

Examiners' Report

June 2018

IAL Business Studies 1 WBS01 01

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Introduction

It was heartening to see fewer questions left blank in this series. The vast majority of candidates attempted every question, improving their chances of accessing all available marks. The only real exception seemed to be Question 10 about cost plus pricing which was sometimes not answered or not very well answered and this was quite unexpected.

Section A

All questions in Section A are the supported multiple choice questions (SMCQ).

Candidates do not generally go on to fully develop why their answer was correct in part (b). This means they are unable to access further marks for explaining their correct choice of answer.

A significant number of marks for SMCQs can be gained for explaining why other distracters are wrong. However, these responses need to have fully applied explanations and not just a definition.

For example, candidates often just state 'X is wrong' and then give a definition which gains no marks. This response needs to be applied in relation to the business or issue in the stem or question. For example, X is wrong because - then explain how or why it does not apply.

Section B

The case study was accessible to candidates and acted as a very good platform from which candidates could apply relevant business theories.

As has been said previously, candidates still need to be aware that it is not enough to just mention the name of the business, or quote from the question stem when applying their answer to the person, business, concept or issue in the question. This was a particular cause for concern with candidates often referring only to 'yoghurt' or 'Chobani' as context.

A well analysed or evaluated response will be limited to the previous level if there is no application. In reality, this means a well-analysed response that is not applied to the context in the stem or question will only be able to be rewarded with a maximum of 4 marks.

Question 1

Question 1 was answered quite weakly on the whole. Whilst the majority of candidates got part (a) correct, in answering part (b) a significant number of candidates could not give a clear, knowledgeable definition of a franchise business. Very few candidates were able to access full marks for the development of why part (a) was correct (why 'using an established brand name' is an advantage of buying a McDonald's franchise).

In dismissing the distracters, a significant number of candidates were confused regarding control of suppliers, stating the franchisee had this control without considering the standard systems and processes of the McDonald's (or any) franchise. Similarly, responsibility for decision making was stated that either the franchisee or the franchisor had all the decision making power - rather than this would be shared, depending on the level of decision required.

That said, a number of candidates were able to dismiss the incorrect distracters with developed reasons why they were incorrect. However, there are still a large number of candidates making simple assertions that a distracter is wrong without explaining how or why.

This example is one of the few to offer an acceptable definition of a franchise. It offered more than just 'it's a brand name'. However the candidate then offers an assertion for the reason/application of why buy McDonald's. The dismissal of distracter C is particularly well developed.

This candidate achieved 1 mark for part (a) and 2 marks for part (b).

- 1 Fast food chain *McDonald's* consistently reaches number one in the Top 100 Global Franchise Rankings.

(a) Which **one** of the following is an advantage of buying a *McDonald's* franchise?

(1)

- A Using an established brand name ✓
- B Making all your own decisions ✗
- C Finding your own suppliers ✗
- D Keeping all the profits ✗

Answer

A

(b) Explain why this answer is correct.

(3)

A franchisee is a business that buys the rights to use the franchisor's brand image, name, and sell its products.

McDonald's is well established, so it benefits the franchisee to use its name.

* C is rejected as franchisees must use the same supplier as the franchisor or get supply from the franchisor, which is done to maintain the same taste as the other franchisees for McDonald's.



Definition: identifies the purchaser 'buys the right' to use a brand image, name and sell products. The mark is given for the recognition of 'buy the rights'.

In attempting application and development, the candidate identifies 'McDonald's is well established, so it benefits the franchisor to use its name'. They have been given this information in the stem and question. No marks are given because it does not explain why/how this is a benefit.

Distracter C is really well dismissed and the mark is given for '...must use the same supplier...which is done to maintain the taste as other franchises for a McDonald's'. This mark would have been rewarded equally if the candidate has discussed, for example, maintaining quality.



When writing reasons, advantages or disadvantages - test your statement by asking how/why or so what? If what you have written does not answer these questions, it is probably an assertion or statement and needs to be developed further to access the marks.

This example shows a typically incorrect definition of a franchise. Dismissal of distracters are very brief, but one does manage to hit a key point in the mark scheme to receive a mark.

This candidate achieved 1 mark for part (a) and 1 mark for part (b).

1 Fast food chain *McDonald's* consistently reaches number one in the Top 100 Global Franchise Rankings.

(a) Which **one** of the following is an advantage of buying a *McDonald's* franchise?

(1)

- A Using an established brand name
- B Making all your own decisions
- C Finding your own suppliers
- D Keeping all the profits

Answer

(b) Explain why this answer is correct.

(3)

A franchise is buying a brand name. A franchisee buys the brand name and the franchisor provides the brand name.
Option B is incorrect because decisions are made by the franchisor not the buyer of franchisee.
Option D is incorrect because profits are shared between the franchisor and franchisee.

Definition: The focus is on 'it is a brand name/buying a brand name/provided the brand name'. This is the answer to part (a) in writing. As this mark was already given for part (a) it cannot be rewarded again. It is not a definition of a franchise which needs to identify paying for the right to buy/use/license to use a brand/product knowledge/systems.

Dismissal of distracter B [making all your own decisions] is incorrect. In stating 'because decisions are made by the franchisor not the franchisee' the candidate demonstrates lack of understanding. This response would have been rewarded with a mark if the candidate said some or most of the decisions are made by (either franchisor or franchisee).

Option D is dismissed briefly but does hit a key point in the mark scheme about 'profits are shared'. More able candidates discussed payments of royalty fees from profits but recognition of a share of profits was deemed an acceptable answer.

In this example we see another typical but incorrect definition of a franchise. However the candidate was able to access all available marks because of their application and development for why part (a) was correct and their dismissal of the distracters.

This candidate achieved 1 mark for part (a) and 3 marks for part (b).

1 Fast food chain McDonald's consistently reaches number one in the Top 100 Global Franchise Rankings.

(a) Which **one** of the following is an advantage of buying a McDonald's franchise?

(1)

- A Using an established brand name
- B Making all your own decisions
- C Finding your own suppliers
- D Keeping all the profits

Answer

A

(b) Explain why this answer is correct.

(3)

Franchising is where an already established business allows the franchisee to use its brand to generate capital. A is correct because using a brand name means that customers ~~are~~^{are} brand aware and will come to Mc Donald's due to brand loyalty and this ensures capital flow. B is incorrect because the franchisee doesn't have the authority to make all the decisions in the business. C is incorrect because the franchisor supplies the franchisee with a specific list of suppliers and they may not choose other ones. D is incorrect because the franchisor receives a percentage of the profits.



