



Pearson
Edexcel

GCSE (9-1) Business

Paper 2: Practice Questions, Mark
Schemes, Model Answers with
Examiner Commentary Set 2





Topic Map:

Question	Command word	Specification reference	Topic area	Sub-topic
1	Identify	2.4.2	Understanding business performance	Market data
2(a)	Calculate	2.4.2	Understanding business performance	Market data
2(b)	Calculate	2.4.2	Understanding business performance	Market data
3	Outline	2.3.1	Business operations	Impact of technology of technology on production
4	Analyse	2.5.3	Effective training and development	Formal and informal training
5	Justify	2.2.3 2.2.2	Promotion Price	Special offers Pricing strategies

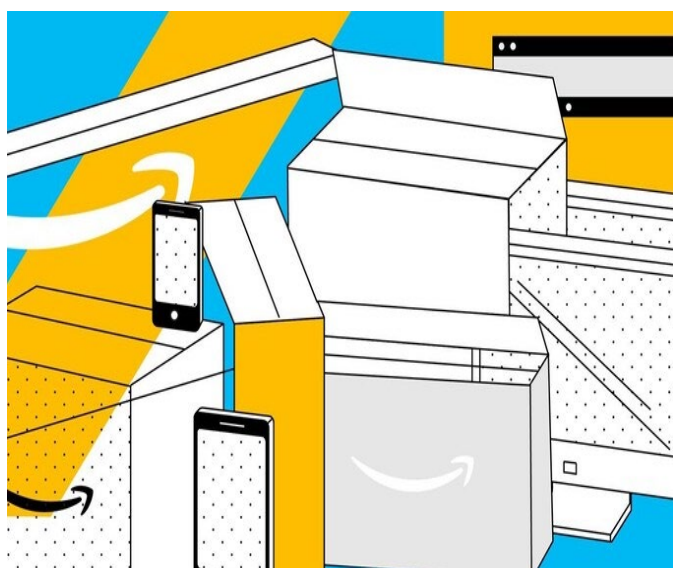


Answer ALL questions.

Read the following extract carefully and then answer Questions 1-5.

Write your answers in the spaces provided.

Tesco is a supermarket group that competes with rival UK grocery retailers such as Sainsbury's, Asda and Morrisons. In recent years, the grocery market has become more competitive with discount supermarkets such as Aldi, entering the market. In 2016, Amazon also entered the UK grocery market when it launched 'Amazon Fresh'. Amazon customers, that are willing to pay to £7.99 per month to subscribe to its Prime delivery service, can now purchase cheese, baked goods, fresh meat, fruit and vegetables with no extra delivery charge through the Amazon website for next day delivery.



In 2019, *Tesco* responded to the threat of 'Amazon Fresh' and introduced a new loyalty scheme called 'Clubcard Plus'. For a subscription fee of £7.99 per month, *Tesco* customers receive a 10% discount off their grocery shopping bill from two visits to *Tesco* up to a maximum of £20 per visit. *Tesco* now plan to give all Clubcard Plus subscribers free delivery as well. *Tesco* has a much larger variety of groceries that can be ordered online compared to 'Amazon Fresh'. The recent increase in UK unemployment has also made shoppers more focused on value for money and convenience.

During 2020, demand for online ordering and home delivery of groceries increased significantly. *Tesco* decided to hire 3,000 extra van drivers to allow it to cope with this extra demand. These new employees underwent formal training from *Tesco* before starting work. *Tesco* have also been trialling the use of new technology, such as unmanned aerial vehicles (drones), as a faster method of delivering shopping to its customers.

(Source: adapted from <https://www.telegraph.co.uk/business/2020/08/15/tesco-lines-free-delivery-fight-threat-amazon/>)



Figure 1 shows the market share of selected UK supermarkets in August 2020.

