



# **Examiners' Report**

## **June 2024**

**GCSE Business 1BS0 01**

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## Introduction

This was the fifth sitting of the new GCSE in Business. Again, entries rose compared to previous years with over 72,000 candidates sitting this examination.

This report gives feedback on Paper 1 (1BS0\_01) 'Investigating small business'. It should be used by centres as a critical document to enhance both teacher and candidate understanding of the core skills that are under test in each type of question. It should be used as a vital part of exam preparation as it shows the approach taken by candidates in answering each style of question used within the examination. Please do ensure it is used in the classroom, since the purpose of this report is that it should not be hidden away for the exclusive use of teachers. Each question will have at least two worked exemplars which will highlight common mistakes and provide examples of high-scoring performance. Where appropriate, I have included 'Examiner Tips' on how candidate performance could be improved in future years.

The two significant changes that were introduced last year of source material being in a separate booklet and an additional 15 minutes to complete the paper, continued to have a positive impact. There were, once again, far fewer incomplete papers than in previous series, as well as a noticeable increase in the level of detail in the final longer questions of 7(d) and 7(e). This, together with case-studies that candidates found highly accessible, meant that candidates performed well overall on the paper pushing the average mark up by four marks.

## Question 1 (c)

This question was aimed at easing candidates into the paper and proved to be well answered by the majority of candidates. The most common answers being linked to partners disagreements and unlimited liability. Most understood the type of ownership and could explain a disadvantage of starting a partnership. Any issues with the question tended to stem from candidates inability to be specific in their development points. Some candidates made vague development points such as 'this leads to a less successful business'. Candidates must be more specific and consider in what way would a business be less successful.

(c) Explain **one** disadvantage of starting a business as a partnership.

(3)

if you start a business as a  
Partnership you would make less  
money as whatever the  
profit would be you would  
have to find a split



**ResultsPlus**  
Examiner Comments

This first response was typical of candidates that did not score full marks.

Most candidates accessed the question and could identify a disadvantage, but then did not provide two linked developed points to explain the disadvantage. This response identifies a disadvantage by saying that profits have to be split (this was accepted as a valid disadvantage) and then giving a weak development point of saying a partner would get 'less money'.

A second development point has not been made leading to 2 marks being awarded.

(c) Explain **one** disadvantage of starting a business as a partnership.

(3)

one disadvantage is that arguments could arise leading to because yo they might have disagreements on ideas. Leading to less ideas being created. Resulting in missing out on opportunities to make more profit and sales.



**ResultsPlus**  
Examiner Comments

In contrast, this response has a much better structure and despite being a short answer scores 3 marks.

The disadvantage is given in the first sentence by saying that disagreements could occur. Good use of connectives then allow two development points to be made 'leading to' less ideas and 'resulting in' missed opportunities for profit and sales.



**ResultsPlus**  
Examiner Tip

Make good use of connective words to ensure that two development points are made when answering 'explain' questions. Many centres use the initials BLT to help candidates remember this - '**B**ecause' and '**L**eads **t**o'. Without two development points, three marks cannot be awarded.

## Question 1 (d)

Question 1(d) also proved to be accessible to candidates with many scoring full marks. The question asked for an advantage to the customer from increased competition and many candidates correctly gave answers explaining that this could lead to lower prices or better quality products. They then explained why this was an advantage to the customer and how a customer benefits from competition. As expected, some candidates panic a little when starting the exam and do not read the question carefully. As a result, a number of candidates gave answers that either fully, or partially, explained how this could benefit the business rather than the customer. These points or answers could not be rewarded with any marks.

(d) Explain **one** advantage to customers from increased competition.

(3)

One advantage is price wars  
This means competing businesses are constantly lowering their prices to be lower than the others to gain a competitive advantage  
As a result, customers won't have to pay as high a price for ~~the~~ the product and can save their ~~money~~ leftover money for other things.



**ResultsPlus**  
Examiner Comments

Even though this answer refers to a business trying to achieve a 'competitive advantage', the full answer is written from the point of view of how this benefits the customer. The advantage is clear in saying that businesses will lower their prices, and then developed nicely by saying customers 'won't have to pay as high a price' meaning they can 'save their leftover money for other things'.

3 marks awarded.

(d) Explain **one** advantage to customers from increased competition.

(3)

one advantage to customer, from increased competition is being able to purchase better products. This means that due to competition, business will try to make their products to satisfy customers and to fulfil customer needs leading to satisfied customers and a good brand image.



This illustrates the point made that some candidates did not fully focus on the advantage to the customer but also include how it benefitted the business in the answer. The answer starts off well by saying that customers can buy better products and is developed by saying it will 'fulfil customer needs'. However, the final development point says the business will have a 'good brand image'. This is not answering the question leading to only 2 marks being awarded.



It sounds very obvious, but make sure to read the question carefully before answering. Many candidates skim read questions and then provide answers that do not fully answer the question that has been set.

## Question 2 (c)

Question 2(c) was the first of the 'calculate' questions on the paper. In 'calculate' questions no marks are given for the formula, since the question tests AO2 (Application). If the correct answer is seen on the answer line, it is automatically 2 marks. Thus, most candidates scored either 0 or 2 marks.

The question asked candidates to calculate the total costs for a business, which is something that has been asked many times on previous papers. Therefore, candidates who had prepared well fully understood what they needed to do and had no issues with the question. Those candidates who had not been prepared well for this type of question struggled and did not understand that the variable cost was given per unit and the selling price of the product was not needed in the calculation.

Table 1 contains information for a small business.

Fixed costs	£7 500
Variable cost	£2 per unit
Selling price	£6 per unit
Output	5,000 units

**Table 1**

(c) Using the information in Table 1, calculate the total costs for the small business. You are advised to show your workings.

(2)

$$5,000 \times 2 = 10,000$$
$$10,000 + 7,500 = 17,500$$

£17,500



A model answer with full workings provided in answer. Variable costs are calculated and then added to the fixed costs. Note that if the correct answer is given, even without the workings then full marks will be awarded.

Table 1 contains information for a small business.

Fixed costs	£7 500
Variable cost	£2 per unit
Selling price	£6 per unit
Output	5,000 units

**Table 1**

(c) Using the information in Table 1, calculate the total costs for the small business. You are advised to show your workings.

(2)

$$7500 \times 6 = 45000$$
$$5000 \times 2 = 10000 + = 55,000$$

£ 55,000



This response illustrates an approach from a candidate that does not understand how total costs are calculated. In any type of 'calculate' questions, candidates who do not know how to answer the question will 'have a go' by performing any type of calculation with all of the numbers provided.

This results in a wrong answer scoring 0 marks.



If the answer is correct on the answer line, the examiner will automatically give 2 marks. The workings are only ever looked at if the answer on the answer line is incorrect. Thus, very few candidates ever get 1 mark. This only happens when the workings are right, but the answer on the answer line is wrong.

## Question 2 (d)

This question was not as well answered as other 'explain' questions on the paper, with many candidates not fully understanding the concept of retained profit as a source of finance. A larger issue was poor levels of literacy often leading to jumbled answers and assorted business terms that were not specific. For example, this question is referring to a business looking to expand so if an answer starts to include points such as 'this will lead to less sales', then the answer is not being realistic as the expansion would not affect existing sales.

