

# GCSE Business

## The Skill of Application

Paul Clark



# Welcome to this Professional Development Course

This event is for teachers delivering the Pearson Edexcel GCSE Business specification.

In this session we will concentrate on the skill of application. In doing so we will look at what examiners expect in points and level-based questions when it comes to awarding A02.

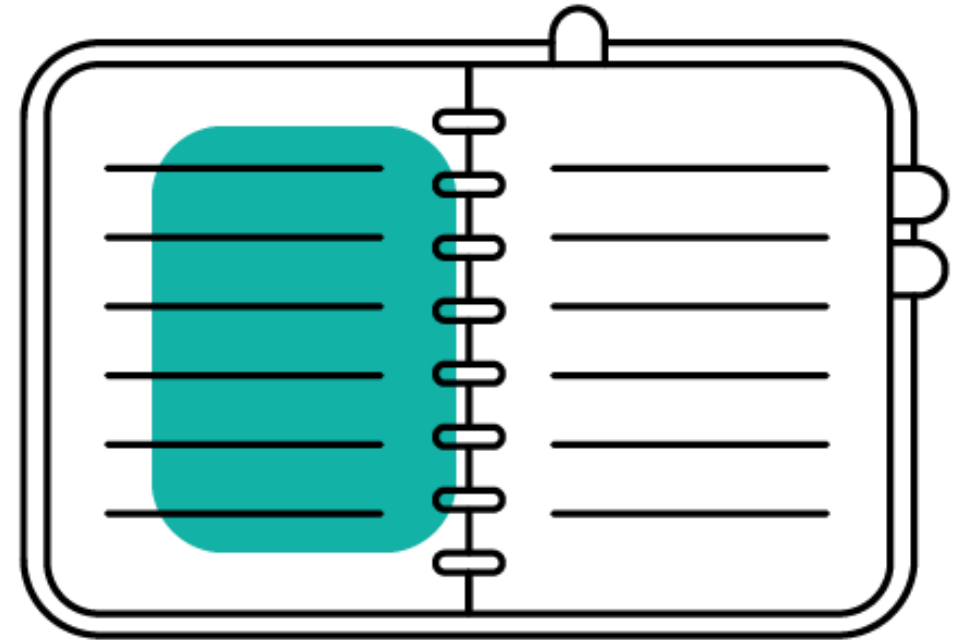
We will also look at hints and tips to help students to develop their application skills.



# Agenda

In this session we are going to cover:

- identifying questions where application is required
- a classroom activity using case studies
- application in points-based questions
  - **'State'** questions
  - **'Outline'** questions
- application in levels-based questions
  - **'Analyse'** questions
  - **'Justify'** questions
- support available
- Q&A.



# Application questions



# Application questions: What do we mean by 'application'?

The term 'application' in the context of this mark scheme refers to the ability to effectively use knowledge and understanding in a practical, real-world context, particularly within the realm of business behaviour and scenarios.

What candidates need to do:

- Make their answer specific about the business in the case study.
- Use words, phrases, numbers from the case study.
- Consider that if you are able to replace the business name with 'Tesco' and it still makes 100% sense then the answer is not specific.

# Application questions: Where application is required

- 4a: 'Outline' – 2 marks (1)
- 4b: 'Analyse' – 6 marks (3)
- 5a & b: 'Calculate' – 2 marks
- 5c: 'Analyse' – 6 marks (3)
- 6a: 'State' – 1 mark (1)
- 6b: 'Outline' – 2 marks (1)
- 6c: 'Justify' – 9 marks (3)
- 7b: 'Identify' – 1 mark
- 7c: 'Outline' – 2 marks (1)
- 7d: 'Justify' – 9 marks (3)
- 7e: 'Evaluate' – 12 marks (3)



**N.B. Application questions  
account for a total of 22 marks!**

# Application questions: Why application is important?

Business														
Overall grade boundaries				Max Mark	9	8	7	6	5	4	3	2	1	U
1BS0	Business	Subject	180	147	137	128	114	100	86	62	39	16	0	
Paper(s) 01 02														

- 22 marks are available for questions featuring application
- Differences between grade boundaries range from 10 to 23 marks (lower between higher grades)
- Historically, application is the skill area where candidates perform least well

**It is a vital skill, and candidates need to be very clear of what is required.**

# Developing exam skills using case studies





# Developing exam skills using case studies: Example

Graham Munroe started *Woodkit Ltd* a few years ago. They are a family run business with strong values. They are a major internet retailer and wholesaler of many international brands of wooden planes, tanks, boats and accessories. The business has the UK's widest product range selling over 4,000 exquisite, precision-made items to markets at home and abroad, a much larger range than their rivals Howes Models. They sell both vintage and contemporary models, catering for all needs, tastes and budgets.