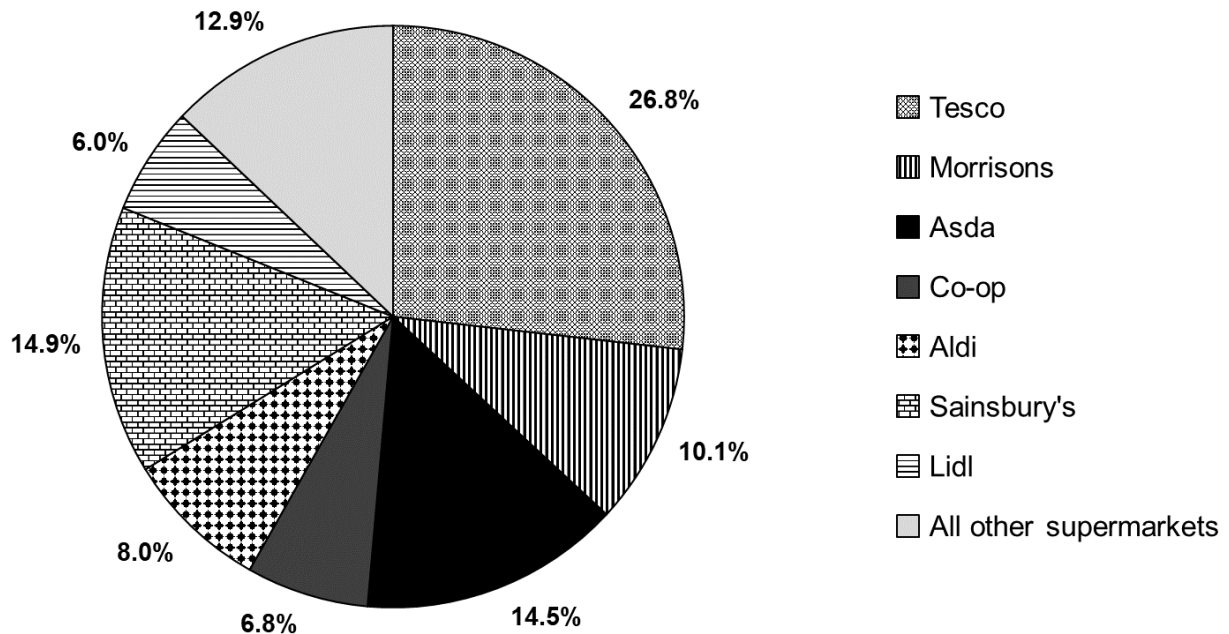


Figure 1

(Source: adapted from: <https://www.kantarworldpanel.com/grocery-market-share/great-britain>)

1. Using the information in Figure 1, identify the named UK supermarket with the lowest market share.

(1)

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Figure 2 shows the UK unemployment rate for four months in 2020.

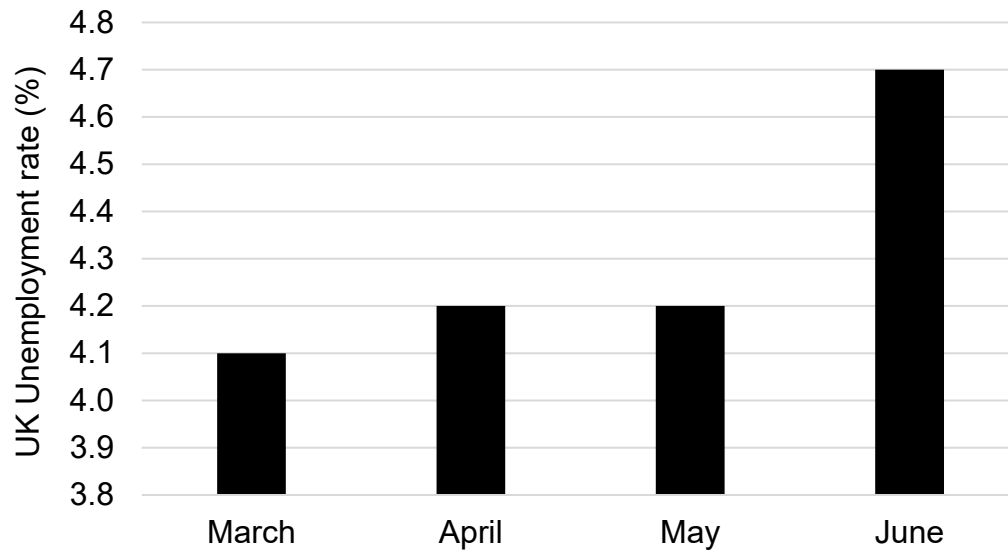


Figure 2

(Source: adapted from: <https://tradingeconomics.com/united-kingdom/unemployment-rate>)

2. (a) Using the information in Figure 2, calculate the average UK unemployment rate across the four months in 2020. You are advised to show your workings.