Another default answer that candidates often use is 'this will result in business failure'. This was used many times in this answer but could not always be accepted as using retained profit to finance an expansion would not lead to the original business failing if it was not successful. The only exception where this was accepted was if a candidate built it into an answer where the business no longer had the retained profit for future emergencies.

(d) Explain **one** disadvantage to a small business from using retained profit for expansion.

(3)

One disadvantage of a small business using retained profit of expansion is because at some point the business will have to pay the profits back which could be a disadvantage if the business doesn't make enough turn over so it will have to shut leading to the business being in debt and could potentially go bankrupt. Therefore, it will decrease the business growth and how much profit they make.



**ResultsPlus**  
Examiner Comments

This response shows that the candidate does not understand the concept of retained profit. By saying the business will have to pay it back and could then fail is wrong, and was not accepted.

This response therefore scores 0 marks.



Avoid using default answers such as 'this will lead to business failure' or 'this will lead to increased profits'. They do not always answer the question and can sometimes be awarded no marks. Be selective on how to use development points and make sure they actually fit into what the question is asking.

(d) Explain **one** disadvantage to a small business from using retained profit for expansion.

(3)

One disadvantage is that the business may not have retained enough profit. As a result of this the business will not be able to pay all the expenses for their expansion. Therefore the business may have to use a different ~~source~~ source of finance, for example a bank loan, which could put the business in debt.



This response recognises that a small business may not have generated enough retained profit to fully finance the expansion. As a result, other sources of finance may also have to be used which could have a negative effect on the costs of the expansion. Good understanding is shown, especially as the question is about a small business.

3 marks awarded.

## Question 2 (e)

Question 2(e) was a relatively standard question linked to the advantages of franchising. It was well answered. Answers which explained advantages from the point of view of the franchisor were also accepted. However, answers that simply said that franchising leads to 'increased sales' or 'more customers' were not accepted unless there was a specific link to why this was as a result of franchising such as access to a 'recognised brand'.

Other issues that were seen in this question came from the confusion in the costs of setting up a franchise. Some candidates had clearly been poorly prepared in this topic by saying that any advertising or training provided would be free. This is not correct and franchisees have to pay for this as part of the agreement. They do have access to better training and advertising, but it is not free.

(e) Explain **one** advantage of opening up a business as a franchise.

(3)

One advantage of opening a franchise is that the franchisor is already paying costs are reduced. Usually a franchisor will pay for advertisements and other expenditure. This means that the franchisee pays less total costs, <sup>because</sup> a well known brand will not need as much ~~for~~ cash to advertise.



A good example of an answer which demonstrates poor knowledge of franchising. This was a common mistake as the costs of setting up franchise are often high because franchisee agreements have advertising and training costs built in.

0 marks awarded.

(e) Explain **one** advantage of opening up a business as a franchise.

(3)

Opening a business as a franchise ~~will~~ will mean that the business is already an established brand, with lots of brand awareness. Consequently, this will reduce the chances of failure, as the franchise will already have customers that are familiar with the business. Therefore, this will decrease the amount of time it takes for a business to start making profit and break even.



**ResultsPlus**  
Examiner Comments

This response demonstrates a much better understanding of the advantages of starting a franchise rather than setting up as an independent sole trader. The advantage of an 'established brand' is further developed by saying 'the business will already have customers' resulting in a decreased time 'to start making profit and break even'. An additional development point of 'reduce the chances of failure' could also be accepted but is not actually needed in order to award all 3 marks.

### **Question 3 (b)**

The second 'calculate' question on the paper which was answered very well by candidates. Most were able to calculate the margin of safety by extracting the correct figure of 6,800 from the provided graph and then subtract the break even level of output which was given as 5,000 units in the wording of the question.

Figure 1 shows the number of units sold by a business each month from June to August. The break even level of output for each month was 5,000.

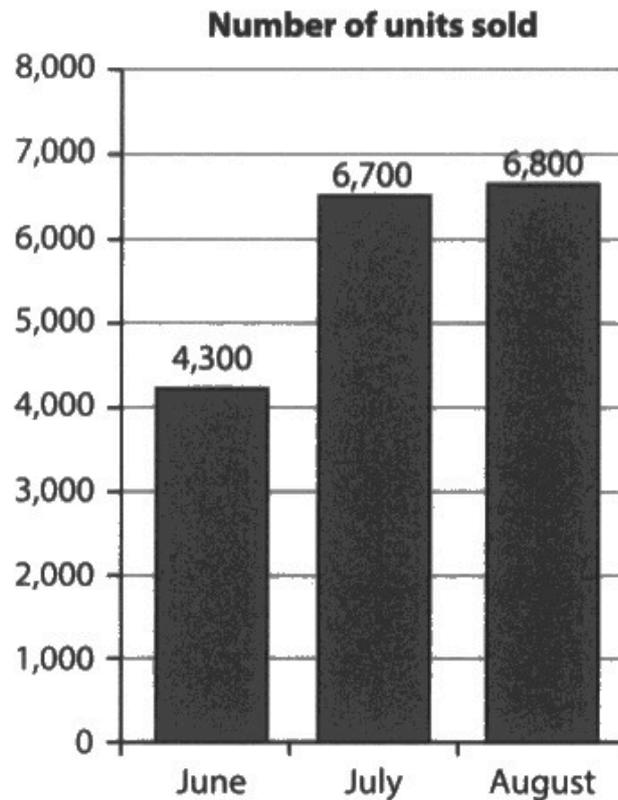


Figure 1

(b) Using the information in Figure 1, calculate the margin of safety for August. You are advised to show your workings.

(2)

$$6800 - 5000 = 1800$$

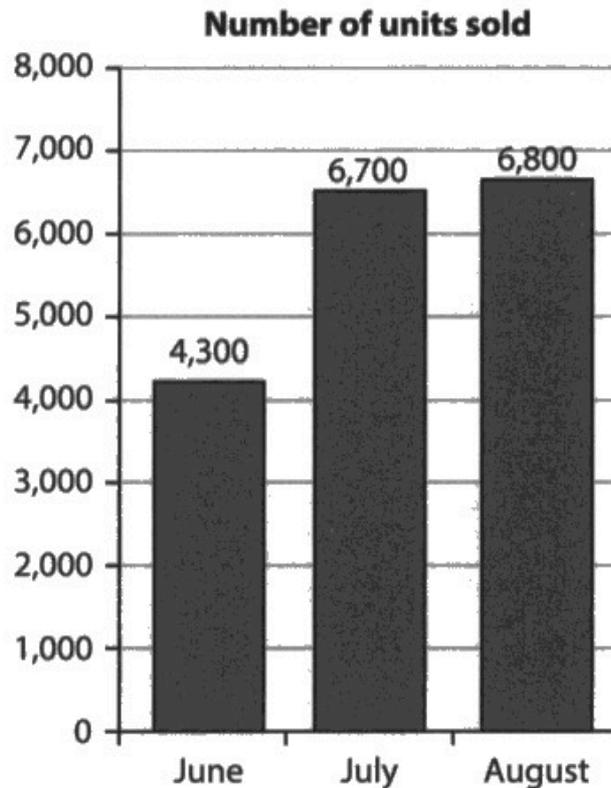
1800 units



The correct answer, 1800, is given in the answer space so 2 marks can be awarded.

Also note that the correct workings have been provided.