At *Woodkit*, Graham places a considerable amount of value on making customers happy. They have a large number of repeat customers, particularly those who are enthusiastic collectors. Graham encourages customers to get in touch regarding any queries that they may have. They also keep customers regularly informed about what the business is up to through a regular e-newsletter. Signing up for the e-newsletter gives customers access to all the business' special offers and member benefits. They have also set up a Facebook page so that customers can be part of *Woodkit's* online community.

*Woodkit* have a dedicated website which allows the customers to see all the products that are on offer as well as all the international brands that they also sell. Customers can order directly from the website. Graham recognised that there was a big market for model-making and accessories in both the USA and Australia. They sell extensively to customers in these countries, giving free delivery for orders over a certain weight.

# Developing exam skills using case studies: Generic Words

- **Product** – use the type of product (plane, tank and boat models)
- **Rivals/competitors** – name them (Howes Models)
- **Use the owner's names:** (Graham)
- **Call the customers by a specific word** – e.g. model enthusiasts/collectors
- **Name the market:** e.g. miniature model market.
- **Use information given in the case study** - e.g. selling models in Australia and USA. Others include:
  - Is the market competitive?
  - Are they looking to move locations?
  - Do they have a unique selling point? (extensive range of 4000+ models)
- **Use figures if they are available**

# Developing exam skills using case studies: SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Family Run</li><li>• UK's widest product range – 4000</li><li>• Strong values – Making customers happy</li><li>• Large number of repeat customers</li><li>• Regularly contact customers – E-newsletter / Facebook</li></ul>	<ul style="list-style-type: none"><li>• Niche market – Restricted target market</li><li>• Free delivery – Cost incurred by business</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Market abroad – large market in USA and Australia</li></ul>	<ul style="list-style-type: none"><li>• Exchange rate changes</li></ul>

# Application in points-based questions

## **‘State’** questions



# State Questions

- State questions test **application** only (**A02**) as they are only worth 1 mark.
- Even if the answer given is theoretically correct, if there is no application in the response, it will score 0.

Let's look at an example!

# State Questions: Example answers

**Application included:** State one way that Woodkit could encourage repeat custom [1]

They could contact collectors with special offers.

**Application omitted:** State one way that Woodkit could encourage repeat custom [1]

They could contact customers with special offers.

# State Questions: Context or Not?

**Example 1:** State one fixed cost that Woodkit will have to pay.

Rent

**Example 2:** State one influence on Woodkit's marketing mix.

The quality of the wooden models.

# State Questions: Context or Not?

**Example 3:** State one method of post-sales service that Woodkit could utilise.

They could offer guarantees with their models.

**Example 4:** State one way benefit to Woodkit from effective communication.

They will know that their orders from customers are correct.



# Application in Points-based questions

## **‘Outline’** questions



# Outline Questions

These questions are always worth 2 marks and there are usually three of them in each paper. You have to do three things to gain both marks.

You must:

- make a valid point
- have a linked strand of logical development
- have **application** somewhere in the response (this needs just be a word!).

# Outline Questions: Example answers

Key:

Point

Development

Application

Outline one impact on Woodkit from having a wide range of stock

P One impact is that it gives customers a greater choice of products to select from. This will help them to increase sales. dev

Outline one impact on Woodkit from having a wide range of stock

P One impact is that it gives customers a greater choice of models to select from. This will help them to increase sales. dev

# Outline Questions: Marked example

Key:

Point

Development

Application

**Example 1:** Outline one way in which Woodkit adds value to its products

One way in which Woodkit could add value is by having a strong brand, therefore customers will be willing to pay more for it.

Marks Awarded	Descriptor	
0 marks	Nothing credit worthy	
1 mark	Relevant point but missing linked strand and/or context	
2 marks	Relevant point with linked strand and context	

# Outline Questions: Marked example

Key:

Point

Development

Application

**Example 2:** Outline one influence on Woodkit's marketing mix.

One influence is the quality of their wooden models. If the models are high quality then they can charge a higher price.

Marks Awarded	Descriptor	
0 marks	Nothing credit worthy	
1 mark	Relevant point but missing linked strand and/or context	
2 marks	Relevant point with linked strand and context	

# Outline Questions: Marked example

Key:

Point

Development

Application

**Example 3:** Outline one way in which Woodkit could improve its gross profit.

They could try to reduce the cost of buying models from suppliers, this would mean that their cost of sales will decrease therefore increasing gross profit.