Definition: focus is on 'an already established brand name... allows the franchisee to generate capital' is not an acceptable definition of a franchise. Need to see reference to buying/selling rights to use... or licensing with tie limits.

Application: candidate recognises McDonald's customers are brand aware and brand loyal, although some misunderstanding of cash flow rather than capital flow so the mark was given for application rather than development.

Dismissal of B is rewarded with a mark for recognising franchisee 'does not have the authority to make all the decisions in the business'.

Dismissal of C is rewarded with a mark for recognising the 'franchisee will be given a specific list of suppliers they may not choose others'.

At this point the candidate had achieved all 3 marks available for part (b) but their dismissal of distracter D -franchisor receives a percentage of the profits, is also correct. Had the candidate not accessed the application mark, the maximum they could have received for correctly dismissing all distracters would have been 2 marks.



Attempt application by developing some of the information from the stem (without just repeating it), or use of your own knowledge to introduce other examples to illustrate the point you are trying to make.

Question 2

Question 2 was well answered on the whole. Most candidates correctly defined segmentation and were able to give examples of how this might be achieved, e.g. by demographics, income, age, etc. Fewer candidates were able to develop this to analyse why or how it was that this might be advantageous to Schuh (because they can then more easily and specifically meet their customers' needs and wants very directly). A significant number incorrectly selected the option that it would limit the range of products being offered as the correct answer.

This example shows a simple response that gives a correct definition and dismisses two of the incorrect distracters with good application and development.

2 Footwear retailer *schuh* sells branded leisure, sport and fashion shoes for men, women and children.

(a) The **most likely** reason for *schuh* to use market segmentation is to

(1)

- A limit the range of products being offered
- B reduce the need for market research
- C more effectively target its market
- D avoid the need to advertise

Answer



(b) Explain why this answer is correct.

(3)

Market segmentation is dividing the market into smaller sections according to the unique characteristics and consumer behaviour e.g. age, gender, religion etc. Option B is incorrect as he will still need to market research to find out the type of shoes needed, what shoes are more in fashion. Option D is incorrect as Footwear retailer would still have to advertise his shoes and type of shoes he sells so people are aware of it.



Part (a) (1 mark)

Part (b) (3 marks)

Definition correctly developed to identify the division of market (smaller sections) followed by examples of unique characteristics and behaviour (e.g. gender, religion, etc).

Note: normally marks are not awarded for the term 'etc' but this candidate gave a correct definition and clearly identified some relevant examples.

Option B and Option D are dismissed in context of the questions (Schuh, shoes and fashion trends).



Developing distracters in the context of the actual stem or question are another way to gain marks when you cannot fully develop the answer to part (a).

In this example we can see a definition that is not fully developed and repeats the question. This candidate also repeats the stem in their answer which may have cost them a mark.

2 Footwear retailer *schuh* sells branded leisure, sport and fashion shoes for men, women and children.

(a) The **most likely** reason for *schuh* to use market segmentation is to

(1)

- A limit the range of products being offered
- B reduce the need for market research
- C more effectively target its market
- D avoid the need to advertise

Answer

C

(b) Explain why this answer is correct.

(3)

Market segmentation is when the market is broken down into many segments so that it can focus on majority of its market.

Using market segmentation ensures that footwear retailer *schuh* will be able to target its market well such as men, women and children. This will result in more customers being attracted to the business because they offer a range of products and so this will be able to maximise its profits.

The answer is not A because the main aim of using market segmentation is to ~~try and~~ increase the range of products being offered.



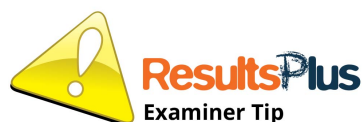
Part (a) (1 mark)

Part (b) (2 marks)

Definition of market segmentation 'broken down into many segments' is circular and does not demonstrate clear knowledge or understanding of what market segmentation is.

Paragraph two is where the candidate repeats the stem (...target its market such as men women and children...). This is not rewarded with any marks. However, the candidate went on to explain '...because they offer a range of products...able to maximise profits.' Which is enough development to gain 1 mark.

Dismissing distracter A is rather weak but it does identify the main aim of segmentation - to increase the range of products offered. Which is slightly more than just stating the opposite of the distracter as a reason why it is incorrect.



Take care when using information from the stem or question - make sure you are using it to develop your answer in some way.

This is an example of a very well-developed response. There are so many correct points in Part (b), this candidate would have gained more marks if they were available, but it is only worth 3 marks maximum.

2 Footwear retailer *schuh* sells branded leisure, sport and fashion shoes for men, women and children.

(a) The **most likely** reason for *schuh* to use market segmentation is to

(1)

- A limit the range of products being offered
- B reduce the need for market research
- C more effectively target its market
- D avoid the need to advertise

Answer

C

market

(b) Explain why this answer is correct.

(3) ↑

Market segmentation is where a business divides the ~~market~~ to be able to target them more easily due to knowledge about the targeted demographic. C is correct because as a business is more aware which products are for which demographics, they are able to predict what the consumers want due to market ~~res~~ research and this ensures more sales and profit. B is incorrect because Schuh would need to do more market research to be able to exactly know the wants and needs of the consumers and to follow trends. D is incorrect because Schuh would still need to advertise the products to raise brand awareness as not all the consumers are ~~aware~~ of the brand aware

(Total for Question 2 = 4 marks)



Part (a) (1 mark)

Part (b) (3 marks)

Definition complete, correct and with one example (demographics) (1 mark).

Development of why part (a) is correct - business is more aware/able to predict what customers want (1 mark) ensures more sales and profit (1 mark).

Distracters B and D dismissed in context of the questions. These would have been worth 1 mark each if they were needed.



To develop a response in this much detail is very good, but in a time constrained exam there is a danger of running out of time if you try to answer every question in this amount of detail. You have to decide when to move onto the next question to maximise the marks you can access.

Question 3

The majority of candidates responded well to this question. However, a significant number confused product trials with product sampling. To be clear, the definition of product trials needs to have a limiting factor, for example geographical boundaries, time limited, etc.

This example shows how the candidate misunderstands what is meant by product trials and actually defines sampling.

- 3** *Marketing Sciences Ltd* specialise in carrying out product trials for other companies such as *Tesco*, *GlaxoSmithKline* and *Vodafone*.

(a) Businesses carry out product trials on new products in order to

(1)

- A guarantee sales levels
- B assess levels of demand
- C achieve economies of scale
- D collect secondary research

Answer

B

(b) Explain why this answer is correct.