Figure 1 shows the number of units sold by a business each month from June to August. The break even level of output for each month was 5,000.



**Figure 1**

- (b) Using the information in Figure 1, calculate the margin of safety for August. You are advised to show your workings.

(2)

$$6800 - 5000 = 1300$$

..... 1300 ..... units



This answer is a rare example where a candidate was awarded 1 mark.

Note that the candidate has selected the correct information from the question and included this in the workings. However, for some reason, they have made an error in the calculation and gave an incorrect answer of 1,300 units.

1 mark can be awarded because the candidate has shown the correct workings, but has ended with an incorrect answer. Without the workings in the answer space, zero marks would have been awarded.



One other point to note for 'calculate' questions is when candidates do not place the answer in the space provided. Examiners will still award full marks for the correct answer if it is written elsewhere, but only if it is clearly the candidate's final answer. If there is any confusion that this is the case then no marks will be awarded, meaning the candidate is risking marks by not placing the answer in the space provided.

### Question 3 (c)

This question proved to be very polarising, with candidates either scoring full or zero marks depending on if they understood the question. Very few candidates scored one or two marks. The question required candidates to explain a disadvantage to a small business from an increase in employment. Approximately half of the candidates understood this to be an economic factor that would lead to more customers being out of work and as a result have reduced levels of disposable income. This would then affect a small business because it would lead to a fall in demand for their products or services.

However, an equal amount of candidates mistakenly thought it meant that a business would lose its employees and therefore face struggles to replace them or to meet the demands of its customers. This was a clear gap in the knowledge of a lot of candidates and an area of the specification that centres need to focus on in greater depth.

(c) Explain **one** disadvantage to a small business from an increase in unemployment.

(3)  
~~One~~ one disadvantage to a small business from an increase in unemployment is less customers. This is because if potential customers are unemployed, they will not have much spendable income to use to purchase goods or services from a business. This therefore leads to a decrease in sales, and therefore a decrease in profit.



This response is an example where a candidate clearly understands the impact of unemployment and can explain its affect on a small business. A clear disadvantage is given by saying it leads to 'less customers', which then goes on to explain why this would happen because customers 'would not have much spendable income to use to purchase goods'. A further connective (leads to) is then used to develop the answer further to say the business would experience a decrease in sales and profit.

3 marks awarded.

(c) Explain **one** disadvantage to a small business from an increase in unemployment.

(3)

one disadvantage is ~~shorter~~ less efficiency, This is because if the business has less workers, the business will not be able to keep up with customer demands. Therefore the business can lose their reputation and customers may may purchase goods from a competitor



In contrast, this response was typical of many candidates who did not understand the economic influence of unemployment. The notion that unemployment means that a business has less workers and therefore will not be able to keep up with customer demands was a common mistake which, as in this case, led to answers being awarded 0 marks.

### Question 3 (d)

Question 3(d) was the final 'explain' question on the paper and was generally, very well answered. Many candidates have good understanding of e-commerce and have used it themselves. As a result, most could identify an advantage to the business from using e-commerce with the only significant hindrance in achieving full marks being limited exam technique not allowing two linked development points to be included in the answer. Most common answers tended to be linked to access to a wider market and lower fixed costs compared to a bricks and mortar business.

Answers which gave advantages as being a better brand image or improved advertising/promotion were not awarded marks as this does not link the answer tightly enough to e-commerce, which is selling products online rather than online advertising.

(d) Explain **one** advantage to a small business from using e-commerce.

(3)

An advantage of using e-commerce is the business can choose to locate in a cheaper location. With the use of e-commerce a physical retail store with high footfall is not needed so they can reduce their cost by choosing a cheaper location therefore increasing profits.



Rather than show contrasting examples of good and bad answers, as in other questions in this report, I thought it would be good for centres and candidates to see two contrasting ways to achieve full marks.

This first response focuses on the advantage of lower costs from using e-commerce. This was a common approach from candidates and worked well as an answer.

Remember – it is important to always make sure that two development points are included. In this case the candidate has done this by saying 'a physical retail store' would not be needed and then gone on to say this would 'reduce cost by choosing a cheaper location therefore increasing profits'. These points follow on from a clear advantage in the opening sentence.

(d) Explain **one** advantage to a small business from using e-commerce.

(3)

one advantage is they have no opening and closing times. This means that they can operate their business anytime and people can shop and order at any time. This leads to more sales and then more profit



This second response also scores 3 marks but based on a different advantage.

Advantage = 'no opening and closing times'.

First development point = 'people can shop and order at any time'.

Second development point = 'leads to more sales and then more profit'.



A number of candidates start answers by giving a definition of the key term in the question. This is not needed and will take up valuable time.

### Question 3 (e)

This question tests 'AO1b' or 'Understanding' and 'AO3a' or 'Analysis'. Examiners are instructed to make a level judgement separately on each 'AO' or 'Assessment Objective' and then take a 'line of best fit' to arrive at the final level and mark.

It should be noted that some questions on a paper are designed to be more difficult than others. This is deliberate to allow the paper to assess candidates across the full grade range. Question 3(e) was a difficult question that many candidates struggled with.

In terms of understanding, candidates were required to show understanding of two concepts – 'branding' and 'added value'. Most candidates showed some understanding of one of these concepts in their answer, but very few demonstrated understanding of both. This therefore limited the judgement of AO1b.

In terms of analysis, the development points in this answer required candidates to discuss HOW branding led to added value rather than WHY a business used branding. Whenever candidates are required to say how something happens, they tend to default into answers that focus on advantages and disadvantages, which is actually explaining why something happens. When this happens, then the development point will not count towards the analysis judgement (AO3a).

(e) Discuss the way a small business could use branding to add value.

(6)

A business may use branding to differentiate its product from competitors, therefore giving it a unique selling point because their business is instantly recognisable through the branding. This makes the product/service they are selling more price inelastic to demand which means that the business is able to increase the price without a significant fall in demand, hence adding value, as costs assuming variable costs are kept the same.

A business may also use branding to make the product seem a luxury, by using premium branding such as the one of Gucci which may make products or services seem more exclusive, which means that the business can increase the price/add value without significantly increasing costs.



This response is a relatively rare example of a candidate scoring 6 marks on this question.

When assessing 'discuss' questions, two decisions are made by the examiner.

Firstly, what is the level of understanding of the candidate? In this question examiners were looking for three clear points of understanding:

- Does the answer show understanding of 'branding'?
- Does the answer show understanding of 'added value'?
- Does the candidate understand that 'added value' is a financial concept that allows a business to charge more than they have paid for the product/service components?

It was judged that this candidate had shown understanding of all three in their answer, allowing a Level 3 judgement to be made.

Secondly, how much analysis is in the answer? How many development points have been made to say HOW branding leads to added value? In this answer, the following development points are made. All of them say HOW branding adds value:

- branding can give a 'unique selling point'
- the business is 'instantly recognisable'
- the product is 'more price inelastic'
- 'able to increase the price without a significant fall in demand'
- 'makes products or services seem more exclusive'
- 'can increase the price/add value without significantly increasing costs'.

Five development points are needed to get to Level 3 for analysis. Therefore, this answer can be judged to be in that highest level.

Level 3 for understanding, Level 3 for analysis. 6 marks overall.

(e) Discuss the way a small business could use branding to add value.

