

Delegate Booklet

Understanding assessment and improving
delivery in International Advanced
Subsidiary/Advanced Level Business

YBS11-20IF1

Online Part 2



Pearson

About this event:

Course Title: Understanding assessment and improving delivery in International Advanced Subsidiary/Advanced Level Business

Course Code: YBS11-20IF1

Aims and objectives of the event:

- ☐ Gain an insight into assessment objectives: what they are and why they are used in examination papers.
- ☐ Consider recent question papers and learn which types of questions match the different assessment objectives.
- ☐ Examine different assessment objectives, considering how questions in these areas have been answered.
- ☐ Provide strategies for teaching to try and make sure students can access questions targeting different assessment objectives.
- ☐ Explore the support and resources available from Pearson.
- ☐ Have the opportunity to network, discuss best practice and share ideas with other teachers.



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Agenda:

Item
Agenda & introductions
Assessment Objectives (AOs)
Levels-based mark schemes 'Discuss...' questions with activity
'Assess...' questions with activity break
'Evaluate...' questions with activity
Support
Finish





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Activity 3: Which response is best?

June 2019 Paper 2 (WBS12/01), Question 2(c) Exemplar 3:



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Activity 4: Find the level

June 2019 Paper 1 (WBS11/01) Extracts A & B:

Extract A

What is Zwift?

Millions of people around the world enjoy cycling. However, the weather or road conditions can sometimes make it difficult or even impossible to take part in this activity. *Zwift* created a solution to this by introducing a virtual reality computer program, which combines cycling with computer gaming. The cyclist rides their bicycle indoors while it is attached to a fixed frame, so the bicycle does not actually move. This allows the cyclist to watch their progress on a virtual road on a computer screen. People of all cycling abilities can improve their fitness at the same time as enjoying social interaction with fellow cyclists from around the world.

5

By paying *Zwift* a \$10 fee every month to use the game, the cyclist's efforts can be displayed in a virtual world on the computer screen, complete with maps, roads, landscapes and other riders to interact with.

10

Jon Mayfield and Eric Min, both keen cyclists, launched *Zwift* as a private limited company in 2014, with an initial investment of \$3m, followed by venture capital of \$27m in 2016. The statistics are certainly impressive. In October 2017, *Zwift* had more than 300,000 riders from over 150 countries. Between them they had collectively logged 218,128,291km. There are currently no direct competitors to *Zwift* and with several additions to the game being planned its success looks set to continue.

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Extract B

Selected financial information for *Zwift* for year ending 31 December 2017

	\$
Revenue	36 000 000
Cost of sales	(21 000 000)
Gross profit	15 000 000



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Activity 4: Find the level

June 2019 Paper 2 (WBS12/01) Question 1(d) mark scheme:

Question Number	Indicative content
1(d)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none">• <i>Zwift</i> is a private limited company, meaning it has limited liability• Limited liability means the owners of the business are only liable for the money they have invested in the business• This means Jon Mayfield and Eric Min were able to take more risks without the worry they may lose their personal possessions if the venture failed• <i>Zwift</i> may have grown to have more than 300,000 customers in over 150 countries because the owners were more prepared to take the risks• However, setting up <i>Zwift</i> so it has limited liability would have taken longer and been more complicated than if Jon and Eric operated as a partnership• With less concern over running up huge debts, if problems occur in the future, <i>Zwift</i> may not be able to repay their creditors and could go into liquidation



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Activity 4: Find the level

June 2019 Paper 2 (WBS12/01) Question 1(d) mark scheme:

Level	Mark	Descriptor
	0	No rewardable material.
1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.



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Activity 4: Find the level

June 2019 Paper 2 (WBS12/01) Question 1(d) Exemplar 1:

(d) Discuss the likely advantages for Zwiift of having limited liability.

(8)

Limited liability is when the business owner is only personally liable for the original amount invested in the company.

This is also one of the biggest advantages of having limited liability. Jon and Eric, owners of Zwiift, are only reliable for paying back their \$3m originally invested in the business, ~~if~~ if the company suddenly goes into ~~depth~~ debt. They will not need to pay of the ~~comp~~ company's debt because their legal identity is seperated from the business'. This will also mean that people are more likely to invest in Zwiift and buy shares, because they know the exact limit to their investment. It might therefore become easier for Zwiift to sell their shares and gain more capital.