(3)

Product trial is whereby a business samples new products to a group of consumers to receive feedback. businesses like marketing science ltd. use product trials and receive a feedback from consumer that represent their market which allow them to determine the levels of demand for the product. C is incorrect as product trial determines the performance for a product in the market and not the entire business. or



Part (a) (1 mark)

Part (b) (1 mark)

Definition actually states 'sample new products'. There are no limiting factors in the definition to indicate a product trial, as opposed to product sampling, therefore knowledge is not secure (0 marks).

The development of why part (a) is correct goes on to state '...feedback from consumers that represent their market...' (1 mark).

Distracter C is not quite developed enough to explain how this relates to economies of scale (e.g. due to smaller production runs for product trials).

This example demonstrates how a candidate can get part (a) wrong but still gain marks for part (b) in dismissing the distracters.

3 Marketing Sciences Ltd specialise in carrying out product trials for other companies such as Tesco, GlaxoSmithKline and Vodafone.

(a) Businesses carry out product trials on new products in order to

(1)

- A guarantee sales levels
- B assess levels of demand
- C achieve economies of scale $\times$
- D collect secondary research $\times$

Answer

A

(b) Explain why this answer is correct.

primary (3)

Product trials are a form of market research where by firms test products on consumers before launching them. Carrying out product trials prevent helps for ~~Tesco~~ Marketing Sciences Ltd to identify whether Tesco's products would be ^{successful} by getting consumer feedback. This way they can decide whether the products would guarantee sales there by revenue.

Answer 'D' is incorrect because Product trials is primary research where by it's new data not existing data (secondary).



Definition incorrect - explaining the answer in part (a) which is incorrect. (Note, had the candidate given a correct definition of a product trial it would have been rewarded with 1 mark).

The section on Tesco receiving consumer feedback is valid and worth a mark.

Dismissal of distracter D is given 1 mark for identifying it is 'primary research' and developing it with 'new data/not existing data'. (Note primary research on its own would not be enough for the mark - this is what it is but the development needs to be about how or why the distracter is incorrect).

As part (a) was incorrect, the maximum marks available for part (b) are 2 marks - which was achieved by this candidate.

This is an example of a well-developed answer that clearly achieves full marks, even though they did not give a full explanation of why part (a) is correct.

3 *Marketing Sciences Ltd* specialise in carrying out product trials for other companies such as *Tesco*, *GlaxoSmithKline* and *Vodafone*.

(a) Businesses carry out product trials on new products in order to

(1)

- A guarantee sales levels
- B assess levels of demand
- C achieve economies of scale
- D collect secondary research

Answer

B

(b) Explain why this answer is correct.

(3)

product trial (test marketing) is a way of putting your product in a confined market to assess demand levels before launch.

'A' is incorrect as it does not guarantee sales for ~~tesco~~ and the rest as there can be temporary demand and false forecasts.

'D' is incorrect as secondary research is getting research that has already been analysed by another party, here marketing science is carrying out their product trial first hand. (primary research)

(Total for Question 3 = 4 marks)



Part (a) (1 mark)

Part (b) (3 marks)

Definition of product trial - identifies 'confined market' as a limiting factor (1).

Dismisses distracter A with development - because of 'temporary demand and false forecasts' (1).

Dismisses distracter D with a full development of why it is not secondary research (1).

Question 4

Responses to this question made it very clear that whilst many candidates can give a text book definition of opportunity cost, very few actually understand what that means.

A significant number of the definitions lacked “forgone” or reference to something being given up as the result of a decision made. Many made reference to the loss of money/earnings from employment but did not develop their answer to explain how this was an opportunity cost.

Dismissal of the distracters tended to be mixed with some very good responses at times.

In this example the candidate got the part (a) incorrect, yet manages to gain 1 mark in part (b).

- 4** In 2016, David Hay started his own business, *Hays Gardening and Landscapes*. David was previously an employee of another business.

(a) What was the opportunity cost for David when he started his business?

(1)

- A Cost of marketing to attract customers
- B Loss of earnings from employment
- C Payment of taxes on profits
- D Risk of business failure

Answer

D

(b) Explain why this answer is correct.

(3)

opportunity cost is the next best alternative forgone.
A, cost of marketing to attract customers is wrong as he did not lose this chance to market to quit his job.
B, ~~loss of earnings~~ is wrong as David must have used his earnings from employment to ^{finance} ~~start~~ his own business.



Part (a) (0)

Part (b) (1)

This example demonstrates a text book definition of opportunity cost and was rewarded with 1 mark for this.

However the answer to part (a) and dismissal of distracters shows the candidate is not clear on exactly what this means.

Attempts to dismiss distracter B -the correct answer.



Opportunity cost can be a difficult concept for some people to understand. One way of developing understanding is to give candidates a decision to make that involves a real choice and loss that may be personal to them. For example:

The choice between a job with earnings now (and receive £10,000 per year) or to continue with their education to degree level and get a job with earnings of £25,000 per year in 3-4 years' time. Whichever they choose involves a personal loss of some kind.

This is an example of a good response that gained full marks.

- 4 In 2016, David Hay started his own business, *Hays Gardening and Landscapes*. David was previously an employee of another business.

(a) What was the opportunity cost for David when he started his business?

(1)

- A Cost of marketing to attract customers
- B Loss of earnings from employment
- C Payment of taxes on profits
- D Risk of business failure

Answer

B

(b) Explain why this answer is correct.

(3)

Opportunity cost is the cost lost when taking up another decision. It is losing one thing for another.

When David Hay started his own business the opportunity cost was loss of earnings from employment. Because now that he is not working for anyone he ^{will} ~~would~~ not be able to receive salary. and The answer so this will be a loss to him.

The answer is not A because he did not have that while being under employment so he ^{would} ~~did~~ not lose anything.



Part (a) (1)

Part (b) (3)

This answer gives an alternative definition to the text book version usually offered. It is still correct and rewarded with a mark.

The second paragraph develops an answer as to why the loss of earnings is an opportunity cost in this case (1 mark).

Dismissal of distracter A correctly identifies he did not have 'that' (marketing costs) when employed so did not actually lose anything in making this choice. A developed answer (1 mark).

Question 5

Many candidates struggled to accurately identify corporation tax as the correct response to part (a).

Definitions of corporation tax were often incorrect and or described taxes generally. Definitions of retained profit were usually stronger but many incorrectly described net profit.

In attempting to develop their answer, the most common response was that profit less tax would mean more retained profit - this was not as well explained as expected although this was accepted. Candidates should be able to be more specific.

How retained profit might be useful was clearly understood in the development.

This example demonstrates a definition of net profit rather than retained profit.

Distracters are dismissed really well with good development.