(6)

By a small business branding itself it sets it apart from its competition by having its unique selling point. This will lead to consumers having a clear image or opinion of the business when deciding the certain good or service.

This will have a knock on effect of creating a solid brand image which will ~~then~~ create brand loyalty for customers through setting it apart from competition.

Overall all these factors combined by branding itself the business is able to have more dominance over their segment within the market.



Consider the same questions for this second response. What levels would this be in for understanding and analysis?

It was judged to be in Level 1 for understanding as the candidate understands branding, but shows no understanding of added value in the answer.

It was judged to be in Level 2 for analysis as it provides the following development points:

- 'consumer has clear image .... of the business'
- 'create brand loyalties'
- 'more dominance over there segment'.

Therefore, there are not enough development points to get to Level 3 but enough to be in Level 2.

3 marks overall.



In levelled questions, the number of development points are key in deciding the level of analysis in an answer (AO3a).

0 development points = Level 0.

1 development point = Level 1.

Between 2 and 4 development points = Level 2.

5 or more development points = Level 3.

## Question 4 (a)

In Section B, all questions require 'Application' or 'AO2'. A case study is provided to help candidates apply their knowledge to a specific business.

The case study used for Section B this year was Adikoggz, a trainer customisation business located in Leeds.

Like all 'Outline' questions which are only worth two marks, this first question in Section B caused some issues with candidates in that they struggled to score both marks as answers often lack any application or 'context'. To gain two marks a candidate has to essentially do three things in their answer. Firstly, they must provide a correct answer. They then must include a development point and finally there must be some form of application (or use of context) in the answer.

Therefore, this question required candidates to identify one possible risk of setting up the business. A development point then had to be included to say why this was a risk. Application had to be included somewhere in the answer that related specifically to Adikoggz. Not many candidates were able to include all three with most scoring one mark.

**4 (a) Outline one possible risk to Keilan from setting up Adikoggz.**

(2)

One risk ~~is~~ to Keilan is business failure ~~as~~ if he doesn't have enough customers willing to get their trainers customised by Adikoggz



**ResultsPlus**  
Examiner Comments

This answer achieves all three requirements and therefore scores 2 marks.

Risk = 'business failure'.

Development = this is because there might not be enough customers.

Application (also referred to as context) = the use of the word 'trainers' in the answer.

4 (a) Outline **one** possible risk to Keilan from setting up Adikoggz.

(2)

One possible risk is a ~~low~~ suit business failure. This could be due to a lack of customers as the business just started.



**ResultsPlus**  
Examiner Comments

This is an almost identical answer but it only scores 1 mark as it does not include any application (context) in the answer.



**ResultsPlus**  
Examiner Tip

The shorter answers in Sections B and C are very important, despite being worth only one or two marks each. Many candidates miss grade boundaries by slender margins each year which could have easily been averted by the use of context in these short answers. ALWAYS include context in Section B and Section C.

## Question 4 (b)

The 'Analyse' question tests two 'Assessment Objectives' or 'AOs', namely 'AO2' or 'Application' and 'AO3a' or 'Analysis'. Thus, to be successful, candidates need to demonstrate both of these skills within their answer. Examiners will then make a separate judgement on 'Application' or 'AO2' looking for a range of different examples of context, spread throughout the response to reach Level 3. Equally, examiners are also looking for 5 linked, accurate, strands of development emanating from the 1 or 2 points (which in this case a reason why it is important to meet customer needs). If they see this, then a Level 3 judgement will also be made for this Assessment Objective as well. To reach their final mark, examiners will take a 'line of best fit' across the two 'AO' levels that have been adjudged by the examiner.

Note that a generic answer that has no context/application, whatsoever, cannot score above 3 marks.

Many candidates struggled with this question. Although 'customer needs' is an accessible part of the specification it has often been asked as an 'explain' style question in the past. Using the topic in an 'analyse' question threw many candidates as they could not develop their answers in enough detail. The level of application used was also disappointing, despite this being a constant focus in previous examiner reports.

(b) Analyse the importance to Adikogge of identifying customer needs.

(6)

It is important to Adikogge of identifying customer needs as it allowed <sup>him</sup> ~~them~~ to start the business <sup>in the first place</sup> ~~successful~~. <sup>he</sup> ~~they~~ had not identified these needs then, it wouldn't ~~have~~ ~~been~~ as successful as it is and allowed him to make a profit and ~~exp~~ organically grow (by hiring new employees).

It's also important because Adikogge will be able to easily adapt to the change in customer needs so <sup>they</sup> will continue to grow and the product will not go into maturity. <sup>by</sup> They can adapt very easily then they will be constantly meeting consumer needs and will be market-driven. This will result in an increase in sales for a prolonged period of time. This also allows the business to become more competitive and therefore have a larger market share.



This first response highlights the importance of application in Sections B and C. The candidate has provided a detailed answer that clearly shows the importance of customer needs and what will happen if the business does or does not meet them. The level of analysis is strong and there are clearly more than 5 development points throughout the two paragraphs.

However, there is no application whatsoever. There is nothing in the answer that links it back to the business in the case study. It could be about any business. It therefore cannot be judged at any level for AO2.

As a result, this answer was awarded 3 marks. Level 0 for application and Level 3 for analysis.

(b) Analyse the importance to Adikoggz of identifying customer needs.

(6)

~~Adikoggz~~ It is important for Adikoggz to understand customer needs because it will maintain a higher level of customer satisfaction. This is because Adikoggz's product is a customised trainer and their USP is specifically providing a personalised service that competitors such as Adidas or Nike cannot offer. This means it is important for Adikoggz to understand exactly what colours or patterns appeal most to their customer base in order to ~~make~~ <sup>incentivise</sup> repeat purchases.

It is also important to understand customer needs to be able to tailor his marketing campaign on social media such as Facebook and Instagram. This is because ~~his idea of a~~ customisable products are a niche market so Keilan needs to be able to capture the attention of the young demographic that he is selling to quickly with ~~catching advertisements that will match~~ <sup>bright eye</sup> images of the football teams or music bands he will offer on his shoes. This will allow him to build a larger customer base and successfully communicate what Adikoggz will offer ~~on their~~ <sup>through their</sup> personalised service.



In contrast, this response has a similar level of detail. It also demonstrates an excellent structure of building the answer across two paragraphs. The development points in the answer are also similar and clearly show why it is important to meet customer needs.

The key difference is that this answer is fully applied to the business in the case study. A number of references are made in the answer to the information provided in the case study. This includes:

- customised trainer
- Adidas and Nike
- Facebook and Instagram
- Keilan (the name of the owner)
- football teams and music bands.

This allows this answer to be placed in Level 3 for application and Level 3 for analysis. 6 marks in total.

## Question 5 (a)

Question 5(a) was the first 'calculate' question in Section B. It required candidates to calculate an average from a provided list of sales that had taken place over a number of months. Considering this required the least amount of business knowledge in any of the 'calculate' questions, it was by far the worst answered on the paper. There will always be questions to assess the mathematical skills of candidates on each paper. These are outlined on page 31 of the specification. Candidates need to be prepared for these type of questions because they are losing valuable marks by not being able to perform relatively easy calculations such as averages and percentages.

- 5 Table 2 shows how many pairs of trainers were customised by *Adikoggz* from July to December 2022.