(2)

.....%

Tesco's online deliveries increased from 600,000 per week in 2019 to 1.4 million in 2020.

- (b) Calculate, to 2 decimal places, the percentage increase in weekly online deliveries between 2019 and 2020. You are advised to show your workings.

(2)

.....%



3. Outline **one** disadvantage to *Tesco* of using new technology, such as drones, as a method of grocery delivery.

(2)

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TOTAL FOR PRACTICE QUESTIONS = 22 MARKS



Mark Scheme:

Question number	Answer	Mark
1	Aldi	(1) AO2

Question number	Answer	Additional guidance	Mark
2(a)	Substitution into correct formula: $(4.1\% + 4.2\% + 4.2\% + 4.7\%) \div 4$ (1) Answer: 4.3% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Additional guidance	Mark
2(b)	Substitution into correct formula: $((1\,400\,000 - 600\,000) \div 600\,000) \times 100$ (1) Answer: 133.33% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
3	<p>Award up to 2 marks for linked points outlining a disadvantage to <i>Tesco</i> of using drones as a method of delivering groceries. Award a maximum of 1 mark if points are not linked.</p> <p>Drones may not be able to carry heavy items of shopping such as bottled water (1). Therefore, they would not be able to be used for large shopping orders (1).</p> <p><i>Tesco</i> would have to purchase a large number of drones and train people to operate them (1). Therefore, <i>Tesco</i> may incur higher costs than other supermarkets such as <i>Asda</i> (1).</p> <p>Award any other valid answer. To award 2 marks there must be linked development and evidence of application.</p>	(2) AO2



Question number	Indicative content		Mark
4	<ul style="list-style-type: none"> This may allow delivery drivers to become more efficient in planning their routes or in unloading the groceries (AO2). Delivery drivers may become more motivated when delivering groceries (AO2). As a result, <i>Tesco</i> may be able to deliver groceries faster and with fewer mistakes. As a result, online customers are more likely to make repeat orders (AO3a). This is because they may feel that <i>Tesco</i> is investing in their skills. Therefore, the speed with which deliveries are made increases, reducing the cost per delivery for <i>Tesco</i> (AO3a). 		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	<ul style="list-style-type: none"> Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). 	
Level 2	3–4	<ul style="list-style-type: none"> Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). 	
Level 3	5–6	<ul style="list-style-type: none"> Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). 	



Question number	Indicative content	Mark
5	<ul style="list-style-type: none">• Lower prices may allow <i>Tesco</i> to become more competitive than other supermarkets such as Aldi (AO2).• Making food delivery free may allow <i>Tesco</i> to match the offer of Amazon Fresh (AO2). • Therefore, demand for <i>Tesco</i>'s groceries may increase, due to customers switching from their existing supermarkets. In addition, existing <i>Tesco</i> customers may decide to purchase more groceries because of the lower prices. As a result, the value of <i>Tesco</i>'s sales may rise (AO3a).• As a result, considering <i>Tesco</i> have a larger choice of products available to order online and also offer a 10% discount on two large grocery shops each month, it may cause customers to be attracted to <i>Tesco</i> or reduce the likelihood of <i>Tesco</i> customers switching to Amazon Prime (AO3a). • However, this depends on how loyal other supermarket customers are to places like Asda. If Asda is their nearest food store and <i>Tesco</i> lower their prices by 2%, it may still be cheaper for a customer to visit their nearest store even though <i>Tesco</i> have lowered their prices. Therefore, the extent to which lowering prices increases <i>Tesco</i>'s sales revenue depends on the reaction of customers and by how much <i>Tesco</i> decide to lower their prices by and the proximity of other supermarkets to a <i>Tesco</i> store (AO3b).• However, this benefit only applies to <i>Tesco</i> Clubcard Plus subscribers. It may be that existing Amazon Prime customers do not want to join two separate subscription services. As a result, they may decide to stay with Amazon Prime and decide to abandon grocery ordering with <i>Tesco</i>. Therefore, the extent to which <i>Tesco</i>'s sales revenue is affected is dependent on how many UK customers already have an Amazon Prime account and how likely they are to join two separate subscription services (AO3b).	(9) AO2=3 AO3a=3 AO3b=3



Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	<ul style="list-style-type: none">Limited application of knowledge and understanding of business concepts and issues to the business context (AO2).Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	4–6	<ul style="list-style-type: none">Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2).Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a)Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	7–9	<ul style="list-style-type: none">Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2).Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).