Part (a) (1 mark)

Part (b) (2 marks)

5 In 2016, UK corporation tax was 20%.

(a) Initially a decrease in corporation tax will **most likely** lead to

(1)

- A increased retained profit
- B decreased employee wages
- C decreased fixed costs
- D increased selling price

Answer

A

(b) Explain why this answer is correct.

(3)

Retained profit is the amount of money that a company or a business is left with after all expenses are covered for.

Answer A is correct because a decrease in tax will lead to an increase in retained profit. Since tax is an expense for the business and if this expense decreases it therefore means there will be more retained profit.

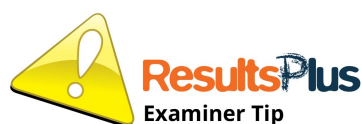
Answer D is incorrect because a decrease in tax should not result in an increase in selling prices. Since sellers will now be pocketing more profits than before so a decrease in tax will not result to an increase in selling price.



Following from the incorrect definition (0 marks), the distracters were able to gain 1 mark each:

Dismissal of distracter A is developed to more than the usual 'because a decrease in tax will lead to an increase in retained profit' (on its own this isn't worthy of a mark); further development is made in the next part of the sentence 'since tax is an expense for the business, and if this expense decreases, this means there will be more retained profit' (1).

Dismissal of distracter D explains how the seller is 'pocketing more profits' therefore this 'will not result in an increase in selling price' (1).



Writing definitions at the start of a response is a good way to gain a mark (NB: if two definitions are written, only one knowledge mark will be rewarded) provided the definition is correct of course.

This example shows a really well-written response.

Part (a) (1 mark)

Part (b) (3 marks)

5 In 2016, UK corporation tax was 20%.

(a) Initially a decrease in corporation tax will **most likely** lead to

(1)

- A** increased retained profit
- B** decreased employee wages ✕
- C** decreased fixed costs ✕
- D** increased selling price ✕

Answer

A

(b) Explain why this answer is correct.

(3)

corporation tax refers the compulsory levy imposed on profit of firms by the government. Retained profit is the profit that is derived after taxes & other costs are considered. Therefore, a reduction in corporation tax will increase retained profit as less is deducted from profits. Option C is incorrect because ~~retai~~ corporation tax is charged after profits are derived & fixed costs are deducted from this profit previously. Therefore, corporation tax does not affect fixed costs.

Definition of corporation tax is correct (1).

The definition of retained profit is not quite developed enough - it needs to indicate that retained profit is held (retained) in the business (for example, to be used for expansion or kept in reserve).

The development is just enough for a mark '...as less is deducted from profits' indicates understanding the reason why a decrease in profit will have this effect (1).

Dismissal of distracter C shows clear understanding of why a decrease in corporation tax will not cause a decrease in fixed costs 'fixed costs are deducted from this profit previously...' (before taxes), '...therefore corporation tax does not affect fixed costs' (1).

Question 6

This question proved challenging for many candidates.

Definitions of supply tended to be incomplete and miss one of the key points.

In developing their answer, although not a requirement, a significant number of candidates drew supply curve diagrams. To be considered for marks, these need to be correct, labelled, explained and linked to the question. A few of these were completed and referred to as required, but many were drawn and not referred to in the response at all.

The development of these responses were generally weak and the distracters often explained with an assertion without explaining why it was wrong.

Many candidates supposed that the supply curve would move to the right and could not explain why prices would not increase.

This example shows a typically incomplete definition and tries to dismiss distracters by making assertions that are not developed as required.

Part (a) (0 marks)

Part (b) (0 marks)

6 In 2016, 49% of the food grain crop in the state of Karnataka (India) failed due to a lack of rainfall.

(a) Which **one** of the following would be the **most likely** impact of the food grain crop failure?

(1)

- A A shift in the supply curve of food grains to the right
- B A shift in the supply curve of food grains to the left
- C A movement along the supply curve for food grains
- D A decrease in the price of food grains

Answer



(b) Explain why this answer is correct.

(3)

Supply is the ability of producers to produce and supply at given the resources available at a given price, at a given time

As external factors have caused to reduce the supply of food grains as producers cannot produce due to the lack of rain fall

Answer D is incorrect as price will tend to rise rather and ~~decre~~ decrease.



The definition of supply is incomplete. It states a supplier has the ability to supply at given price/given time (0).

To gain a mark the definition needs to have all three key points (willing and able; given price; given time) because without every one of these, any product simply cannot be supplied.

Development is trying to justify the correct answer to part (a) - but the candidate did not give the correct answer therefore cannot be rewarded for this (0).

Similarly, distracter D is not fully developed/completed. '...a price will tend to rise rather than decrease.' Why? (0).

This example shows an incorrect answer to part (a) but the candidate was able to gain a mark for part (b) with a correct and complete definition.

Part (a) (0)

Part (b) (1)

6 In 2016, 49% of the food grain crop in the state of Karnataka (India) failed due to a lack of rainfall.

(a) Which **one** of the following would be the **most likely** impact of the food grain crop failure?

(1)

- A** A shift in the supply curve of food grains to the right
- B** A shift in the supply curve of food grains to the left
- C** A movement along the supply curve for food grains
- D** A decrease in the price of food grains

Answer

A

(b) Explain why this answer is correct.

(3)

Supply is the quantity of a commodity that a buyer seller is willing and able to sell at a given price over a given period.



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Part (a) is incorrect as the supply curve would move to the left (0).

The definition identifies all three key points - willing and able; give price over a given (time) period (1).

This is an excellent example of a well-developed and well-explained response in part by using a diagram to illustrate the effect of a crop failure.

Part (a) (1)

Part (b) (3)

6 In 2016, 49% of the food grain crop in the state of Karnataka (India) failed due to a lack of rainfall.

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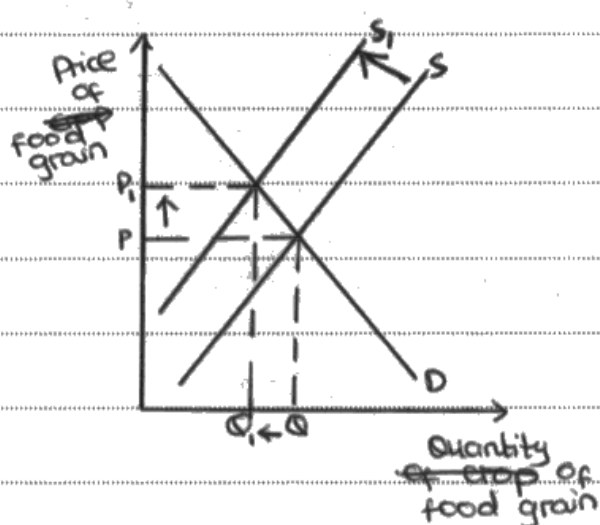
Answer

B

(b) Explain why this answer is correct.

(3)

Supply is the amount a producer is willing and able to sell at a given price and time. Lack of rainfall is non-price factor of supply this would reduce supply of ~~food~~ the crop leading it to shift to the left. This is shown below. Option D is incorrect



as a fall in supply would increase price of ~~grain~~ food grain not decrease (increase from P to P_1). Option C is incorrect since this a shift of the supply curve (from S to S_1) not a movement along the curve.



Definition is full and complete (willing and able; given price and time) (1).

Diagram is correct, clearly labelled to show the impact of crop failure (arrows left) and explained in the text (1).

Distracter C is well dismissed by explaining it is a movement along the supply curve and references the diagram to indicate what actually happens (from S to S1) (1).



If a diagram is drawn in a candidate response, it must be referred to in some way in the development of any explanation (unless the question specifically only asks for a diagram).

Question 7

On the whole this question was well answered. Most candidates chose 'decision making' and 'keeping all the profit'.

A significant number of candidates lost marks by not applying their answer to the context of Hamdi's ownership and management of Chobani. That said, the inclusion of single words such as 'yogurt' or 'Chobani' on their own are not enough to count as application.

Candidates need to use the information in the case study to strengthen their answer. For example - (knowledge) decision making; (application) Hamdi decided not to use venture capitalists to invest in his business as he feared they may try and make him sell to food companies when they wanted to take their cash out; (analysis) by avoiding this Hamdi was able to grow Chobani at the pace he wanted to without reliance on external investors.

Similarly directly copying out several sentences from the case study is not enough for application. The candidate can use the information but must develop it within their response.

Other acceptable answers were seen such as freedom/being your own boss; can stay in control/cannot be taken over by other investors/venture capitalists/shareholders.

This example shows how a candidate identified a correct benefit of sole ownership (decision making) but the second was a generic benefit that could apply to any type of business.

7 Explain **two** benefits to Hamdi of being the sole owner of the company.

Hamdi being a sole owner will be benefited by handling all the decision making himself. He will be the one who will have control all over his ^{company} ~~business~~ which means he has a big authority and value. ~~He~~ He can make decisions, invest as much he wants and can also increase or decrease its employees wages.

The second benefit can be as he launched his company and now its best-selling brand which ~~says~~ shows the size of his company exceeds. The benefit can be if he ever needed more money to invest he could easily ask for banks which are mostly happy by lending large amounts of money. The ~~relations~~ Hamid company could also turn into the public company, ~~and~~ or could expand his business more as he has more than 2,200 employees which might be more productive and efficient in work increases its output.



Benefit 1: Relevant to question.

Knowledge: Handles all decisions himself.

Application: no attempt at application. Analysis: can invest as much as he wants.

Benefit 2: Applies to any type of business not just sole ownership - no marks.

For example: due to success of his business, if Hamdi needed more money to invest, he can easily ask banks -this holds true of partnerships, limited companies etc.

Other development points made would support the first benefit of decision making but the analysis mark has already been rewarded.



By setting out their answer in a logical format with sub-headings such as Benefit 1 and Benefit 2, can help candidates organise their response.

This example shows how a candidate can lose a mark by missing out on application and also a well-developed benefit to access all available marks.

7 Explain **two** benefits to Hamdi of being the sole owner of the company.

A sole ~~trade~~ owner company is when the business is run by an individual who has unlimited liability.

One benefit of being a sole trader is that Hamdi can keep all the profits. Since Hamdi only works at Chobani, it is his main source of income. So by keeping all the profits Hamdi can improve his standard of living.

Another benefit is that decision making is faster as only Hamdi's opinion is taken into consideration.

For example he immediately hired a master yogurt maker instead of trying to train employees. This ensured that Hamdi could set up his business faster. It also makes benefits Hamdi as he can respond to problems, changes in demand and will ensure he does not miss out on any business opportunities.



Benefit 1: Knowledge: keeps all the profits.
Application: only attempt at application is 'Hamdi only works at Chobani' which is not developed enough. Analysis: Hamdi can improve his standard of living, is weak but a potential result of keeping all the profits.

This illustrates how the word 'Chobani' on its own is not enough for application.

Benefit 2: Knowledge: decision making.
Application: he immediately hired a master yogurt maker instead of trying to train employees.
Analysis: ensured he could set up his business faster.

Candidate develops the hiring of 'master yogurt maker' and not just lifted it from the case study.

Question 8 (a)

This question asks for two benefits of a business plan for Hamdi. Many candidates only offered one reason. However, most candidates could offer two reasons, but often lacked application in context of Hamdi's requirements. Development and analysis regarding why a business plan was a benefit to Hamdi in his particular situation was often weak.

This example demonstrates a typical answer where only one reason is developed but the candidate can gain 4 marks.

- 8 (a) Explain **two** reasons why Hamdi might have prepared a business plan for the company.

(6)

A business plan is a detailed statement which ~~is used~~ includes the business's objectives, operations and cash forecasts which is used to obtain finance from lenders. Hamdi might have prepared a business plan in order to obtain finance from lenders. Evidence B states that further expansion was financed by business loans which ~~le~~ gives Hamdi the opportunity to grow as he's able to acquire finance to do so. Evidence C shows how Hamdi used the business plan to acquire a loan from a bank with the help of SBA which led the bank to trust him as the plan includes objectives and cash forecasts.



Definition is acceptable (1 knowledge mark).

Reason: to obtain finance from lenders (1 knowledge mark).

Analysis: '... gives Hamdi the opportunity to grow, as he is able to acquire finance...' (1 mark).

Application: '...used the business plan to acquire a loan from a bank with the help of SBA...' (1 mark).

NB: second potential analysis mark for '...which led the bank to trust him' could not be given as this mark was rewarded for the previous analytical point. This would have been applied to the second reason had it been given and developed.



If a 6-mark question asks for two benefits or reasons, the marks are usually allocated as follows:

Reason 1: Knowledge (1); Application (1); Analysis (1)

Reason 2: Knowledge (1); Application (1); Analysis (1)

A correct definition will usually secure one or more of the knowledge marks.

This is an example of a sufficiently developed response to the question.

The candidate has given a definition and two reasons which actually amounts to four knowledge marks. However, there are only two knowledge marks available for the whole question.

Both reasons given were applied to the context of the evidence and case study and each had some analysis showing results or consequences.

As a result, this response achieved the full 6 marks.