However, one of the disadvantages of having limited liability is that the business has to publish their financial data online to the public. Everybody can see how the business is doing financially, including competitors. Rivals to Zwiift might therefore take advantage of this and use the data available to them to try and gain a competitive edge over Zwiift. Consequently, worsening Zwiift's sales and market share.

Overall Level = Overall Mark =



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Activity 4: Find the level

June 2019 Paper 2 (WBS12/01) Question 1(d) Exemplar 2:

(d) Discuss the likely advantages for Zwiift of having limited liability.

(8)

Having limited liability, means being a different identity from business. One possible advantage of that is that if business will fail, the owner will lose only the ~~more~~ assets that they put into a business, so if Zwiift liquidates, it is the company that will ~~be~~ be in debt to investors, so owners personal assets are safe and can't be forced to use to pay the debts.

Having a limited liability, though, can make it harder for Zwiift to get investment, because owners are not risking as much, as if they had unlimited liability, so investors be worried, since if company fails, they may not get their money back. Unlike if they ~~have~~ had unlimited liability, investors could feel safer about getting money back, therefore more likely to invest. If Zwiift breaks the law, the company is going to get sued and not the owners, so owners may feel safer about their position. For example, if an accident happens, their product will break and someone will be injured, consumers will sue the company Zwiift and not their owners, as they are different legal identities.

Overall Level = Overall Mark =



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Activity 4: Find the level

June 2019 Paper 2 (WBS12/01) Question 1(d) Exemplar 3:

(d) Discuss the likely advantages for Zwiift of having limited liability.

(8)

By having limited liability it means Zwiift is an incorporated business as the owners won't be affected in case of debt, they would only lose the amount they have invested as the ~~the~~ business Zwiift will have a separate legal identity from the two owners. This may be very good in certain cases for example if a customer isn't satisfied or if Zwiift was to go to court for a problem the owners won't be affected or charged. It can be discussed that, because no personal assets are at stake there could be a lack in motivation, because there is no threat to their own money or belongings. There may be a chance that if Zwiift wanted to get a loan to better their business lenders such as the bank could prefer a business with unlimited liability, because if they do not pay it back they would lose personal money or belongings.

Overall Level =

Overall Mark =



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Extract C:

Extract C

UK Government will consider additional 25p charge on disposable coffee cups

The UK Government is considering adding an additional charge of 25p on all disposable coffee cups. This is aimed at helping the environment. Consumer trends have already shown people are prepared to pay more in order to prevent billions of tonnes of waste packaging ending up in the world's oceans, such as with the success of the existing 5p charge on plastic bags. 5

The proposal was announced by the UK Prime Minister as part of the government's 25-year environmental plan. The focus is on the need to reduce the amount of plastic thrown away each year.

The UK currently throws away approximately 2.5 billion disposable coffee cups every year with only a small number being recycled. If government plans go ahead, it is estimated the 25p charge could raise £438m and reduce use of the throw away cups by 30%. 10

Starbucks is to trial the additional charge, in London, but with a lower initial charge of 5p per cup. A spokesman for the coffee house chain from the US said its procedures were focused on reducing environmental concerns at the same time as maintaining the great taste, quality and service customers expect from *Starbucks*. Money raised will go to environmental charities researching better ways to recycle and protect the environment. 15

Starbucks currently sells reusable cups for £1 and offers a small discount for people using their own cup. It is the second biggest coffee house chain in the UK (after *Costa Coffee*) and the average price of its coffee is around £2.50. 20



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) mark scheme:

Question Number	Indicative content
2(e)	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none">• Legislation is the making of laws for people to follow• The proposed legislation is to add 25p to the price of disposable coffee cups, therefore making it more expensive for people to buy coffee in coffee houses• This could reduce demand for coffee, especially as 25p would add 10% to the average cost of the coffee (£2.50)• <i>Starbucks</i> would need to implement the legislation which could be time consuming and costly to set up, as well as lead to a loss in revenue and profit• Separating revenue for <i>Starbucks</i> and that for the environmental charities will also take time, which may adversely affect the efficiency of <i>Starbucks</i>' operation• However, the additional charge would apply to all coffee houses and so, if the demand is still there, it will not make much difference to <i>Starbucks</i>' revenue• <i>Starbucks</i> already offers incentives for people to be more environmentally friendly, with discounted prices and options to buy reusable cups. Customers using their own cups are likely to reduce costs for <i>Starbucks</i>• As <i>Starbucks</i> was used to run the test scheme, it may be more favourable towards the idea• The similar idea of 5p additional charge on a plastic bag received a favourable response and so consumers of coffee may also respond favourably to this and still buy coffee at <i>Starbucks</i>