	Pairs of trainers
July	52
August	61
September	47
October	34
November	52
December	72

**Table 2**

- (a) Using the information in Table 2, calculate the average number of trainers customised per month from July to December 2022. You are advised to show your workings.

(2)

..... pairs



This response shows poor exam technique in two ways. Firstly, the answer is wrong, so cannot be awarded any marks. Secondly, the candidate has not shown any workings in the space provided which means there is no way of awarding one mark. The candidate therefore gives them self no chance of any marks.

0 marks awarded.

- 5 Table 2 shows how many pairs of trainers were customised by Adikoggz from July to December 2022.

	Pairs of trainers
July	52
August	61
September	47
October	34
November	52
December	72

Table 2

- (a) Using the information in Table 2, calculate the average number of trainers customised per month from July to December 2022. You are advised to show your workings.

(2)

$$\frac{52 + 61 + 47 + 34 + 52 + 72}{6}$$
  
$$53 \text{ pairs}$$



This is a model approach to answering this type of question. It takes very little time to jot down the workings and it also helps the candidate to focus and avoid silly mistakes. This has ended in the correct answer of 53 pairs and 2 marks being awarded.

## Question 5 (b)

Question 5(b) was another 'calculate' question that required candidates to calculate a percentage change using the data provided. This style of question is aimed at applying a candidate's quantitative skills to business contexts as outlined in Appendix 2 of the specification.

The question asks candidates to calculate the answer to 2 decimal places. It was frustrating that a significant minority did not read the question, and despite performing the correct calculation they did not give the answer to 2 decimal places. Answers that were correct, but did not follow this instruction, were awarded one mark.

(b) Using the information in Table 2, calculate, to 2 decimal places, the percentage change in sales from November to December 2022.

(2)

$$\frac{\text{change}}{\text{original}} \times 100$$
$$\frac{(72 - 52)}{52} \times 100 = 38.461538$$

38.5 %



This response shows that the candidate knows exactly how to answer the question, and even writes down the answer fully in their workings. However, when they give the final answer, they have not read the question carefully and rounded the answer to 1 decimal place. This has led them to lose 1 mark.

(b) Using the information in Table 2, calculate, to 2 decimal places, the percentage change in sales from November to December 2022.

(2)

$$72 - 52 = 20$$

$$20/52 \times 100 = 38.461538$$

38.46 %



**ResultsPlus**  
Examiner Comments

This answer scores full marks because the candidate has provided an answer to 2 decimal places. The workings are exactly the same as the first response, but the candidate has followed the correct instructions in the question.



**ResultsPlus**  
Examiner Tip

Attention to detail is vital, even in 'calculate' questions. Some business calculations will require answers to be provided to 2 decimal places. This will be stated in the question, so it is important to read the question carefully.

## Question 5 (c)

This was the second 'analysis' question and it was answered better than the first (Question 4b). The question asked candidates to analyse the advantages of using social media to promote the products and services provided by Adikoggz. Most candidates could access the question and were able to identify a number of different advantages such as lower costs, wider coverage of advertising and the ability to target specific groups of customers. The level of detail in the analysis and the use of context to apply the answer were then the key determinants in how well the candidate analysed these advantages.

(c) Analyse the advantage to Adikoggz from using social media to promote its products.

(6)

One advantage of using social media to promote his trainers is that Keilan can attract a wider market. This would lead to people globally interested in personalised trainers to order from Adikoggz. Therefore, resulting in increased global success through his Instagram platform.

A second advantage is that social media can spread positive word of mouth about Adikoggz. This would lead to ~~the~~ customers leaving reviews and recommendations on his Instagram and TikTok. Therefore, resulting in increased brand reputation for Keilan's ~~best~~ unique trainer designs.



This is a good response to consider to fully understand how examiners will apply the mark scheme to this type of question. It is clearly a good answer that deserves a great deal of merit, but a specific mark needs to be arrived at. Each paragraph provides a valid advantage, 'attract a wider market in the first and then it 'can spread positive word of mouth' in the second. It is important to note the identification of the advantages does not count as development points. We now need to consider how many development points have been made following on from this.

In the first paragraph there are two - 'people globally interested in personalised trainers' and 'increased global success'. Slightly repetitive, but just enough difference between the two points.

There are also two in the second paragraph - 'customers can leave reviews and recommendations' and 'increased brand reputation'. Therefore, making four development points in total.

Excellent application throughout the answer using 'Keilan', 'personalised trainers', 'Instagram' and 'unique trainer designs'.

This results in a mark of 5 being awarded. Level 3 for AO2 and Level 2 for AO3a. It's important to emphasise that the initial two advantages are not counted as development points, which is often an error seen when assessing this type of question.

(c) Analyse the advantage to Adikoggz from using social media to promote its products.

(6)

\* One advantage is it's cheaper than using commercials or ads. This means the business has more money to spend on more important requirements like growth and leading to more growth of business, more market share and profit.

Another advantage is it can gain an increase in sales and increase business awareness so the business will see the social media content and may be intrigued leading to more sales, market share and profit.



This is another response that has some merit but is clearly not as good as the first response. On first reading, it is clear that there is no application in the answer so a decision can be made straight away that this is Level 0. A judgement now needs to be made linked to the number of development points. There are two in paragraph one through the candidate saying more money is available to be spent elsewhere which could lead to business growth. However, this same point is repeated in the second paragraph and it cannot be counted twice. This leaves only one development point in the second paragraph through saying more people could see the social media content.

Therefore, we have Level 0 for application and Level 2 for analysis. 2 marks overall.

## Question 6 (a)

A 'State one...' question requires students to make a statement in their answer and because the question contains 'Adikoggz', there must be some evidence of 'Application' or 'AO2' to score the mark on offer. Most students were able to state a cash inflow but often could not score a mark due to the lack of any 'Application' or 'AO2' relating to the products or services sold by Adikoggz.

6 (a) State **one** example of a cash inflow for *Adikoggz*.

(1)

~~due profit~~ revenue for deep cleaning trainers



There is no need for any development in a 'state' question. All that is needed is to state a cash inflow. This has been done in this response and it is also applied to Adikoggz, therefore the mark can be awarded.

6 (a) State **one** example of a cash inflow for *Adikoggz*.

(1)

~~Revenue~~  
(Money from) products sold



A suitable cash inflow has been stated which would have been accepted despite not using any specific business term. However, there is no application to the business meaning no mark can be awarded.



If the name of a business is written in the question, then context must be included in the answer.

## Question 6 (b)

This question was another 'Outline one...' question. To score one mark candidates had to provide one advantage of Keilan producing a business plan. A majority of students focused on 'to set out aims and objectives' and 'to help obtain finance'. However, to score the second mark, there must be some logical development of the reason AND 'Application' or 'AO2' contained somewhere within the entirety of the response. More often than not, candidates struggled to attain this second mark.

Note that because the name of the owner, Keilan, has been used in the wording of the question it is not allowed to be used as context in this question.

(b) Outline **one** benefit to Keilan from producing a business plan for Adikoggz.

(2)

one benefit is that if Keilan wanted to lend money from the bank ~~it would~~ the business plan would contain his ~~target market~~ target market and market research showing the bank ~~is~~ the market ~~that~~ is interested in business, ~~thus~~ convincing the lender it's a good business idea and that they'll get their money back.