8 (a) Explain **two reasons why Hamdi might have prepared a business plan for the company.**

(6)

A business plan is a written document consisting of the nature of the business, the marketing and sales strategy, the financial background and trading, profit and loss account.

It is mentioned Hamdi "spent two days writing a business plan." This allowed him to convince investors that he had a clear cut objectives to allow him to ~~get finance~~ ^{get} investors to finance ^{for} his business idea. and "offered a personal guarantee" of which allowed the bank to approve.

Another reason Hamdi created a business plan was to understand how much finance he would need to meet the expenditure requirements of example "The Machines in the factory" would be more than 1m. this would give him a clear perspective on how to achieve it.

Definition correct and complete (Knowledge: 2).

Reason 1: convince investors of clear cut objectives (K).

Application: ...spent two days writing a business plan/...offered a personal guarantee (1).

Analysis: ...which allowed the bank to approve. (not deeply analytical but does show result of the action/reason) (1).

Reason 2: ...to understand how much finance he would need (K).

Application: '...the machines in the factory would be more than \$1m (1).

Analysis: ...give him a clear perspective on how to achieve it (1).

Question 8 (b)

This question asks for two features of Chobani products that gave it a competitive advantage. This was usually answered reasonably well.

A significant number of candidates just referred to 'yoghurt' which on its own is not enough to be accepted as application. The points made need to have the case study evidence embedded into the answer. There were many opportunities for this in the evidence such as the packaging, ingredients used, flavours, etc.

Candidates were able to gain marks for different features which could be used for either knowledge or application. However, the same feature could not be rewarded twice in a single response.

Many candidates did not develop their response to explain the results, causes or consequences of the features discussed and could not access marks for analysis.

This example demonstrates how a candidate starts well with good knowledge and application but does not take their response to full analysis.

It also shows how the candidate gained marks for different features used for either knowledge or application.

This response gained 4 marks.

(b) Explain **two** features of Chobani's products that give it a competitive advantage.

(6)

Competitive advantage is the unique aspect of the business that the competitors cannot use for their businesses.

According to the evidence, Chobani's ^{packaging} was different from the American yogurts. This is was a

According to the evidence C, the yogurt which Chobani was preparing was diff^r thicker with low sugar and different flavours. This was different from the American yogurts which were sweet and watery. This was a unique aspect of Chobani's yogurt.

Another unique aspect which Chobani was having is of its packaging. The American yogurt's packaging was ~~narrow~~ containers with narrow openings, while Chobani's packaging was containers with wider openings (Given in Evidence C).

Partial definition of competitive advantage - the unique aspect (Knowledge: 1 mark) would need to see this further developed for the second knowledge point, for example, '...that competitors cannot easily copy'.

Feature 1: Yoghurts were thicker with low sugar and different flavours (K: 1 mark).

Application: Different from the American yoghurts which were sweet and watery (1).

Analysis: ...a unique aspect of Chobani's yoghurts - is an attempt at analysis but this is a knowledge mark repeated from the definition. It is not developed to say how/why this gives it a unique feature. For example, could be seen as a healthier option/perceived to be a much higher quality than the American version.

Feature 2: ...its packaging (K but both marks already rewarded).

Application: American containers narrow openings...Chobani's containers with wider openings (1).

Analysis: not attempted (0).

This example demonstrates how the knowledge and application can be interchanged, depending on how the candidate answers the question.

This is a reasonably well-developed response that logically discusses each feature in turn making it easy to see where marks can be allocated to.

This response received the full 6 marks without a definition.

(b) Explain **two** features of Chobani's products that give it a competitive advantage.

(6)

Chobani's ~~products~~ Yoghurt containers are wider ~~and~~ compared to the American yoghurts sold in containers with narrow openings which would indicate the product inside is very different according to Chobani's packaging. This example of good branding and having a unique shape to its containers would give a competitive advantage over other brands of yoghurt as customers can easily recognise Chobani's Greek yoghurt.

Furthermore Chobani's ~~products~~ yoghurts are thicker, low sugar and also has new flavour such as chocolate cherry and caramel pecan which makes the yoghurt have a unique selling point ~~of~~ over other yoghurts in the market as it has unique flavour which has been perfected for two years and therefore would give a competitive advantage for Chobani.



Feature 1: Chobani's packaging (K1).

Application: containers are wider compared to American yoghurts (1).

Analysis: good branding...as customers can easily recognise Chobani's Greek yoghurt (1).

Feature 2: ...yoghurts are thicker, low sugar (K1).

Application: ...flavoured with chocolate, cherry and caramel pecan (1).

Analysis: ...has unique flavours (over other yoghurts in the market) perfected over two years (1).

Question 9 (a)

This question on calculating Chobani's profit for the year margin was very well answered by the majority of candidates. It was pleasing to see the high levels of recognition of the need to add % in the final answer. Without this % mark the knowledge that this is a margin and not a whole number is not secure, so cannot be rewarded with a mark if it is missing.

A few candidates did not fully read the question which asked for "to two decimal places" which may have affected their ability to achieve the final mark (depending on the accuracy of their rounding up or down).

A common error was for candidates to use the gross profit figure from the extract, although it cannot be certain if this was due to them not understanding the term 'profit for the year' or not reading the question correctly.

This example shows a candidate correctly setting out the calculation but missed the final %.

Note, although the candidate did not set out the formula separately, knowledge was implied in the way the calculation was set out and this knowledge mark was given.

This response received 3 marks.

- 9 The following information is an extract from *Chobani's* Statement of Income for the Year Ending 30 April 2017.

Extracts	\$million
Total revenues	1 340
Cost of sales	(676)
Gross profit	664
Expenses	(224)
Profit for the year	440

- (a) Using the above information, calculate *Chobani's* profit for the year margin to one decimal place. (Show your working.)

(4)

$$\text{Profit of the year margin} = \frac{440}{1340} \times 100$$

$$= \underline{\underline{32.8}}$$



Formula - placing of figures correct (2).

Calculation correct (1).

Does this answer mean \$32.8m or 32.8%?
Examiners can only mark what is there and not make any assumptions on what may be in a candidate's mind. Therefore the final mark for this response cannot be rewarded.



Read the question fully until it is understood what is being asked for.

Whenever the question asks for margins demonstrate understanding of this with %.

When it asks for one or two decimal places, comply with this to ensure accuracy of answer.

- 9 The following information is an extract from *Chobani's* Statement of Income for the Year Ending 30 April 2017.

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Expenses	(224)
Profit for the year	440

- (a) Using the above information, calculate *Chobani's* profit for the year margin to one decimal place. (Show your working.)

(4)

$$\begin{aligned}
 &\text{Profit for the year margin} \\
 &= \frac{\text{Gross profit}}{\text{Profit for the year}} \times 100 \\
 &= \frac{664}{440} \times 100 \\
 &= 150.9\%
 \end{aligned}$$



ResultsPlus
Examiner Comments

This is an example of a common error where candidates use the gross profit figure from the extract and divide it by the profit for the year.

Demonstrates lack of knowledge/understanding of the differences between gross profit and profit for the year (net profit).

This is an example of a perfectly set out response. This very clearly achieves all 4 marks.

- 9 The following information is an extract from *Chobani's* Statement of Income for the Year Ending 30 April 2017.

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Total revenues	1 340
Cost of sales	(676)
Gross profit	664
Expenses	(224)
Profit for the year	440

- (a) Using the above information, calculate *Chobani's* profit for the year margin to one decimal place. (Show your working.)

(4)

Profit for the year margin =

$$= \frac{\text{Profit for the year}}{\text{Total revenues}} \times 100$$

$$\frac{440}{1340} \times 100 = \underline{\underline{32.8\%}}$$



ResultsPlus
Examiner Comments

Formula is set out correctly.

Figures from the extract are correctly placed.

The calculation is done correctly and % used indicating knowledge of profit margins.

Question 9 (b)

This question on the benefits of Chobani offering its products to a mass market was answered reasonably well.

The benefits of the larger mass market were clear to most candidates. Counter arguments of why this may not be advantageous were not usually as well developed. For example a significant number of candidates missed opportunities to discuss the possible difficulty in being able to continue a premium pricing strategy in the long term and/or the challenges of continuing the maintenance of quality in a mass market with a lot of competitors.

As in previous questions, application was weaker than expected with many candidates relying on the simple term 'yoghurt' or company name 'Chobani' to act as business context.

This example demonstrates the candidate understands some of the benefits of mass marketing but has not applied this in any context except to use the name 'Chobani'.

There is no attempt at evaluation.

This is a weak Level 3 response that could have gained 5-6 marks if it had any business context at all. As it stands, with no context applied to this answer, it is limited to the top of Level 2 for 4 marks.

(b) Assess the benefits to *Chobani* of offering its products to a mass market.

(8)

Mass marketing is whereby a company designs a product that has universal appeal to all consumers.

By offering its products to the mass market Chobani would be able to reach a wider consumer market therefore would benefit from economies of scale due to the large consumer market available.

Also by doing so ~~the~~ Chobani would be able to ~~to~~ grow faster than if they sold in the niche market.



Definition of mass marketing is knowledge for Level 1.

Development identifies benefits ...wider consumer market/ ...economies of scale/ ...faster growth than niche markets. All points for Level 3.

No counter argument (disadvantages) thus cannot reach Level 4.

No context other than Chobani brand name, no discussion in context of impact on the business.

Therefore limited to top of previous level (Level 2).

This example demonstrates how the candidate has developed their answer on both sides of analysis and evaluation.

However, context is only applied to one side of the argument (analysis). The evaluation is sparse and deemed not in context.

This response achieved 7 marks.

(b) Assess the benefits to *Chobani* of offering its products to a mass market.

(8)

The first benefit to chobani of offering its products to a mass market is that products will be well known amongst the consumers, because his products are available in supermarket chains and not in specialised markets. This could help increase sales and therefore increased profits which ~~the~~ can be used for ~~B~~ expansions of the business. ~~of~~

The second benefit is "we wanted chobani to be accessible to everyone. If we had said yes to Early offers from Specialty Shops, the company would never have grown as quickly as it did". This statement shows that in niche markets it is difficult for growth because it is not available to everyone, whereas in a mass market the products are accessible to everyone which leads to sales and increased profits.

However, in mass markets consumers could be influenced to buy other brand yogurts because of the difference in price. If it is a price sensitive market then it is not suitable for chobani to be in the mass market.

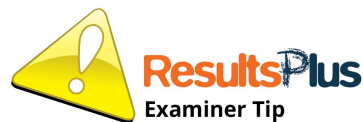


This example starts well with analysis of benefits at Level 3, ...products will be well known (consequence) and gives context ...available in supermarkets/...not in specialised markets.

Level 3 analysis and application in context continues to the end of the substantial first paragraph.

The final paragraph starts to evaluate (potential price sensitivities) but does not really apply in context other than reference to 'branded yoghurts' and 'Chobani' which does not stand up to the testing of context. (These terms can be replaced by any other brand and it makes no difference to the quality of the response, therefore not in context).

This was assessed to be (just) into Level 4 with context on one side only therefore 7 marks.



Using business context fully on both sides of a correct assessment ensures a candidate can access all the available marks.

Question 10

This question on cost-plus pricing was not as well answered as expected. There was a significant amount of blank responses where candidates did not attempt to answer the question.

A significant number of candidates showed misunderstanding of what a cost plus pricing strategy is. Many candidates believed that a cost plus pricing strategy would automatically allow Chobani to charge a higher price but did not consider the impact of rising competition on this strategy. Similarly, a significant number of candidates believe cost plus pricing guaranteed a profit with every sale without taking break-even levels into consideration.

A majority of candidates did not use any application in context or at best, offered one-sided context which meant many potentially good answers could not access all available marks as a result.

This is an example of a basic response at Level 3. However, other than reference to 'yoghurt' or 'Chobani' there is no application to the overall business context at all.

10 Assess the suitability for Chobani of using a cost-plus pricing strategy.

(12)

Cost plus pricing is a strategy which involves estimating of how much products are to be produced and then calculating the ^{amount of the} no. of output produced, lastly putting a mark-up profit percentage on it.

If Chobani was supposed to use a cost plus pricing strategy ~~that~~ it means that it's products, i.e., of yogurt was to be estimated according to its level of output, and then calculate the amount of no. of yogurts produced and then add a mark up profit percentage. I think it's a suitable process or strategy for Chobani because then ~~the~~ ^{Handi} will have a greater idea of how the company is working, its level of production and the amounts, or prices set for it.

It's also suitable because if the customers used their products the Chobani company will get profitable and hence they could reinvest their profit in the company's growth and expansion.



First paragraph defined cost-plus pricing for Level 1.

The following paragraphs start with more explanations of cost plus pricing (Level 1) but eventually moving into very basic analysis for Level 3 with results/consequences ... will have an idea if it's working... if customer like their product (Chobani) will get profitable.

Level 3 not in context therefore, instead of being able to access up to 6 marks at Level 3 this response was limited to Level 2 and received 4 marks.

This example shows a well-developed response with some context on both sides.