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) mark scheme:

Level	Mark	Descriptor
	0	No rewardable material.
1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. A generic or superficial assessment is presented.
3	5–7	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
4	8–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors, leading to a supported judgement.



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 1:

(e) Assess how legislation requiring an additional 25p charge on disposable coffee cups is likely to affect Starbucks.

(10)

Consumer trends show that consumers are willing to pay extra, to save the environment. Even though trends show this information, some people are going to choose to not to buy ~~coffee~~ coffee, but this mainly applies to coffeshops whose target customers ~~are~~ want cheaper coffee. Starbucks is more expensive, therefore people are willing to pay more for their coffee, for those customers, 25p change in price, won't change their demand as much, this means that Starbucks' PED is probably inelastic, therefore the change in price won't affect the demand as much.

Although it won't affect Starbucks directly, it affects the size of the market, with this legislation, there will be less potential customers to attract. This may lead to decrease in output made by businesses; but it may also increase the demand for cups that are used in long term, which Starbucks sells, therefore getting more profit more selling their merchandise. The discount for people coming with their own cups, may also attract new customers and reduce the cost of production for Starbucks.

Starbucks ~~go~~ sells its water in their plastic cups for free, this attracted customers to Starbucks to buy water and impulsely buy something else with the tax, they may consider stop selling water for free, therefore this type of marketing won't be able to work anymore.



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 1:

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 2:

(e) Assess how legislation requiring an additional 25p charge on disposable coffee cups is likely to affect Starbucks.

(10)

Starbucks is currently, on average, charging £2.50 ~~for~~ coffee. However, this is before the UK implemented legislation requiring a 25p fee per disposable coffee cup. This may have a large ^{effect} on Starbucks. Firstly, demand for Starbucks may drop. If the demand is currently price elastic, then an increase in price will lead to a decrease in demand as consumers may believe a cheaper alternative may be better. While they may be charging more, they won't experience an increase in sales revenue as the 25p added on is just being paid to the government. Secondly, Starbucks may stop using disposable cups completely in the UK. They may decide to encourage consumers to bring their own cups or to stay at the store and enjoy the coffee there. The most realistic option in this scenario is that Starbucks continues to charge £2.50, but will add £1.00 if the consumer does not have their own cup. Thirdly, it may have no effect on Starbucks at all. They will simply just raise the price to £2.75 and call it a day. Demand won't be affected drastically and there will be no need to force consumers



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 2:

into buying reusable cups. Overall, Starbucks
may be affected in a variety of ways, or it
may not be affected at all.

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 3:

(e) Assess how legislation requiring an additional 25p charge on disposable coffee cups is likely to affect Starbucks.

(10)

This legislation is a form of environmental protection, and it is likely to have big effects on many businesses.

For Starbucks, their costs are likely to go up by a lot. This is due to the many charges that are likely to occur as a result of the extra charge of 25p on disposable coffee cups. The price of all coffee's will increase, which might have a negative effect on their overall demand. Demand may fall as a result of the higher prices, which will lower their revenue and if their other costs remain the same, their profit margins will fall as well. However, if they choose to cut their costs where possible they may be able to keep profit levels in tact, although quality might suffer as a result from this.

On the other hand, a slight increase in price might not even affect them at all. People are willing to pay more for the good ~~good~~ quality that Starbucks offer. Starbucks is perceived as a very up-scale, luxury brand, so a slight increase in price might ^{not} be as bad as it maybe would for coffee shops charging in



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Activity 5: Better balance

June 2019 Paper 2 (WBS12/01), Question 2(e) Exemplar 3:

average an overall lower price for their products.

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Extracts E & F:

Extract E

How successful are small to medium-sized businesses in the current export market?