**ResultsPlus**  
Examiner Comments

All of the 3 requirements are in this response allowing 2 marks to be awarded.

There is a benefit given through saying it would help to lend from money from the bank. This is then developed by saying the plan would have market research to prove it is a good business idea. Finally, using the word 'trainers' in the answer places the answer in context and shows that application has taken place.

(b) Outline **one** benefit to Keilan from producing a business plan for Adikoggz.

(2)

One benefit is to see their ~~goals~~ aims and objectives. This will help run the business smoothly as they have already made plan to achieve their aims and objectives to reduce chance of failure.



Only 2 of the requirements are present in this answer. A valid benefit is given by saying it would set out aims and objectives. This is then developed to say why this would be a benefit. However, there is no context in the answer so only 1 mark can be awarded.

## Question 6 (c)

Despite a great deal of attention being devoted to supporting centres with 'Justify' questions, there continues to be a number of issues related to how to structure an answer for this question type, which also assess AO3b 'Evaluation'. This requires candidates to reach balanced and supported judgements as to which is the best option. A number of candidates continue to focus on the benefits of both options believing that this naturally leads to evaluative comment. This would only happen if the candidate starts to contrast the level of importance of the two benefits through some aspect of contrast. This is very rarely seen but it is concerning that centres do seem to build this into exam preparation with candidates.

Whilst there is not one preferred approach, the highest quality answers tend to pick one option and then consider the benefits and drawbacks of that option. If they then add a conclusion which adds extra evaluation rather than simply repeating what has already been written, and ensure there is application throughout the answer (including the conclusion), then 9 marks will be accessible. There is no need to consider both options as part of this process.

This question proved to be a challenge for candidates. Whilst both options were equally popular, candidates who focused their answer on an overdraft being the most suitable short-term source of finance often displayed a lack of understanding on how overdrafts would be used by a small business. This led to weak answers as both the analysis and evaluation were based on poor knowledge of cash-flow. More balanced answers came from the option of trade credit as many candidates did relate this to cash-flow and could also identify limitations such as a small business may struggle to arrange trade credit or issues with payment could damage relationships with suppliers.

To help prevent cash-flow problems Adikoggz is considering two options as a short-term source of finance:

**Option 1:** an overdraft from the bank

loans  
money just

**Option 2:** trade credit from suppliers.

(c) Justify which **one** of these two options Adikoggz should choose.

(9)

I believe an overdraft would be the ~~best~~ best for Adikoggz as a short term ~~for~~ source of finance. An overdraft will be able to supply Keiran with the money to solve his cash flow problems. He will be able to attain this money easily (considering he has good trading with his banks) and use it to fix his issues. Considering he has a business plan, he should've thought for ahead enough as to plan repaying the bank.

However, unlike option 2 if Keiran does not pay on time, the interest rate on an overdraft will increase. This can have many disadvantages such as lowering his credit, making it harder for him to get an overdraft in the future. As Keiran is the sole trader, he is financially liable to lose his personal ~~assets~~ assets if not paid, this can not be good for him and may potentially make his business insolvent.

To conclude, option 1 would be best for Keiran for ~~the~~ short term income. If his business plan is viable, and as long as no mishaps occur, an overdraft should be positive for his ~~company~~ <sup>business</sup> and overcome the ~~risky~~ business ~~plan~~ failure and debt.



This response was typical of many answers that selected an overdraft as the preferred option. The opening paragraph shows some understanding of how overdrafts work but there is not a convincing argument as to why it would prevent cash-flow problems.

The candidate has attempted to include some balance and evaluation in the second paragraph, which does recognise the implications of interest on overdrafts.

The structure of the answer is good, but there is not enough detail or in-depth understanding of overdrafts. The level of application is also weak, with only reference to the owner's name, Keilan, linking the answer to the business. An attempt has been made at writing a conclusion, but this adds little value to the answer in terms of additional evaluative comment.

The answer was awarded 5 marks. AO2 = Level 1, AO3a = Level 2, AO3b = Level 2.

To help prevent cash-flow problems Adikoggz is considering two options as a short-term source of finance:

~~Option 1: an overdraft from the bank~~ → interest  
→ can set up a limit  
→ pay back over time

Option 2: trade credit from suppliers. → still access supplies → can pay back  
→ paid back over a longer period?  
→ may not make enough to pay back → bad relationship.

IDO → profit ↑  
steady cash flow

(c) Justify which **one** of these two options Adikoggz should choose.

(9)

I think Adikoggz should choose option 2.

One advantage to Adikoggz using trade credit is that they will still be able to produce their customised trainers. This is because even though Adikoggz will not have fully paid their supplier, the trade credit system means that ~~Adi~~ Keilan can receive the supplies he needs, like the trainers, in order to complete sales. As a result, Keilan will still easily be able to take orders and ~~customers~~ customise trainers to be associated with football teams or music bands, which may satisfy the customer need or choice. Therefore, Adikoggz's revenue may increase. Consequently, they will be able to pay back shoe suppliers on time. As a result, Keilan's brand will not be in debt. ~~and not in debt~~ This means that Adikoggz can continue to afford suppliers in order to customise trainers. However, Adikoggz need to make sure they will make enough sales in order to pay their suppliers. This means that Adikoggz may have to increase the promotion on Facebook and Instagram to attract more customers, which can be time consuming. This means that Keilan will <sup>continue to</sup> struggle to keep up with demand for customised shoe orders. As a result, there may be a backlog of customers receiving

their trainers and paying for them. Consequently, Adikoggz will see less cash in flows. Therefore, Adikoggz may have a poor relationship with <sup>trainers</sup> suppliers if they cannot pay them on time.

In conclusion I think Adikoggz should choose option 2. This is because they can still produce their customised shoes without having fully paid their suppliers, ~~however, it depends~~ increasing cash-flow. However, it

depends on how much profit Adikoggz is making. This is because they may be

able to use a source like retained profit which may mean Adikoggz's cash flow problems will be prevented.

(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS



**ResultsPlus**  
Examiner Comments

The level of development in this response is far more detailed than the first answer. The structure of the answer is similar in that it considers the benefits and drawbacks of the selected option, before using a conclusion to draw together opinions.

The arguments for using trade credit are clear and show full understanding of how this would benefit cash-flow. As well as this, there is a detailed evaluation which explores the potential issues with this option (may not make enough sales, the business is struggling to keep up with demand etc). There is application throughout (including in the conclusion) and the conclusion makes good use of the 'it depends' rule to add something new into the considerations.

All in all, the answer covers all bases and fully meets all of the assessment objectives. 9 marks were awarded.



Candidates must realise that scoring full marks on this type of question is more than accessible. However, they must consider the points raised here for that to happen. This is what examiners will be looking for before full marks can be awarded.

## Question 7 (a)

Question 7(a) was the first question in Section C. Section C was based on the second case study which was about PFC, a specialist gym that charged a high membership fee. The scenario in the case study of a new low-priced chain opening a gym nearby was important for candidates to understand. The way in which candidates approached each of the questions in Section C could have been influenced by how they thought PFC would respond to the new competition.

This was the second 'state' question on the paper and was assessed in the same way as Question 6(a). Candidates were required to state a fixed cost for PFC. Again, as the mark was being awarded for AO2 (Application), candidates were required to include context in their answers before being awarded the mark.