Marks Awarded	Descriptor	
0 marks	Nothing credit worthy	
1 mark	Relevant point but missing linked strand and/or context	
2 marks	Relevant point with linked strand and context	



# Outline Questions: Marked example

Key:

Point

Development

Application

**Example 4:** Outline one way in which Woodkit could improve its gross profit.

If suppliers are late they may have no stock to sell,  
Therefore customers may buy from competitors.

Marks Awarded	Descriptor	
0 marks	Nothing credit worthy	
1 mark	Relevant point but missing linked strand and/or context	
2 marks	Relevant point with linked strand and context	

Application in levels-based questions

**‘Analyse’** Questions





# Analyse Questions

These questions are worth 6 marks and there are usually 2 of them in each paper. They assess Application and Analysis.

You must:

- provide detailed application throughout your answer
- provide 5 or more linked strands of development across **two** points.

# Application in levels-based questions

Level	Marks	Application	Analysis
<b>L0</b>	0	No application	No rewardable content
<b>L1</b>	1–2	Very limited application	1 linked strand of development
<b>L2</b>	3–4	Some application but not throughout	2–4 linked strands of development across a maximum of two points
<b>L3</b>	5–6	Application present throughout	5+ linked strands of development across a maximum of two points

# Example Case Study: Ocado

*Ocado plc* is an online grocery retailer that does not own physical shops. *Ocado* purchases its groceries from food manufacturers such as Heinz or from other grocery retailers such as Marks & Spencer. It then sells these groceries through the *Ocado* website or through its app. Groceries are then delivered to each customer's home. The company already has a 62% 'excellent' rating on Trustpilot for its customer service. This is higher than other supermarkets, such as Asda, that also offer online grocery shopping. *Ocado* is considering introducing a one-hour, same day delivery service.

In 2020, *Ocado's* sales rose by more than 40% as demand for online grocery shopping increased. *Ocado* has invested in new technology in its warehouses. This has allowed *Ocado* to use a just in time (JIT) stock management system. As part of this investment, *Ocado's* robots now can pick a customer's order in less than 5 minutes. The robots have artificial intelligence and know that they should place heavy items such as milk at the bottom of a bag. This level of automation allowed *Ocado* to process an extra 30,000 orders each week during 2020.

In order to increase its share of the grocery market, *Ocado* is considering expanding its range of 'own label' products to improve its offer to customers.

(Source: adapted from <https://www.theverge.com/2018/5/8/17331250/automated-warehouses-jobs-ocado-andover-amazon> and <https://www.independent.co.uk/news/business/news/coronavirus-ocado-sales-rise-latest-online-grocery-shopping-covid-19-a9500966.html>)

# 'Analyse' questions: Marked example 1

Analyse the benefit to Ocado of good customer service.

	Level 0 0 Marks	Level 1 1–4 Marks	Level 2 5–8 Marks	Level 3 9–12 Marks
<b>Application</b>	None	Very limited application	Some application but not throughout	application present throughout
<b>Analysis</b>	None	1 linked strand	2–4 linked strands	5+ linked strands
<b>Overall Level</b>				
<b>Mark</b>				

(b) Analyse the benefit to Ocado of good customer service.

(6)

One benefit is that because the service was good, customers will continue to purchase from Ocado. This will lead to trust and loyalty being built up between the customers and the business, therefore increasing Ocado's revenue, therefore potentially increasing profits.

Another benefit is that the good customer service can result in good reviews online because the customer was happy with their service. This would lead to the business gaining better ratings which would then result in more customers due to the positive feedback. As a result Ocado's market share will increase.

**Key:**

**Point**

**Development**

**Application**

# 'Analyse' questions: Application Exercise Task

(Example question: Analyse the benefit to Ocado of good customer service).

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.



# 'Analyse' questions: Application Exercise Answer

Key:

Point

Development

Application

(Example question: Analyse the benefit to Ocado of good customer service).

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)

# Analysis questions: Marked example 2

Analyse the benefit to Ocado of using new technology in its warehouses.

	Level 0 0 Marks	Level 1 1–4 Marks	Level 2 5–8 Marks	Level 3 9–12 Marks
<b>Application</b>	None	Very limited application	Some application but not throughout	application present throughout
<b>Analysis</b>	None	1 linked strand	2–4 linked strands	5+ linked strands
<b>Overall Level</b>				
<b>Mark</b>				

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

(6)

One benefit is that investing in Robot's is much cheaper than paying employees to pack customers' grocery orders. This is because you don't have to pay a salary to a robot. As a result fixed costs will decrease, enabling the food retailer to potentially increase their profits.