Small to medium-sized businesses make up 99.9% of all businesses in the UK. A survey by *eBay* found that people in other countries buy British-made goods and services because of positive perceptions of their quality, a reputation for good customer service, and the familiarity of many British 'brands' such as the BBC, music artists and the Royal Family.

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The survey found many of the small business owners that responded have had an increase in demand between 2016 and 2017 from customers wanting to buy British goods. The Office for National Statistics (ONS) reports that the UK exported £550bn in goods and services in 2016.

Historically, one of the most significant challenges to exporting businesses has been the exchange rate. However, since the EU referendum Brexit vote in June 2016, the pound sterling (£) has depreciated.

10

Extract F

Exchange rate of the pound sterling (£) against the euro (€)

Date	Exchange rate of £1 in euros (€)
1st July 2015	1.40
1st July 2016	1.19
1st July 2017	1.14



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01) Question 3 mark scheme:

Question Number	Indicative content
3	<p>Indicative content guidance</p> <p>Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited.</p> <p>Knowledge, Application, Analysis, Evaluation – indicative content</p> <ul style="list-style-type: none">• The exchange rate is the price of one currency in terms of another• Depreciation of the pound sterling (£) means it can buy less of another currency than previously; it has gone down in value• The pound sterling (£) depreciated to €1.19 and then €1.14 following the EU referendum in 2016 (from €1.40)• This meant that overseas customers could buy more pounds (£) with their own currencies, therefore making British goods cheaper to overseas buyers• When the currency is weaker, it can be easier to offer competitive prices to overseas customers who might not be able to buy the same goods or services, produced domestically, any cheaper• A survey has shown demand for British products increased for many small to medium-sized businesses between 2016 and 2017. This coincides with the timing of the EU referendum and subsequent depreciation of the pound (£)• If British products are cheaper to overseas buyers, they are likely to increase demand for them, thus potentially being the reason for the increase between 2016 and 2017• However the nature of the specific product on offer is also a factor. A product or service not commonly found in the target country's market, a unique or high quality product is more likely to attract custom regardless of price• Positive perceptions of the quality of British products, a reputation for good customer service, and the familiarity of many British 'brands' such as the BBC, music artists and the Royal Family were all quoted as reasons British exports sell, to give examples of the above• We do not know if the British firms kept the prices constant following the depreciation of the pound (£). If they imported raw materials they may have increased prices to cover higher costs.• The survey was only conducted on small to medium-sized businesses and does not take into account of large businesses. This possibly means there has not been an increase overall in demand for British products during the period• Other factors such as high inflation in the target country or rising costs of production could have contributed to overseas customers increasing demand for British products• Overall it is likely a combination of the pound (£) depreciating and factors such as improved quality and the reputation of British brands led to the increase in demand for the British products shown



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01) Question 3 mark scheme:

Level	Mark	Descriptor
	0	No rewardable material.
1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted but it will not successfully show an awareness of the key features of business behaviour or business situation.
3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 1:

- 3 Evaluate whether the depreciation of the pound sterling (£) is likely to be the main reason for the increase in demand for British products between 2016 and 2017.

(20)

A depreciation of the sterling may be the main reason for an increase in demand, since it's cheaper to convert Euro to Sterling than before. For the exports of the UK ^{businesses} it may become dearer since they ~~will~~ will get less money on conversions than before. In 2015, Sterling to Euro was at an exchange rate of £1 to €1.4. In 2017 it was reported the exchange rate was £1 to €1.14. This is most likely to decrease exports for UK small to medium-sized business since it's dearer to export. However, it will cheapen the imports for UK businesses since it ~~could~~ be cheaper for overseas partners to import the goods into the UK. A higher import rate may cause UK GDP ~~to~~ to decrease since there may be more imports and less exports.

Since the goods of ^{the} UK may be cheaper for overseas business, it may promote an increase in demand. As reported by the Office for National Statistics (ONS) the demand for goods in the UK increased between 2016 and 2017, resulting within £550bn worth of goods being exported. One of the main reasons could be the depreciation of the sterling. An increase in demand after small businesses help to increase sales.



