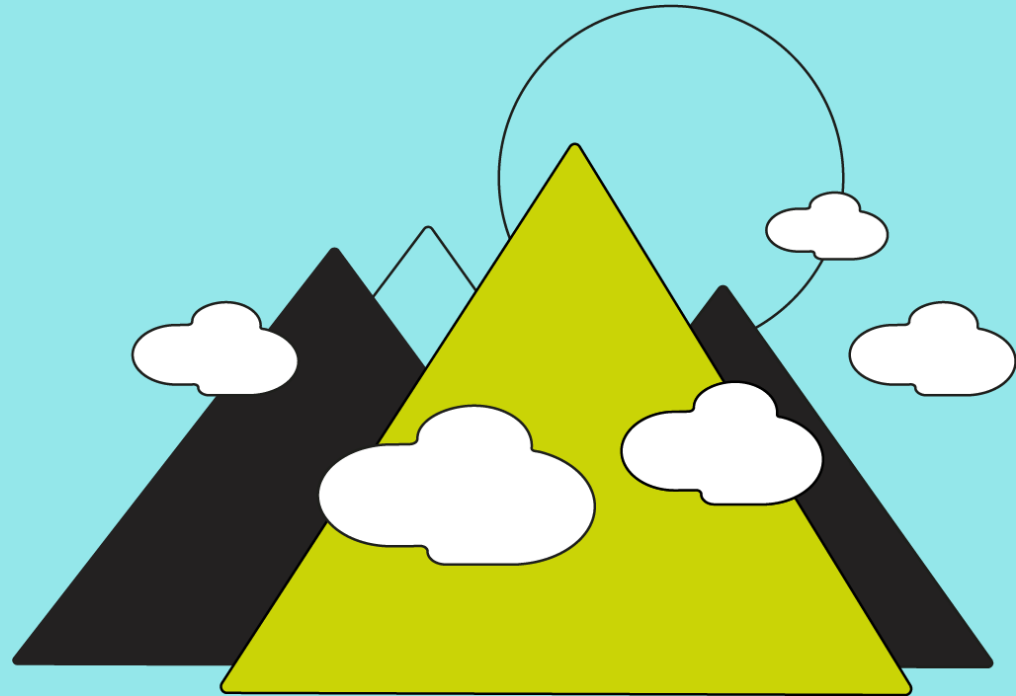


# Pearson Edexcel GCSE Business

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# Agenda

- Introductions
- What went well
- Common errors
- Areas of specification that require closer attention
- Exam technique
  - Calculation questions
  - State questions
  - Outline questions
  - Lack of application
  - Justify questions



What went well?

# What went well

Only 4% failed to finish.

Question 2d – drawback of bank loan.

Question 2e – reducing size of workforce.

Question 3c – poor relationship with suppliers.

Question 3d - job rotation

Question 4b – knowledge of customer service.

Question 7e – home working.

Skill of analysis.



# Why candidates run out of time

(e) Explain **one** reason why a business may decide to reduce the size of its workforce.

(3)

One reason why a business may decide to reduce the size of its workforce is that in doing so they could reduce their costs. This is because they will be paying less salaries to employees. Therefore the business' fixed costs will reduce. Therefore the business' total costs will be lower. As a result the business can lower the price of its product. Therefore sales may increase which could lead to more revenue and therefore potentially more profit.

(Total for Question 2 = 12 marks)

# Common Errors

Question 1c, comparing performance reviews with customer reviews.

One reason is to see how their customer service is rated. This is because the business will need good customer service to attract customers. This will help the business to see where they can adapt their service to improve it.

# Common Errors

Question 1c, comparing performance reviews with customer reviews.

- (c) Explain **one** reason why a business might use performance reviews with its employees.

(3)

One reason is to motivate employees. This is because if an employee learns that they are not performing well they will want to work harder. As a result, productivity will increase.



# Common Errors

Question 1d – not being specific about flow production.

(d) Explain **one** impact on a business of using flow production.

(3)

One impact is that the cost of making each unit is lower in flow compared with job and batch. This is because they are making identical products so can buy materials in bulk. Therefore they will receive a discount for buying in bulk.



# Common Errors

Question 2c – not writing answer to 2dp

- (c) Using the information in Table 1, calculate to 2 decimal places, the net profit margin.

(2)

$$\frac{400,000}{900,000} = 44.44444444$$

$$44.4\%$$

# Common Errors

Question 3b – not subtracting buffer stock

- (b) Using the information in Figure 2, calculate the total amount of stock that was delivered to the business in June 2021. You are advised to show your workings.

(2)

$$1000 + 1300 + 900 \\ = 3200$$

3200 units

# Common Errors

Question 5b – misinterpretation of the question

(c) Analyse the benefit to *Ocado* of using new technology in its warehouses.

(6)

One benefit is it helps the business to produce the product quicker, this is because machines can make products quicker than humans can. As a result the business will have a larger stock that it can sell. Therefore it will sell more.

# Poor knowledge – 3e - Tariffs

- (e) Discuss the impact on a business from new tariffs being introduced by countries it exports to.

