>	<p>1 mark for each appropriate benefit.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"><li>• Differentiates products.</li><li>• Builds branding.</li><li>• Increases competitiveness.</li><li>• Increases sales.</li><li>• Increases profits.</li><li>• Out-compete competition.</li></ul> <p>Accept all plausible answers.</p>	<b>(2)</b>

Question Number		Indicative content
<p><b>*9</b></p> <p><b>QWC stands (i), (ii) and (iii)</b></p> <p><b>AO2=3</b> <b>AO3=3</b></p>		<p>The aim here is for candidates to consider the benefits to <i>Mulberry</i> of using internal sources of finance as opposed to other types of finance. The question asks the candidate to '<i>discuss</i>', so we should expect some balance within the answer. This could take the form of examining why one benefit is more important than another or through considering the drawbacks of solely using internal sources of finance.</p> <p>Possible benefits:</p> <ul style="list-style-type: none"> <li>• Lower risk-the fashion market can change rapidly.</li> <li>• No interest to pay/less costly than using bank loans.</li> <li>• No new shares need to be issued-no loss of control.</li> <li>• No restrictions placed on the company by banks.</li> </ul> <p>Possible sources of balance:</p> <ul style="list-style-type: none"> <li>• Internal sources are unlikely to be enough to allow rapid expansion.</li> <li>• <i>Mulberry</i> may miss out exploiting its competitive advantage.</li> <li>• Rival firms may expand faster.</li> </ul>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	<p><b>One</b> benefit to <i>Mulberry</i> is highlighted with some simple development or <b>two</b> benefits are given with no development of either.</p> <p>An alternative route to marks in this level is if just a simple judgement or value is given to a benefit. 1 mark can be awarded for no support and 2 if some simple support is offered.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
Level 2	3-4	<p>Reference to at least <b>two</b> benefits is given with some development of each. A judgement/point is given at the lower end of the level with some development/support, which includes at least <b>one</b> reason/cause/consequence etc. for each benefit.</p> <p>At the top of the level this analysis will be relevant and linked to the judgement/point made and there <b>may</b> be some reference to the context.</p>

		There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
<b>Level 3</b>	<b>5-6</b>	<p>Reference to at least <b>two</b> benefits is given with development of each. A judgement/point is given with some development which includes at least <b>two</b> reasons/causes/consequences etc. for each benefit and should include some comparison/judgement as to which benefit is more important/evidence of balance.</p> <p>Answers at the top of this level will refer to the <i>Mulberry</i>/designer fashion goods context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>
<b>Question Number</b>	<b>Indicative content</b>	
<p><b>*10</b></p> <p><b>QWC Strands (i), (ii) and (iii)</b></p> <p><b>AO2=4</b></p> <p><b>AO3=6</b></p>	<p>The aim here is for candidates to make a judgement as to whether '<i>giving celebrities free bags</i>' (a form of promotion) will allow <i>Mulberry</i> to build a successful marketing mix. To demonstrate the evaluative skill, candidates could consider the importance of this kind of promotion relative to other elements of the marketing mix such as price, product or place or even other types of promotion such as advertising. For instance candidates may consider that the quality of the bags/design of bags is much more important than a celebrity endorsement. Other candidates might suggest that in the world of designer fashion, having the right brand is essential and therefore celebrity endorsement is crucial to building a successful marketing mix. Some candidates might consider time periods and suggest that in the longer term having a high quality bag (product) might become more important than celebrity endorsement (promotion), especially since celebrities themselves can go out of fashion. There is no right or wrong answer to this question, but candidates should aim to make a judgement which is supported and balanced. Candidates may consider the following ideas as part of their answer:</p> <p>Reasons why '<i>giving celebrities free bags</i>' will be beneficial:</p>	

	<ul style="list-style-type: none"> <li>• Enhances <i>Mulberry's</i> branding</li> <li>• Makes the brand appear fashionable and cool.</li> <li>• Attracts consumers who like those celebrities.</li> <li>• Generates lots of free promotion through photographs in magazines.</li> <li>• It is a relatively cheap source of promotion compared to advertising.</li> </ul> <p>Reasons why '<i>giving celebrities free bags</i>' will not be beneficial:</p> <ul style="list-style-type: none"> <li>• Other elements of the marketing mix may be more important.</li> <li>• Potential damage to the brand if the celebrity does something naughty/loses popularity.</li> <li>• Not all consumers follow celebrities, so other elements of the marketing mix need to be considered as well.</li> </ul>	
Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-4</b>	<p>One relevant point is identified with some development – there can be a maximum of 4 marks if the links to the point are relevant – one mark per link (up to a maximum of 3).</p> <p>An alternative route to the marks could involve a judgement being given; at the lower end of the level no support will be provided. At the top of the level some support will be given.</p> <p>A list of bullet points will gain up to a maximum of three marks, assuming they are all relevant.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>

<p><b>Level 2</b></p>	<p><b>5-7</b></p>	<p>Candidates consider the importance of giving celebrities free bags in allowing <i>Mulberry</i> to build a successful marketing mix and offer <b>two or more</b> reasons/causes/consequences etc. in support.</p> <p>At the middle of the level a judgement/conclusion will be made but with no support and merely re-states the question.</p> <p>At the top of the level candidates may offer at least one other undeveloped factor to balance out the answer. At the top of the level a judgement/conclusion will be made with some support given although not drawn from the analysis and there may be reference to the <i>Mulberry</i> context.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<p><b>Level 3</b></p>	<p><b>8-10</b></p>	<p>Candidates consider the importance of giving celebrities free bags in allowing <i>Mulberry</i> to build a successful marketing mix and offer <b>two or more</b> reasons/causes/consequences etc. in support.</p> <p>At the lower end of the level some value will be attached to these reasons whilst at the top of the level there will be clear recognition of the value of the points made to the business, identifying an advantage and disadvantage, cost/benefit, pro/con etc. or using the '<i>it depends</i>' rule. At this level candidates are likely offer at least one other developed factor to balance out the answer.</p> <p>At the middle of the level a judgement/conclusion will be made with some support drawn from the analysis.</p> <p>At the top of the level a judgement/conclusion will be given clearly drawn from the analysis representing a coherent argument and will refer to the <i>Mulberry</i> context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>



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