7 (a) State **one** example of a fixed cost for PFC.

(1)

€ members paying a fee of £39 a month for unlimited access to the gym and fitness classes that take place 5 days a week.



This was a remarkably common mistake, with a large number of candidates giving this incorrect answer. They have clearly confused the term cost with the price charged for membership fees and not understood that costs are payments made by the business.

0 marks awarded.

7 (a) State **one** example of a fixed cost for PFC.

(1)

Cost to rent the building of the gym.



This response was awarded the mark because it identifies the fixed cost (rent) and also applies the answer to the business by saying it is the rent for the 'gym'. Without this reference then the mark would not have been awarded.

## Question 7 (b)

Question 7(b) is always a basic 'Identify...' question that always involves reading off a graph, chart, infographic or table. The correct answer was 'south west'. Almost every candidate scored one mark in this question.

Table 3 shows the % of the local population that has a gym membership in different regions of the UK.

Region	% membership
Scotland	15%
North east	15%
North west	16%
Yorkshire	16%
East Midlands	12%
West Midlands	13%
Wales	13%
South west	10%
South east	13%
London	18%

(Source: adapted from Yougov survey 2022)

**Table 3**

- (b) Using the information in Table 3, identify which region had the lowest level of gym membership in the UK.

(1)

Wales.



A rare example of a candidate not selecting the correct answer. This is presumably because the candidate has rushed through the question and not read the information in the table correctly.

0 marks.

Table 3 shows the % of the local population that has a gym membership in different regions of the UK.

Region	% membership
Scotland	15%
North east	15%
North west	16%
Yorkshire	16%
East Midlands	12%
West Midlands	13%
Wales	13%
South west	10%
South east	13%
London	18%

(Source: adapted from Yougov survey 2022)

**Table 3**

(b) Using the information in Table 3, identify which region had the lowest level of gym membership in the UK.

(1)

South west



Correct answer = 1 mark.



'Identify' questions simply ask candidates to select a piece of information from a table or chart. They are very simple and straight forward. As a result, some candidates think there must be something that is trying to catch them out. They should be re-assured that this is not the case.

## Question 7 (c)

Question 7(c) was well answered for the most part with better use of context than in other 'Outline' questions. Many candidates identified a factor that would affect the location of the business. Application often came from reference to 'gym' or 'fitness'.

(c) Outline **one** factor that could have influenced the location of PFC.

(2)

one factor that could have ~~the~~ influenced the location of the performance fitness centre is by proximity to market. They may have located ~~close~~<sup>close</sup> to where the customers are located so that it is more convenient for them to go to the gym or attend the fitness classes on time.



**ResultsPlus**  
Examiner Comments

2 marks were awarded for this answer as all 3 requirements are included. A suitable location factor (proximity to market), a development point (allows convenience) and application (gym and fitness classes).

(c) Outline **one** factor that could have influenced the location of PFC.

(2)

Income may have influenced the location of PFC as higher income could have resulted in PFC charging higher prices.



Only 1 mark can be awarded for this answer.

A suitable location factor is identified (income) and there is a development point (could result in charging higher prices). However, there is no application in the answer. Remember – the name of the business does not count as context as it is in the wording of the question.

## Question 7 (d)

This was the second 'Justify' question and proved to be better answered than the other (Question 6c). The question asked if either reducing the price of memberships or providing individual fitness plans would be the best way to increase the number of new members. Both options gave plenty of opportunities to offer a balanced argument and many candidates took this to give well structured and detailed answers. Better answers tended to refer to the concepts of adding value and recognised that the gym may not be able to cater for a large number of members due to its specialist equipment and facilities.

In order to increase the number of new members at PFC, the owner is considering two options:

**Option 1:** reducing the price of membership

**Option 2:** providing an individual fitness plan for all new members.

(d) Justify which **one** of these two options would have the bigger impact on new membership at PFC.

(9)

Option 2 - individual fitness plan for new members - may have a bigger impact, as it would help them each on their own specific fitness journey. As PFC are struggling to attract people over 50 years of age, a personalised fitness plan may help them to feel more encouraged to work out and join the gym, as the intensity of the plans can differ based on how much they're willing to do. This may help them to build on the members that they have as they're providing an extra service on top of the gym equipment, so the £39 per month (compared to the new gyms £19 per month) may seem more reasonable, making them more willing to pay.

However, by only offering this plan to new members, their current loyal members may find it unfair, as they are not receiving the same treatment, whilst still paying the full price. This may decrease their customer satisfaction and lose the loyalty that they've built, potentially resulting in these customers that have used PFC for so long leaving to use the cheaper new gym.

In conclusion, I feel that the individual fitness plan for all new members will attract the most new customers. This is because it will make them feel valued, and by providing specific plans for each

customer, they may build more loyalty with these new members. This could help to deter them away from this new gym as although the price per month is £20 more, they know that they're paying for high quality and an additional fitness plan. However, it depends if they're willing to decrease the price per month for its current members, ~~as~~ as they are paying the same amount, ~~but~~ but without the additional fitness plan, so may be hoping to pay less to account for this. Even so, as the aim of PFC is to attract more new members, I feel that the fitness plan for the new members would be most effective. Reducing the price of the membership may seem like the quality isn't as good, so could deter customers instead of attracting them.



This is an excellent answer that could be used in centres to help candidates model answers to achieve full marks in 'Justify' questions. In selecting option 2 the candidate has then used the case study to identify key reasons this would be the best option. In particular, they have focused on the issue of low membership figures in people aged over 50. This provides a strong argument why the second option would work best.

There is also a strong counter argument provided and developed that show that the candidate has considered both the positive and negatives of their chosen option.

Finally, we have a very strong conclusion which adds a lot of value to the answer and is not simply a one sentence summary which many candidates view as how to write a conclusion.

High quality answer. Level 3 in all three assessment objectives. 9 marks awarded.

In order to increase the number of new members at PFC, the owner is considering two options:

**Option 1:** reducing the price of membership <sup>MORE CUSTOMERS, More competitive advantage.</sup>  
<sub>may be seen as bad quality/less profit</sub>

**Option 2:** providing an individual fitness plan for all new members. <sup>convenient, widens customer range</sup>

(d) Justify which **one** of these two options would have the bigger impact on new membership at PFC. <sup>old members don't get a fitness plan.</sup>

(9)

One advantage of PFC ~~using~~ choosing ~~opt~~ to reduce the price of membership would be that they gain more customers. This is because ~~the business~~ PFC would've lowered their prices to look more desirable to their ~~target~~ than the new gym as PFC would now have advantages because of both ~~high~~ its high quality and low prices. As a result this gives PFC a competitive advantage.

One advantage of PFC choosing to provide an individual fitness plan for all new members would be that it ~~is~~ would be convenient. This is because the gym will be providing help and guidance on what to do ~~in~~ in the gym. As a ~~result~~ result this widens the ~~target~~ customer range as this will not only attract people who already have a high level of personal fitness but also beginners at the gym that may need help.

In conclusion, PFC should choose option 2 as it will attract more customers as the fitness plan provides guidance for the new customers and it also provides a unique selling point which differs PFC from its competitors.



This response demonstrates where the exam technique used affects the quality of the answer. The candidate has considered the advantages of both options. As mentioned in the comments for Q6c, many centres believe that this leads to a natural way of including evaluation in an answer. Unless there is clear contrasting judgements built into the answer then this does not happen. As this candidate shows, this approach is very difficult and most often does not work. No AO3b marks can be awarded for this answer.