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 1:

Since their goods are being exported overseas it may also act as an advertisement. Consumers may see new product in their market, due to wholesalers and retailers. Wholesalers and retailers may profit from a depreciation, since it's cheaper, and bring new brands in their domestic market. This could result in an increase in revenue for the small UK businesses, since ~~their~~ sales increase. It may also lead to better brand recognition. However, a increase in demand for UK goods may increase costs for businesses in the UK. Since they ~~would~~ may have to increase capital and labor intensive workforce to ~~can~~ produce more goods. The increase in cost may decrease profits ~~and have more~~.

However, the depreciation of the Sterling (£) is not the only major factor that affected the surge in demand for UK goods. UK was known for "positive perceptions of their quality, a reputation for good customer services, and the British brands." Without UK's ~~having a~~ good businesses having a good brand ~~reputation~~ image a surge in demand may not have occurred. UK's businesses such as BBC where satisfying their consumer needs and providing good services, which may have attracted overseas consumers.

In conclusion the ~~demand for~~ ^{increase in} demand for UK goods was due external factors such as the exchange rate and internal factors, such as brand image.



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 1:

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	
Judgment for 'conclusion' on its own (poor/medium/good)	



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 2:

- 3 Evaluate whether the depreciation of the pound sterling (£) is likely to be the main reason for the increase in demand for British products between 2016 and 2017.

(20)

Exchange rates are one currency in term of another, and when the currency, in this case the pound sterling (£), depreciates it means the value of the £ falls for overseas customers.

Considering the drastic fall of the £ since July 2015, the likelihood of this being the main reason for the increase in demand for the British products overseas, ~~it~~ is very big. Since 2015 it has depreciated from 1.40 in euros (€) to €1.14 in 2017, which is nearly a fall by 20%. With a fallen value of the £ for countries with the €, exports from the UK has become significantly cheaper. They still get the same amount as before, but for less money. They pay less for the same amount, ~~at~~ ~~these~~ although the UK businesses' revenue is not affected by this, making it a benefit for both parties. When the price has fallen for British goods, they ~~will~~ will become more attractive to overseas buyers and more sales will take place. In Extract E it states that 'The office for National Statistics reports that the UK exported £550bn in goods and services in 2016'. From 2015 to 2016 is when the £ depreciated the most,



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 2:

over only one year, by exactly 15%. There is a clear correlation between these numbers, and it is therefore very likely that the depreciation of the £ is the cause of the increase in demand for UK goods.

However, there is likely to be many other external influences to play a part in this. Maybe prices in the foreign country has gone up and they are experiencing national inflation. The customers might therefore choose to buy their goods overseas instead because prices are lower. The type of good is also an important indicator. Maybe other countries have taken particular products off the market and consumers are therefore forced to buy them overseas in the UK, if it is a necessity.

On the other hand, a third factor is also likely to play in. It might be argued that simply the good quality of British products is the main reason for the increasing demand. UK goods have created a positive perception for their products, good quality, a reputation for good customer service and so on. This is very likely to have a positive effect on the demand for their products. Customers are willing to pay higher prices if the quality of the product is better than average, so even as exchange rates vary the demand will remain. As the quality is continuously improved



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 2:

by British companies, they are likely to attract more and more customers to their business and increase their sales. The increase reported from 2016 to 2017 might therefore just as well be a result of improved quality and familiarity of UK goods and services. A positive perception is likely to attract many new customers as well as maintaining the ones they already have, so even if exchange rates were to appreciate, the demand would remain because buyers have become loyal to the business.

In the end, the depreciation of the £ is most likely the main reason for the increasing demand. It becomes cheaper for overseas customers and sales will therefore rise. If the £ were to appreciate for example, customers will most likely turn to national business instead to purchase their goods. So in the short run, exchange rates has a big effect on demand, whereas maybe in the long run, quality will be a more ~~important~~ important factor to UK companies.



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 2:

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	
Judgment for 'conclusion' on its own (poor/medium/good)	



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 3:

- 3 Evaluate whether the depreciation of the pound sterling (£) is likely to be the main reason for the increase in demand for British products between 2016 and 2017.