Another benefit is that using robots is very time efficient. This is shown by the rise in sales by 40% in 2020 and because the robots can pack customer orders in less than 5 minutes they can keep up with this increase in demand. This meant that they could process an extra 30,000 orders per week, therefore this would've led to a higher profit for the grocery business.

**Key:**

**Point**

**Development**

**Application**

Application in longer  
questions

**‘Justify’** questions





# 'Justify' questions: Example

In order to increase its share of the online grocery market, Ocado has considered two options:

**Option 1:** offering a faster delivery service

**Option 2:** expanding its product range.

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

Application		Analysis		Evaluation	
L0	No context	L0	0 linked strands	L0	No evaluation
L1	Limited context	L1	1 linked strands	L1	Stated balance
L2	Some but not throughout	L2	2–4 linked strands	L2	Developed balance
L3	Throughout	L3	5+ linked strands	L3	Developed balance + sophisticated solution

I think Ocado should choose to expand its product range, this is because it may encourage people who are fussy and only like certain brands of food, to online shop with them. This will increase demand for Ocado's groceries, which will result in increased revenue, helping them to compete better against rivals like Sainsbury's.

However a disadvantage of an increased product range is that Ocado would have to re-programme their robots with the added items. This could result in confusion in the warehouse and mean that grocery orders are packaged wrongly. As a result this could mean that customers are unhappy with their service and <sup>therefore</sup> do not make a repeat purchase. This could lower their share of the grocery market compared to Tesco and Morrisons.

Overall it's best to increase product range because rivals like Tesco and Asda will appeal to Ocado's customers if they don't. Therefore it's crucial that Ocado meets the needs of as many customers as possible. However it depends on how the excellent packaging and delivery service Ocado offers will be impacted. If it takes a lot longer than 5 minutes to pack an order and then slows down delivery to customers this may not be the best option.

**Key:**

**Point**

**Development**

**Application**

# Subject Advisor Support

Our subject advisors are experts in their fields and are here to support you throughout the year.

## Business Studies

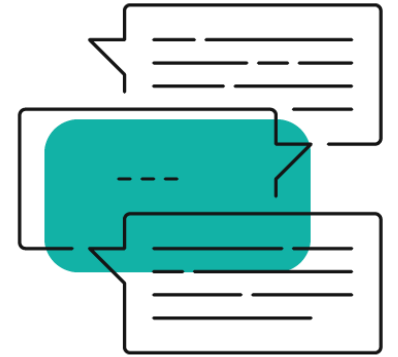
**Email:** [teachingbusiness@pearson.com](mailto:teachingbusiness@pearson.com)

**Phone:** +44 (0) 344 463 2535  
(Mon–Fri, 9.00–17.00)

[Book an appointment with your Subject Advisor](#)

[Sign up](#) to receive regular updates from your Subject Advisor on qualification news and support for your subject.

**Colin Leith**  
[Business and Economics](#)



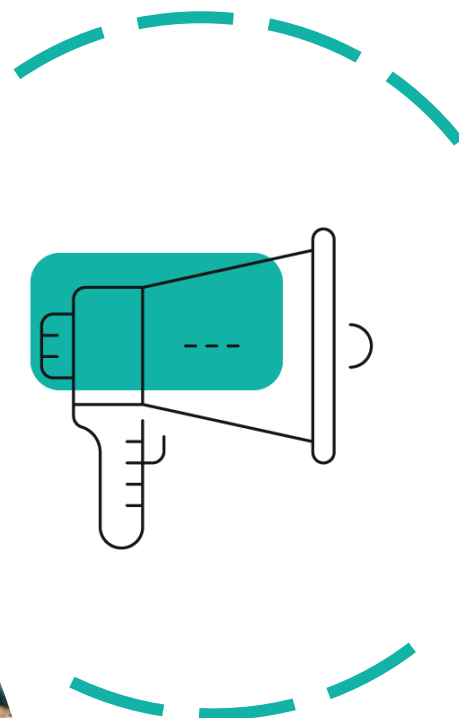


# Find out more

For more professional development courses please see Pearson's [Professional Development Academy](#)







# Your Feedback Matters

Following this event, you will receive an invitation to share your thoughts about the session. Your feedback is invaluable to us, as it helps us tailor our professional development materials to better meet your needs. Please don't hesitate to let us know what you'd like to see more of and what areas you think could be improved.



Pearson

Q&A