(6)

One impact is that will increase fixed costs. This leads to the breakeven point being higher, leading to the business having to increase price, leading to customers not being satisfied, therefore there will be a loss of customers because they don't want to pay the high prices. Therefore there will be a loss of sales. This could lead to a fall in revenue meaning the business is likely to be at a competitive disadvantage.



## Poor knowledge – 3e - Tariffs

One impact is that the business may experience lower sales. This is because those that they export to would now have to pay more to get hold of the product as a tax will have to be added to the price. This means a business will now be less competitive compared to domestic rivals in that country. As a result the customers in that country are more likely to purchase from a business in their own country. Therefore sales of the business exporting will fall, which could cause revenue to decrease potentially decreasing profits.



# Poor knowledge

Question 6a – influences on pricing strategy

Question 7a – sales process

Question 7d – internal and external growth

## Poor knowledge 7d

(d) Justify which **one** of these two options Facebook should choose to increase its profit.

(9)

I think Facebook and Mark Zuckerberg should consider ~~external growth~~ internal growth. This is because the social media business can use cheaper sources such as retained profit rather than borrowing from a bank. This means that their costs are lower as they don't have to pay the money (or interest) back, which makes them more competitive compared with Twitter and Snapchat.



## Poor knowledge 7d

However a drawback of internal growth is that they might not have enough retained profit. This means they won't be able to fund the growth of the virtual reality company, Oculus, without having to borrow money from the bank which means costs will increase.

Overall internal growth is cheaper as you don't have to pay it back.



# Exam Technique

Outline questions

Lack of application in longer questions

Complex calculations

State questions

Justify questions



# Outline questions

Need three parts to get 2 marks.

- Valid point
- Linked strand of development
- Application somewhere in the answer

Most struggle with the context/application.

## Outline – 4a

- 4 (a) Outline **one** possible method, other than faster delivery, that *Ocado* could use to differentiate its service.

(2)  
One possible method is they could expand their product range so customers have more to choose from.

## Outline – 4a

One possible method is that they could expand their grocery range. This would lead to increased revenue and ~~not~~ potentially more profit.

One possible method is they could expand their grocery range so customers have ~~to~~ more food to choose from.

## Outline – 6b

(b) Outline **one** drawback to *Ocado* of using just in time (JIT) stock control.

(2)

One drawback is not being able to deal with a rapid influx of orders. This is because Ocado won't ~~allow~~ hold large buffer stocks.

One drawback is not being able to deal with a rapid influx of grocery orders. This is because they won't hold large buffer stocks.



## Lack of application

One benefit is increased reputation. This is because the customers will inform friends and family about the good customer service they received. Therefore more customers will leave online reviews. As a result the business may sell more products as people will begin to trust it. Therefore leading to outcompeting its rivals.



## Lack of application

One benefit is that the grocery retailer will ~~has~~ have an increased reputation. This is because customers will tell their friends and family about the good customer ~~received~~ service received. As a result their trust pilot rating will increase from "62% excellent". As a result Ocado will have more success in selling food, therefore increasing competitiveness against rivals such as Tesco.

(Total for Question 4 = 8 marks)

# Complex calculations

- (b) Using the information in Table 3, calculate *Ocado's* sales revenue in 2019.  
You are advised to show your workings.

(2)

$$\begin{aligned} SR - CoS &= GP \\ SR &= GP + CoS \\ &= 591.8 + 1164.8 \end{aligned}$$

£ 1756.6 million

# Justify structure

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

(9)

Ocado should choose option 2. By increasing its product range it will attract more customers to come to Ocado. This is because there is greater variety and they can choose more things they like. This will lead to an increase in sales and therefore more things they may make more revenue which potentially leads to more profit.

# Justify structure

However they could choose option 1 as this may satisfy customers more. This is because they will receive the products quicker than if they bought from rivals. This would be a USP for Ocado which would mean that they could charge more for the service which would allow them to increase profits.

Overall option 2 is better as it will attract more customers.



# Justify structure

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

(9)

I think Ocado should choose to expand its product range, this is because it may encourage people who are fussy with eating different brands of food to shop online with them when purchasing their groceries. This will mean that demand for food from Ocado will be higher, resulting in an increased amount of revenue, which results in an increased share of the grocery market.

## Justify structure

However, a disadvantage of an increased product range is that Ocado will have to re-programme their robots with the added items. This could result in confusion in the warehouse and mean that orders of food are packaged wrongly. As a result this could mean that customers are unhappy with their service and do not repeat purchase when buying groceries, leading to a fall in market share.

# Justify structure

In conclusion, I think it's best to increase its product range to improve its share of the online grocery market. The key reason is that competitors like Asda and Tesco cater for a wide range of customers so Ocado have to offer different foods to attract customers. However, my decision depends on whether the food retailer can still deliver the groceries in a timely fashion that suits customers. They already have an excellent rating on Trustpilot so if they can still collect an order in 5 minutes and deliver it quickly, having an extensive range will mean customers come to Ocado.





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