AO2 = Level 2, AO3a = Level 3, AO3b = Level 0.

5 marks awarded.



It is far easier to build evaluation when answering a 'justify' question by selecting just one option and exploring the advantages and disadvantages of this option. There is no need to write about both options in the answer.

## Question 7 (e)

This question tested all four skill areas of 'Understanding' or 'AO1b', 'Application' or 'AO2', 'Analysis' or 'AO3a', and 'Evaluation' or 'AO3b'. To reach Level 3 overall, a candidate's answer had to be convincing across all of these Assessment Objectives.

There was a mixed response to this question from candidates. The question required candidates to evaluate the importance of consumer income to the success of PFC. Many candidates understood the importance of consumer income and made the link to the high price of the membership. However, many thought evaluation would come from reversing their answer and saying what would happen if consumer income was high, followed by a reversal of this to say what impact low consumer income would have on the success of the business. This was not awarded as evaluation. Instead, candidates should have considered how much value members placed on the quality of the gym and the value it offered. For some people attending the gym is part of their lives rather than a luxury. Approaching the question from this point of view would have allowed a much more balanced answer. Very few candidates did this. As a result, this type of answer tended to reach a ceiling of 7 or 8 marks.

(e) Evaluate the importance of the level of consumer income to the success of PFC. You should use the information provided as well as your knowledge of business.

(12)

The level of income consumers have affect the success of PFC because, the more the income they have will result in more memberships made at PFC. This will lead to them having more demand. This means that they will have more profit made therefore be able to pay for their high specification equipment and weight machines and keep customers satisfied.

However, if the level of consumer income is low, they may not be able to carry on their memberships and end it. This will result in no memberships made and also consumers going to other competitors. This means that they will have less people attending ~~meanings that~~ ~~therefore~~ ~~the~~ ~~competitive~~

~~advantage~~ they will not have a competitive advantage.

Overall, the level of consumer income will affect the business in many ways, however they can reduce this by ~~maximizing~~ setting up the business in a place where there is consumers who have a fairly large income. This will result in more memberships and the profit of the business being high.

In the short term they can pay for their high specification equipment. And on the long term they can pay fixed and variable costs.



This was a common way in which candidates approached this question. There is good understanding of consumer income, but the candidate simply reverses their answer to say that high consumer income would increase demand (and explain why), followed by saying low consumer income would have a negative effect (using the same logic).

As a result, this answer was placed in Level 2 overall and awarded 7 marks.

(e) Evaluate the importance of the level of consumer income to the success of PFC. You should use the information provided as well as your knowledge of business.

(12)

Level of consumer income is important as ~~there~~ a high level of income means <sup>customers</sup> ~~people~~ will have more disposable income which can be appointed to paying their gym membership. A high consumer income level is important to PFC so that they can target high-income potential customers who would be willing to pay their high fee (£39/month, as opposed for competitors' cheaper fees, for instance at £19/month for another larger national chain gym). This is because ~~they need~~ <sup>this</sup> demographic would be more willing to pay a premium price for PFC's high specification equipment and weight machines; other competitors, such as the new gym (part of a large national ~~retail~~ chain) that opened near PFC, over the past year, may not provide this USP that PFC has: of a high-quality equipment and experience. Therefore PFC can ~~spend~~ gain a greater market share (in particular, of the high-income market segment), as other nearby competitors currently do not target high-income customers. This means that they can not only increase their customer base and potential for loyal, repeat customers, but also their profit margins (due to their high £39/month price), therefore achieving greater profit margins.

However, the level of interest in fitness/going to the gym may be more important to PFC's success, as the trend of health-consciousness and ~~a~~ ~~can~~ maintaining fitness has been a trend that has grown in popularity ~~of~~ over the past few years. They do not have many customers over 50 years old; this is potentially due to the fact

that they feel out of place in the gym (with younger members), or due to their potential lack of awareness / a lack of interest in fitness, which is why there is quite a low proportion of 50+ <sup>years old</sup> ~~attend~~ attending PFC. In this case, income is not the main contributing factor to their success in the over-50s market segment, as people over 50 tend to be retired individuals with a lot of time and a lot of pension money - enough to be able to pay their premium membership fee of £39/month. Therefore <sup>a higher</sup> ~~there is~~ awareness about gyms (<sup>a higher</sup> ~~or their~~ level of comfort in attending gyms) for over-50s may greatly contribute to sales, revenue, and profitability of PFC (thus their success).

In conclusion, however, I believe that consumer income is not particularly important to PFC's success. I think that their USP (which is the high quality they offer) is more important as this is what has caused customer satisfaction and loyalty of many customers over their last 7 years of operating. However, this also depends on the price that PFC sets in relation to the quality that they offer, as a high price is indicative of a high quality service, which ~~in~~ turn increases ~~the~~ the popularity / ~~or~~ strengthens the brand image. However, nevertheless, the most important factor into this is the <sup>fact that PFC offers</sup> ~~price setting~~ fitness classes that take place 5 days a week, ~~competitiveness as a substantial offer~~ which appeals to many people (by offering them a range of <sup>(Total for Question 7 = 25 marks)</sup> ~~holdings~~), thus contributing to PFC's success.

**TOTAL FOR SECTION C = 25 MARKS**  
**TOTAL FOR PAPER = 90 MARKS**



In contrast this answer gives a far more balanced evaluation of how important consumer income is to the success of the business. The opening part of the answer gives a convincing argument to say that it is important, recognising that the gym is expensive and cheaper alternatives are available. The answer then moves into some excellent evaluation by saying that people's lifestyles and that the age profile of potential members would negate the effect of consumer income. At all times, the answer keeps consumer income as the focus though and it does not break off at tangents.

A high quality conclusion finishes off the answer and there is context throughout. A sophisticated answer that was awarded all 12 marks.

## Paper Summary

The feedback from this year's Examiners' Report is clear. To allow improved candidate performance, centres should instruct and guide candidates towards:

- Not repeating the question in the first line of their response – it wastes time and allows no extra marks to be scored.
- Ensuring that 3 mark 'Explain **one**...' questions are not 'over-engineered'. 3 marks can be obtained in as few as three sentences.
- Recognising the difference between an 'Explain **one** benefit/drawback/impact...' question and an 'Explain **one** method...' question.
- Making sure that generic advantages and disadvantages are not used, irrespective of the wording of the question.
- Ensuring that formulae are learnt – 'Calculate' questions are worth 8 marks per examination paper.
- Ensuring that 'linking words/terms' are used in answers, such as 'thus', 'therefore', 'because ' or 'as a result' to create a 'firebreak' between linked strands of development.
- Recognising the importance of including context/application in 'Outline...' questions as a way of scoring marks.
- Realising that 'Justify' questions do not require the consideration of both options, and that some approaches to answering this question style can make it considerably harder to demonstrate the evaluative skill and/or unnecessarily time consuming.
- Recognising that all questions are marked according to the Assessment Objectives (AOs) that they are designed to test. A 'good answer' is not necessarily a 'good answer' unless it satisfies the Assessment Objectives (AOs) that are associated with the command word that was used in the question.

## **Grade boundaries**

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

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