There was some misunderstanding of the mark-up in cost plus pricing (...enable Chobani to receive stable income from each product it sells as there would be a profit mark-up...). No reference to break-even point of sale before a profit can be made. This limited the response to 11 marks.

10 Assess the suitability for Chobani of using a cost-plus pricing strategy.

(12)

Cost plus pricing is selling out with a mark up at the original production price.

By using cost plus pricing Chobani it would be more easier for Chobani to figure out the selling price of the product and cost plus pricing is simple & easy to implement.

It would enable Chobani to receive stable incomes from each product it sells as there would be a profit mark up added hence would make it easier for Chobani to calculate its profit margins and enable to earn higher profits across more \$1bn annual sales.

However, charging premium pricing would be more suitable as they do not have much competition and are likely to cater to a niche and their uniqueness gives them a competitive advantage over their rivals due to the perfect delicacy of sweetness and thickness hence enable them to earn higher profits.

However, using cost plus pricing may work in countries such as Australia or the UK as there maybe already established yogurt producers in those markets hence using penetration pricing in these markets

will be more suitable as it would attract customers initially due to the lower price and customers enable Chohan's unique yogurts to survive in these international markets.



Begins with explanation of cost plus pricing.

Moves to Level 3 with reasons why cost plus pricing is suitable (easy to implement). Context comes later in the second paragraph with reference to 'easy to calculate its profit margins from sales of \$1bn'. This is where a section on break-even point before profits were made could have pushed it to full marks.

Evaluation for Level 4 identifies alternative pricing strategies (premium pricing) then context in discussing Australian market and potential to use penetration pricing.

A more able answer, context was quite light but present in enough detail to count and take this to 11 marks.

Question 11

This question on evaluating Hamdi's decisions to use bank loans rather than venture capital was generally well answered by the majority of candidates. Application in context was generally good at Level 3 with bank loans the popular choice and often argued well. Context was sometimes omitted and therefore limited some candidates to the previous level.

This example demonstrates a response that offers analysis and evaluation but only light context on one side.

11 Evaluate Hamdi's decision to use bank loans, rather than venture capital, as a source of finance for company expansion.

(14)

Bank loans is borrowing money from the bank and then paying it back after a period of time.

Hamdi thought of getting bank loans because it is easier to get a large amount of money at a very short period of time, and the offer that offered the fully equipped yoghurt factory wasn't going to last long and so he saw the bank as a fast and better option.

Getting bank loans can also be tricky because there needs to be security and the bank has to see what exactly Hamdi wants to do with the money. So there is no a hundred percent guarantee that he will get the business loans.

Hamdi was getting a bank loan with less interest and the venture capitalists would want more capitals. If Hamdi took the bank loan he would be able to save more money while returning it back.

Similarly some venture capitalist never want alot of interest and so Hamdi would be able to save as much as he did with the bank loan.

~~Now~~ A bank loan is a secure place to get money from with venture capitalists they can just leave anytime so Hamdi saw it as a more safe way to get money from.

In conclusion i think the decision to use bank loans was a much easier and effective way as a source of finance.



Application in context is apparent at the end of paragraph two with recognition that the offer for the fully equipped yoghurt factory is time limited - a short amount of time to raise the money.

The candidate presents counter arguments and analysis throughout this response but no other context. Completed with a very basic conclusion.

Had this response been developed with context on both sides it could have accessed 11-12 marks and a stronger conclusion may have accessed 13-14 marks.

As it stands this was deemed to be Level 4 in context on one side and only strong enough for 9 marks.

This is an example of a quite well-developed response, in context on both sides.

This response received 11 marks.

11 Evaluate Hamdi's decision to use bank loans, rather than venture capital, as a source of finance for company expansion.

(14)

Bank loans are fixed amount of money borrowed ~~from~~ from banks at a fixed rate of interest for a fixed period of time.

Venture capitalists are individuals who provide equity capital to startups & developing business, in return for a part of the ownership.

Hamdi's decision to use bank loans over venture capitalists, for the company's expansion, helped him remain the sole owner of the company he started himself. Thus he wouldn't have to share his \$1 bn worth business with any other shareholder. Bank loans

Moreover, using bank loans helped Hamdi to retain the authenticity of his idea. With the loan amount, he was able to make a yogurt that was different than the one already available in the American market. If he would have used venture capital instead of the loans, he would have to respect the opinions of the venture capitalist as well, as he would be an owner of the business as well. Hence bank loans ^{gave} ~~helped~~ Hamdi the freedom to produce what he wanted.

However if he would have used venture capital, then the investors would have been able to guide him in the business. Hamdi was originally from Turkey. He moved to

the USA later. Thus having venture capitalists would have ~~helped~~ guided him in the new market, in a new country. They would helped him take the correct business decisions.

Moreover if Hamdi chose to opt for a secured loan to get low rate of interest, it would involve a risk factor. If he was ~~was~~ unable to pay the loan back, the banks would have taken away the assets, thus affecting the supply of the yogurt from the whole business.

Since the business has already become successful & is worth \$1 bn, without the use of venture capitalist, it was a correct decision by Hamdi. The capitalist investors would have forced Hamdi to sell the firm to a big firm after some years. Thus it would result in Hamdi losing his business. Hence his decision of choosing bank loans was ~~so~~ correct.



The candidate sets out a logical analysis of Hamdi's decision to use bank loans. There is context throughout the analysis. For example, (bank loans meant) remained sole owner of the company; no need to share \$1bn business; development of the yoghurts.

Evaluation was in arguing venture capitalists (VC) opinions/influence; risk factors but the only context was in reference to Hamdi's move from Turkey to USA and needing VC guidance. Otherwise the argument was generic.

This was deemed to be at Level 4 in context on both sides for 11 marks.

Paper Summary

Based on their performance in this paper, candidates are offered the following advice:

Section A: Multi Choice Questions (MCQ)

- When answering part (b) in MCQs try to explain why part (a) is correct as a three part answer 1: definition of key term; 2: application to the scenario in the stem or question and 3: develop the application to a cause, cost or consequence to part (a).
- When attempting to dismiss incorrect distracters in MCQs, a definition is not required. The answer should be developed against why it cannot be a correct answer to part (a) again with application and development.

Section B

- Lack of application in context is one of the main reasons why marks are lost.
- Application can be taken from the case study evidence but you must use it within the context of your answer by referring to it in the development of your response.
- If the question uses the phrase '...in a company such as...' the 'such as' means you can use examples from your own knowledge as application provided it is in the correct context of the question.

Grade Boundaries

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

<http://www.edexcel.com/iwantto/Pages/grade-boundaries.aspx>