Model answers to levels-based questions:

4. Analyse the impact on *Tesco* of providing its delivery drivers with formal training.

(6)

Tesco's **grocery** delivery drivers may feel more motivated. This is because the **supermarket** group is investing money in them to develop their skills to interact with **food** shoppers (**explanation strand 1**). As a result, the *Tesco* delivery drivers may develop loyalty to *Tesco* (**explanation strand 2**). Therefore, the drivers may be unwilling to switch to rival **supermarkets**, such as **Asda**, if online demand for **food** shopping continues to increase (**explanation strand 3**).

By training its drivers, their productivity may increase. This is because drivers will now know how to plan their routes properly and unload **crates of food** faster (**explanation strand 4**). As a result, each **grocery** delivery driver is likely to make more deliveries per day reducing the cost of delivering each **online food order** (**explanation strand 5**).

Examiner Commentary:

The candidate has decided to consider two impacts in two separate paragraphs. The first impact is a positive one and three logical linked strands of development emanate from it (**highlighted in green**). The second impact is also positive, although it does not have to be (impacts can be both positive and negative). In the second paragraph a further two logical linked strands are developed following a second stated point. With five linked strands emanating from two impacts, the candidate scored Level 3 for Analysis (AO3a).

In terms of Application (AO2) (**highlighted in red**), there is plenty of it spread over both impacts across the two paragraphs. Therefore, Application was also awarded Level 3. With two good Level 3s for both assessment objectives, tested by this question, the candidate was **awarded 6 marks**.



5. In order to increase its sales revenue, *Tesco* is considering two options:

Option 1: Lower prices

Option 2: Make delivery free for its 'Clubcard Plus' customers.

Justify which **one** of these two options *Tesco* should choose.

(9)

I think *Tesco* should choose option 2. This is because figure 1 shows that *Tesco* is still the market leader with its 26.8% market share, even though new food retailers, such as *Amazon Fresh* have entered the UK grocery market.

By making food deliveries to its Clubcard Plus customers free, *Tesco* further increases loyalty to its brand. This is because regular shoppers who subscribe to the £7.99 per month service will now get better value for money (explanation strand 1). As a result, *Tesco* customers, are perhaps, much more likely to make regular and larger purchases of groceries using the service (explanation strand 2). This should lead to higher revenues for *Tesco* (explanation strand 3) because customer loyalty is maintained and existing customers may buy more food (explanation strand 4).

However, the grocery market is becoming more competitive. With the arrival of *Amazon Fresh*, all *Tesco* are doing is matching the delivery service offered by *Amazon* through its 'Prime' scheme (explanation strand 5). Therefore, it is possible that *Tesco* customers may decide to switch to *Amazon* if they already purchase a lot of household goods using *Prime*. Therefore, *Tesco* may experience a fall in its membership of Clubcard Plus scheme because customers decide to save money by subscribing to one service. As a result, *Tesco's* revenues may fall.

In conclusion, it depends on the reaction of Clubcard Plus customers to the offer of free delivery and how loyal *Tesco* customers are. Considering, *Amazon* do not offer the same level of food choice as *Tesco* it is highly likely that *Tesco* Clubcard Plus customers will remain loyal and order more food. It is also probable that by offering a similar deal to that of *Amazon* it may also prevent *Tesco* customers switching to *Amazon Food*. It may even attract customers from other supermarkets, especially since people may be looking to save money on grocery delivery charges now that UK unemployment has risen. Therefore, *Tesco's* revenue should increase.





Examiner Commentary:

This response was **awarded 9 marks**. There was evidence of Application (AO2) throughout the answer (**highlighted in red**). In paragraph two, there were at least four logical, linked strands (**highlighted in green**) following the identification of a point. In a paragraph three, a further point was made and then the fifth strand of explanation was provided. Thus, Analysis (AO3a) was awarded at Level 3 also. The candidate then provided more strands of analysis in paragraph three which would also count for Evaluation (AO3b). Note the use of the word 'However...' at the start of paragraph three which signals that the candidate is now starting to consider the converse viewpoint. The final paragraph starts with 'In conclusion...' and this section makes use of the 'it depends rule' and goes beyond just a simple paraphrasing of what has been written earlier in the response. With three strong Level 3s, the candidate was awarded full marks.