(20)

Exchange rates is the difference between the value of two currencies. Depreciation means that the value of the pound has decreased. It is evident that due to the Brexit vote in 2016, the pound has depreciated ~~from~~ ~~£~~ in comparison to the euro. In 2016, 1 pound could buy 1.19 euros; but in 2017, 1 pound can only buy 1.14 euros. This would be beneficial for exporters as buyers ~~from~~ from other countries would find it cheaper and hence they would buy larger quantities. This would increase demand and sales for British exporters. This would be significant ~~as if~~ ^{because} if the U.K. pound continued depreciating, it could possibly ~~in~~ increase profits and improve profit margins for British exporters. However, it depends on whether or not the exchange rates are going to fluctuate, and future predictions on the same. Furthermore, it also depends on other factors such as price elasticity of demand, quality, reputation and service.

Even though exchange rates are significant, there are buyers who prefer to buy based on other factors. It is evident that a survey by eBay found that people buy British-made goods due to quality, customer service and familiarity. This could possibly outweigh the exchange rate factor, however, this depends on how the customer perceives it. Some customers care more about quality or customer service, hence they would not get affected by exchange rates and they would be willing to pay any price. This would increase demand and sales. However, there are other factors (external) that could influence the nature of



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 3:

their decisions, such as interest rates. This could depend on income elasticity of demand. Furthermore, another reason why demand could increase is because of globalisation which is causing the 'shrinking world effect' due to time-space convergence. Globalisation enables countries to be more connected due to ~~the~~ internet prices, for example. This could lead to better awareness of British goods, which could lead to more demand and sales.

Depreciation caused by Brexit could be a catalyst in increasing demand. It is evident that ~~from~~ ^{from} July 2015-2017, the pound has depreciated. In July 2017, it buys 18%, less euros than it could in 2015. This could be a catalyst and have accelerated demand, which would lead to an increase in sales. ~~However, it is not~~ This could benefit exporters a lot ~~as~~ ~~the short term~~ due to high orders and sales, however, in order to maintain sales and demand they must not compromise on quality and reputation. This is because, as stated in eBay, quality and reputation are like the 'WIP' for British-made goods. If they lose this, they would lose demand and sales, which could hamper growth and affect ~~the~~ public image. Hence, I suggest British exporters to implement quality assurance or quality control ~~in~~ in order to satisfy their customers. This would add initial costs in the short term, but it would lead to many benefits in the long term, such as improvements in profitability.

Therefore, I believe that the depreciation of the pound is a key if not main reason for increased demand in U.K. This is because exchange rates link and



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 3:

go hand in hand with other factors that could affect demand, such as quality and reputation. It also depends on what the customer perceives. Some customers would not care about exchange rates, whereas other customers would. However, it is evident that exchange rates affect the price of the good and price is key factor that affects demand. Hence, due to depreciation of the pound, prices of these products would decrease, making them affordable and cost-effective. This would increase demand and sales. However, this would be beneficial for British exporters for the short term, but for the long term, they ~~could~~ would have to use contingency strategies to meet demand. If ~~the~~ the pound further depreciates, demand is likely to increase, hence I suggest that British exporters increase and improve their capacity utilization, so that they don't compromise in key aspects such as quality and reputation.



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Activity 6: Convincing conclusions

June 2019 Paper 2 (WBS12/01), Question 3 Exemplar 3:

Overall Level	
Overall Mark	
Level for Evaluation (AO4) only	
Judgment for 'conclusion' on its own (poor/medium/good)	

Now write your '**own conclusion**' to this question in the space below.

Evaluate whether the depreciation of the pound sterling (£) is likely to be the main reason for the increase in demand for British products between 2016 and 2017.

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[illegible]



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Personal learning:

Things to do:

- Make sure that you recognise that the levels of response questions **will be marked according to a line of best fit across all four of the Assessment Objectives or 'AOs' contained within the level descriptor.**
- Make sure you know what each command word requires students to do and which AOs it targets.
- Use the examiners' reports and annotated worked exemplars on the Edexcel website to help your students prepare.
- Use the *Getting Started Guide* (available on the Pearson website) to understand the breadth and scope of the specification.

Things to avoid:

- Do not use questions from the old specification, unless you change the command word and mark tariff to match question style from the new specification.
 - Be careful about where the specification content is now placed. Just because the specification content as a whole has not really changed, there has been movement of content from Unit 1 to Unit 2 – make sure that you update your lesson plans to reflect this. This is especially important in Units 1 and 2.
 - Make sure you understand what units are available when, and when the IAS and IAL can be awarded.
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Your ideas: