

International GCSE

Commerce (4CM0)

Teacher's guide

First examination 2011

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Introduction

The Edexcel International General Certificate of Secondary Education (International GCSE) in Commerce is designed for schools and colleges. It is part of a suite of International GCSE qualifications offered by Edexcel.

About this guide

This guide is for teachers who are delivering, or planning to deliver, the Edexcel International GCSE in Commerce qualification. The guide supports you in delivering the course content and explains how to raise the achievement of your students. The guide:

- gives essential information on the changes between this qualification and legacy Edexcel qualifications in this subject
- provides details of Assessment Objectives (AO) and criteria
- provides a term-by-term course planner to show how all the content can be taught over five terms with time available for students to revise
- provides specimen lesson plans with examples of a variety of class activities
- provides an exemplar structure data-response questions around a sample banking information leaflet
- offers you suggestions for a range of textbooks and other resources.

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Why choose this qualification?

The Edexcel International GCSE in Commerce:

- is assessed through one examination – a single assessment route allowing all students to demonstrate their knowledge and understanding of commerce
- is a course for those in full-time education and for those seeking professional development.
- provides accessible questions based on real commercial situations
- gives assessment opportunities in both the January and June examination series
- provides a foundation for Edexcel GCE AS and Advanced GCE in Business Studies or Economics, or equivalent qualifications.

Go to www.edexcel.com for more information about this International GCSE and related resources.

Support from Edexcel

We are dedicated to giving you exceptional customer service. Details of our main support services are given below. They will all help you to keep up to date with International GCSE 2009.

Website

Our website www.edexcel.com is where you will find the resources and information you need to successfully deliver International GCSE qualifications. To stay ahead of all the latest developments visit the microsite and sign up for our email alerts.

Ask Edexcel

Ask Edexcel is our free, comprehensive online enquiry service. Use Ask Edexcel to get the answer to your queries about the administration of all Edexcel qualifications. To ask a question please go to www.edexcel.com/ask and fill out the online form.

Ask the Expert

This free service puts teachers in direct contact with over 200 senior examiners, moderators and external verifiers who will respond to subject-specific queries about International GCSE 2009 and other Edexcel qualifications.

You can contact our experts via email or by completing our online form. Go to www.edexcel.com/asktheexpert for contact details.

Regional offices

If you have any queries about the International GCSE 2009 qualifications, or if you are interested in offering other Edexcel qualifications your Regional Development Manager can help you. Go to www.edexcel.com/international for details of our regional offices.

Training

A programme of professional development and training courses, covering various aspects of the specification and examination is available. Go to www.edexcel.com for details.

Section A: Qualification content

Introduction

The Edexcel International GCSE in Commerce is designed for use in schools and colleges and will benefit in particular those who want to work in commercial occupations, whether in trade or in one of the services ancillary to trade. The qualification gives students a valuable background for studying the Advanced GCE in Business Studies or Economics, and other business or economics courses.

Key subject aims

- To develop students' knowledge and understanding of the nature and purpose of commercial activities and commercial institutions.
- To develop students' awareness of the context within which commercial activity takes place.
- To develop students' awareness of the nature and significance of innovation and change within the context of commercial activities.
- To develop students' skills of numeracy, literacy, enquiry, presentation and interpretation.
- To increase students' knowledge and awareness of the dual role of people as producers and consumers in everyday life.
- To develop students' appreciation of the impact of information technology, and the importance of commercial communication and documentation.

Key features and benefits of the qualification

This course is suitable for those in full-time education and for those seeking professional development.

Assessment and progression

- Single-tier, single exam with questions based on real commercial situations.
- Grading A*-G.
- Assessment opportunities in both the January and June examination series. First assessment in June 2011.
- Provides a foundation for Edexcel AS GCE and Advanced GCE in Business Studies or Economics, or equivalent qualifications.

Changes to content from Edexcel International GCSE (4340) to this qualification

This qualification is drawn largely from the legacy Edexcel International GCSE in Commerce (4340) subject content. There are few changes to the subject content and none of the changes are substantial, so resources do not need to be majorly adapted to meet this qualification's requirements. This qualification also amalgamates elements from the legacy Edexcel GCE O Level in Commerce (7100).

The table sets out the relationship between the legacy International GCSE in Commerce (4340) to this qualification.

Subject content	This qualification content summary	Deleted legacy International GCSE (4340) content
Area 1 Production and Commercial Activity 1.3 Barter and Money	Show understanding of the concepts of exchange, barter and money.	N/A
Area 2 Trade 2.1.3 Locations	Explain factors for the location of retail outlets, including the work of planning authorities.	N/A
2.3.7 Methods of payment	Describe the key features of the current methods of payment provided by banks in home trade: cheques, credit transfers, direct debits, standing orders, bank drafts, credit cards, debit cards. Describe the main features of these international methods of payment: foreign exchange, bills or exchange, documentary bills, documentary credits, letters of credit, mail transfers, electronic transfers. Explain the reasons why different methods of payment are needed when compared with home trade.	N/A

Subject content	This qualification content summary	Deleted legacy International GCSE (4340) content
2.3.8 Exchange rates	Explain why a foreign exchange market is needed; why exchange rates change; effects on trade.	N/A
2.3.9 Trading blocs	Describe the advantages and disadvantages of trading blocs.	N/A
2.3.10 Difficulties faced by exporters	Explain the main difficulties and barriers faced by exporters including language, distance, methods of payment, consumer desires and documentation.	N/A
Area 2 Trade	N/A	2.4.5 Export orders
	N/A	2.5.1 Nature and types of markets
	N/A	2.5.2 Functions of markets
Area 3 Consumers, Wage Earners and Taxpayers	N/A	3.3 Loans
	N/A	3.4 Leasing
	N/A	3.6 Wages and salaries
	N/A	3.7 Budgeting and saving
	N/A	3.8 Payment of taxes
Area 4 Business Ownership 4.4 Multi-nationals	Define a multinational. Evaluate the opportunities for multinational companies (MNCs) and the possible conflicts of interest when they locate/operate in a particular country.	

Subject content	This qualification content summary	Deleted legacy International GCSE (4340) content
4.5 Commercial calculations	<p>Calculate the gross profit margin and mark-up of a trading business.</p> <p>Carry out simple calculations of gross profit based on purchases, net sales (net turnover), opening/closing stock and cost price of sales.</p> <p>Carry out simple calculations of net profit based on gross profit and the main types of operating expense for a trading business.</p> <p>Calculate average stock and stockturn (rate of turnover).</p>	N/A
4.6 Measure business performance	<p>Carry out some key calculations for measuring business performance: percentage gross profit on turnover, percentage net profit on turnover, expenses as percentage of turnover, net profit as percentage of capital used (return on capital).</p> <p>(Please note, a knowledge of balance sheets is not required.)</p> <p>Assess the significance of these calculations.</p>	N/A
4.7 Improving business performance	<p>Recommend actions that could be taken by a business to improve its performance by changes in turnover, purchasing costs, mark-up and profit margins, expenses, stockturn and fixed assets.</p>	N/A

Subject content	This qualification content summary	Deleted legacy International GCSE (4340) content
4.8 Sources of finance	<p>Understand the functions of stock exchanges.</p> <p>Describe the organisation of stock exchanges.</p> <p>Explain the ways in which stock exchanges facilitate investment in both new and existing companies.</p> <p>Describe the process of issuing shares.</p> <p>Name and explain different types of shares, eg ordinary and preference shares.</p> <p>Demonstrate knowledge and show understanding of the following terms in appropriate situations:</p> <ul style="list-style-type: none"> • investors • equities • interest • dividend • yield • speculation. <p>Describe, including advantages and disadvantages, the following main types of long-term and short-term sources of finance:</p> <ul style="list-style-type: none"> • long-term: loans, mortgages, owner’s capital, government grants, retained profits, debentures • short-term: trade credit, overdrafts, factoring, leasing, hire purchase, loans. <p>Suggest a suitable source of finance for different commercial situations, and give reasons for your choice.</p>	N/A
Area 4 Business Ownership	N/A	4.3 The results of trading 4.4 Stock exchanges

Subject content	This qualification content summary	Deleted legacy International GCSE (4340) content
Area 5 Aids to Trade 5.2.3 Containerisation	Identify the main features of containers. Explain why containers are used.	N/A
Area 5 Aids to Trade	N/A	5.2.3 Transport markets

Changes to assessment from the legacy Edexcel International GCSE Commerce (4340) to this qualification

The assessment structure has been simplified. Students do **not** need to be entered for either Foundation tier or Higher tier. There is one written paper. There is no longer any coursework or equivalent examination requirement (Paper 3 on the legacy International GCSE in Commerce (4340)).

Information for centres starting the Edexcel International GCSE for the first time

Familiar content areas

The content of the Edexcel International GCSE in Commerce reflects the content in other examination board International GCSE and O Level specifications. Teachers who have taught other International GCSE and O Level Commerce qualifications will therefore be familiar with all topic areas in the Edexcel International GCSE in Commerce.

It is unlikely that teachers will need to adapt their existing resources substantially in order to teach this qualification successfully and effectively.

Simple assessment approach

The Edexcel approach to assessing this qualification is simple and straightforward.

- A single, two-hour written examination, accessible by all students.
- The examination consists of two sections, testing the five topic areas listed in the specification that have been carefully selected with international centres and students in mind.

Section B: Assessment

Our examination paper is now untiered so you no longer have to decide in advance whether your student have to be entered for the Foundation paper or the Higher paper. For teachers who taught the legacy Edexcel GCE O Level in Commerce (7100), please note that the paper now accommodates the full grade range: A* to G.

This section gives all the information you need to understand the assessment of this qualification and help their students to achieve their best possible results.

Assessment overview

The table below gives an overview of the assessment for this course.

We recommend that you make this information available to students to help ensure they are fully prepared and know exactly what to expect in the assessment of this paper.

Paper 1	Percentage	Marks	Time	Availability
Commerce (4CM0/01) External assessment	100	100	2 hours	January and June examination series First assessment June 2011

Assessment Objectives and weightings

	% in International GCSE
AO1: demonstrate knowledge and understanding of the specified subject content	30-40%
AO2: apply knowledge and understanding to effectively address commercial problems and issues, using appropriate terminology, concepts, methods and calculations	20-30%
AO3: select, organise, analyse and interpret information from various sources to analyse commercial problems and issues	20-25%
AO4: evaluate evidence and make reasoned judgements accurately and appropriately	15-20%
TOTAL	100%

Assessment summary

Paper 1

Commerce (4CM0/01)

Description

- The assessment of this qualification is through a two-hour examination paper, set and marked by Edexcel.
- Single tier of entry.
- The examination is comprised of compulsory short-answer structured questions, data-response questions and open-ended questions.
- Questions will be drawn from all areas of the subject content.
- The total number of marks available is 100.
- There is an allocation of 40 marks for Section A.
- Section A questions will mainly test knowledge and simple application from all areas of the subject content.
- There is an allocation of 60 marks for Section B.
- Section B questions will mainly test interpretation and evaluation, and demonstration of understanding. Each question will be divided into three or four parts with sub-divisions. The final two parts of each question will test analytical and evaluative skills.
- In Section B there will be three structured questions on a given scenario. Each question will be themed or topics naturally linked.
- There will three different scenarios used based on the following stimuli:
 - visual
 - textual
 - numerical.
- The examination paper will be in a question and answer booklet format.
- In addition to pens, students should be equipped with rulers, pencils and erasers as they will be required to draw simple diagrams. The use of calculators is permitted but may not be necessary.

Knowledge and skills

The Assessment Objectives covered in this assessment are:

AO1: 30-40%

AO2: 20-30%

AO3: 20-25%

AO4: 15-20%

Please see page 11 for details of each AO

Using the mark scheme

The mark scheme gives the responses we expect from students. Indicative answers are given but during the standardisation of examiners process the mark scheme is updated and expanded to cover unexpected, correct student responses.

Section C: Planning and teaching

Summary of specification content

The specification content is made up of **five** areas.

Area	Content summary
1 Production and Commercial Activity	The production of goods and services; the various activities, occupations and commercial functions involved.
2 Trade	The channels of distribution for goods and services in home and international trade; the role of markets, government involvement.
3 Consumers Credit and Protection	Purchase and payment considerations; sources of finance for purchases of goods and services; methods of protection available to consumers.
4 Business Ownership	Private and public ownership of business organisations; control, profits and losses; the results of trading; sources of finance.
5 Aids to Trade	The role of banks, transport, communications, insurance, advertising and warehousing in making buying and selling safer and simpler.

Full details of each area is given content are given in the specification document.

Course planner

Whilst planning the delivery of the course is the responsibility of the centre, the following scheme of work for a two-year course may be useful. It will require adaptation by teachers to allow for tests and examinations as well as revision.

Term 1 of 5

Theme	Area	Content
The world at work	1.1	Production
	1.2	Organisation of Production
	1.3	Barter and Money
	1.4	Kinds of Occupation
	1.5	Commercial Activity
Types of shop: large and small	2.1	Retail Trade
	2.1.1	Functions
	2.1.2	Types
	2.1.3	Locations
Types of bank: services to wage-earners and traders	1.5	Commercial Activity
	5.1	Banking
	5.1.2	Types of bank (excluding central banks, merchant banks and finance houses)
Advertising: purpose, methods and motives, safeguards	1.5	Commercial Activity
	5.5.1	Purposes
	5.5.3	Methods
	5.5.4	Approaches
	5.5.6	Safeguards
Buying goods and services, types of credit, consumer protection	3.1	Buying Goods and Services
	3.2	Types of Credit Suitability of credit methods
	3.3	Consumer Protection

Term 2 of 5

Theme	Area	Content
Transport: importance, carriage by land, sea and air, factors influencing choice of method, containerisation, modern trends	1.5	Commercial Activity
	5.2	Transport
	5.2.1	Importance
	5.2.2	Types
	5.2.3	Containerisation
Communications: methods and their importance	5.2.4	Trends
	1.5	Commercial Activity
	5.3	Communications
	5.3.1	Importance
Insurance: insurable and uninsurable risks, cover against commercial risks, life assurance	5.3.2	Types
	1.5	Commercial Activity
	5.4	Insurance
	5.4.1	Principles
	5.4.2	Risks
	5.4.3	Effecting and renewing insurance
	5.4.4	Insurance market
5.4.5	Documents and calculations	

Term 3 of 5

Theme	Area	Content
Ownership of a business: sole proprietor, partnership, limited companies, raising capital	4.1	Private and Public Ownership
	4.2	Private Sector
	4.4	Multi-nationals
	4.5	Commercial Calculations
From producer to retailer: role of wholesalers, wholesale warehouses	2.2	Wholesale Trade
	2.2.1	Functions and services
	2.2.2	Organisation
	2.2.6	Intermediaries
Business records: enquiry, quotation, catalogue, order, dispatch, invoice, credit and debit notes, statement, receipt	2.2.5	Trade documents
Business performance	4.6	Measuring Business Performance
	4.7	Improving Business Performance

Followed by end-of-year examinations.

Term 4 of 5

Theme	Area	Content
Buying and selling abroad	2.1	Retail Trade
	2.1.4	Techniques and trends
	2.1.5	Developments E-commerce, internet
Buying and selling abroad	2.3	International Trade
	2.3.1	Foreign trade and home trade
	2.3.2	Benefits
	2.3.3	Goods and services
	2.3.4	Balance of trade and balance of payments
	2.3.5	Aids to export
	2.3.6	Duties, quotas and tariffs
Public ownership	4.3	Public Sector
Banks: central bank, merchant banks, finance houses, banking trends, sources of finance	5.1	Banking
	5.1.2	Types of bank
	5.1.3	Trends in banking
	4.8	Sources of Finance
International trade	2.3	International Trade
	2.3.8	Exchange rates
	2.3.9	Trading blocs
	2.3.10	Difficulties faced by exporters

Term 5 of 5

Theme	Area	Content
Methods of payment in home and international trade	2.3.7	Methods of payment
Warehousing	5.6	Warehousing
	5.6.1	Role of warehousing
	5.6.2	Types of warehouses
Chain of distribution	1.6	Channels of Distribution
	2.2	Wholesale Trade
	2.2.3	Role in distribution
	2.2.4	Recent developments
	5.2	Transport
	5.2.4	Trends
	5.1	Banking
5.1.1	Money	
Marketing	5.5	Advertising
	5.5.2	Marketing
	5.5.5	Agencies

Followed by end-of-year revision.

Teaching ideas

Example lesson plan

Commerce may be taught by teachers who are trained in another discipline such as economics or business studies. The specimen lessons that follow are guidance for those who are new to the subject. They may also be helpful for teachers who take over a commerce lesson at short notice.

Each lesson is based on practical activities and is aimed at students of average ability. The age range covered is 13 to 16 years.

For each lesson, suggestions are given for an introduction and for the organisation of the various activities. Information for writing on the board is listed. Answer material is provided where required.

Specimen lesson 1: Consumers and producers

(Subject content area 1: Production and commercial activity)

Introduction

The purpose of this lesson is to introduce students to the terms ‘consumer’ and ‘producer’ and to develop an understanding of their meanings.

Begin by stating that every person is a consumer. The word describes someone who buys goods and services to use and enjoy.

People who work are producers as well as being consumers. For example, miners produce coal, bricklayers help to produce houses and assembly-line workers produce cars and other products.

Activity 1

Introduce the activity about goods and services by reiterating that each of us is a consumer. We buy food to eat, clothes to wear, music downloads, and so on. We also buy services. For example, a visit to the hairdresser means paying for some of the services offered, such as cutting, shampooing etc. Point out that those students who travelled to school by paying fares for seats on a bus were paying for the service of transport.

Ask the class to draw up a list with two columns showing (a) goods and (b) services that they have used during the past week.

Allow 5 to 10 minutes, and then ask students to tick those items listed that they bought themselves.

Ask for a selection of the lists to be read out. The limited number of ticks will demonstrate to students that most of the goods and services they consume are provided by their families from income received.

Activity 2

Introduce this activity on why people work by reiterating that people who work are producers as well as consumers. Ask the class to name jobs carried out by members of their families and write a list on the board of, say, 10 jobs.

Point out that many people spend a considerable part of their waking hours at work. Ask the class to suggest reasons why people work. The brief discussion should bring out some of the following ideas.

1. Producers earn money (wages/salaries/profits).
2. Money is wanted for what it will buy.
3. People work in order to earn money for satisfying wants.
4. People go to work to avoid boredom.
5. People go to work for job satisfaction.

There are three things that are wanted by everyone, food and drink, clothing, and shelter. After people have sufficient food, clothing and shelter, they try to satisfy their other wants. For example, some may want motorcycles or cars; others may prefer better houses.

Ask the class to draw up a list of their wants. Allow 5 to 10 minutes and then ask for a selection of the lists to be read out. A comparison of the lists should demonstrate that people's wants differ because individuals have personal tastes and preferences.

The lesson could be drawn together by pointing out if people had no wants, or if wants could be satisfied without any effort, there would be no need to work. People work so that they may consume – that is, buy goods and services with the money earned.

Follow-up work

Most goods bought are obtained from shops. Ask the class to discover ways of obtaining goods from retail outlets other than shops.

Answers should include local retail markets, mail order, vending machines, home shopping by telephone or use of the internet, doorstep selling etc.

Specimen lesson 2: Insurance (Subject area 5: Aids to trade)

Introduction

This lesson is about insurance cover for risks, and insurance rules.

Begin by stating that after leaving school, students might wish to consider the question of protection against financial hardship. This is in addition to any state benefits such as Jobseeker's Allowance when out of a job, sickness benefit when ill, and a pension on retirement.

Activity 1

Divide the class into pairs and ask each pair to list some of the risks of everyday life (such as road accidents, fire, theft) and describe in a sentence or two how such risks can cost money.

Allow 10 minutes and select a number of pairs to report back.

Activity 2

Introduce this activity by stating that many of the risks identified can be covered by insurance. For example, a householder's insurance policy covers financial loss resulting from damage to the house or its contents. The policy sets out the 'perils' that are covered, such as fire, storm, flood and burglary.

Write on the board the following:

Premium rate per £100 insured:	house 50p pa
	contents 75p pa
House:	£48,000
Contents:	£10,000

Ask students to calculate the annual cost of insuring the house and contents.
(Answers: house £240, contents £75).

Begin the second part of this activity by stating that the law says that nobody may use a vehicle on the road unless insurance cover has been taken out to provide cover against claims that may be made against the driver. Third-party insurance covers damage to other people's property and injuries to other people caused by a driver's carelessness. It does not provide payment for damage to the driver's vehicle, but fire and theft can be covered as an addition to the policy. In addition to compulsory third-party insurance, many vehicle owners like to have comprehensive insurance, which covers damage to the vehicle, fire and theft.

A short discussion should take place on why the cost of vehicle insurance varies. Start by asking the class, 'Why does an owner living in a country village have to pay less than someone living in a large town?' Other points to consider include the following.

- Why do young drivers pay more, or have to contribute to the cost of each accident?
- Why does the owner of a vehicle with a large engine or a 'tuned' engine have to pay more than the owner of a standard model?
- Why does someone with a good driving record pay less for insurance than someone with a history of accidents?

The answers to all of these questions are concerned with the degree of risk involved: the greater the risk, the higher the cost of insurance.

Write on the board the following extract from a motor policy.

<p style="text-align: center;">Mammoth Motor Insurance</p> <p style="text-align: center;">No-claims discount</p> <p style="text-align: center;">After one year without a claim, the premium is reduced by 25%</p> <p style="text-align: center;">After 2 years 40%</p> <p style="text-align: center;">After 3 years 50%</p> <p style="text-align: center;">After 4 years 60%</p>

Ask the class to write briefly about why no-claims discounts are given. (Answer: to discourage claims and reward careful drivers.)

Activity 3

This activity is concerned with insurance rules. Begin by stating that there are several important rules to observe when taking out insurance.

Write on the board the following.

1. You can insure something in which you have a direct interest.
(For example, your own house or car.)
2. You must tell the insurance company the truth.
(For example, in motor insurance you must tell the company the correct details about your driving experience and record.)
3. You cannot make a profit from insurance.
(For example, in the event of a claim, the insurance company will restore you to the same financial position as you were in before the fire or accident. So if a carpet is slightly damaged by fire, the insurance company will pay for the carpet to be restored to its condition immediately before the fire.)

A short discussion can take place on the reasons for having insurance rules. The following questions can be put to the class.

1. If it were possible to insure property other than your own, what might some people be tempted to do? (There would be a temptation to arrange, say, a fire, in order to collect compensation.)
2. Why do insurance companies insist on correct information from people who apply for insurance? (Unless all relevant information is available, the risk cannot be assessed.)
3. What is the value of a policy issued as a result of misleading statements? (Worthless.)
4. An old car worth £700 is damaged in an accident. The garage estimate for repair is £850, but the insurance company will not pay the cost of repair. Why not? How much will it pay and why? (This is application of Rule 3 above. The insurance company will pay only £700 compensation as this is the value of the car.)

Specimen lesson 3: Advertising

(Subject content area 5: Aids to trade)

Introduction

A manufacturer has produced a new non-alcoholic fizzy drink made from a mixture of 10 tropical fruits. You are an advertising agent and your assignment is to carry out some of the market research for the product, to design the packaging and to produce the advertising material for a test launch.

Some of the market research has already been carried out. It has been decided that the target group for the advertising campaign should be people of both sexes in the 12 to 18 age range as these are the people who are most likely to buy the product.

Activity 1

Market research

A name has not yet been chosen for the product so you will have to carry out some market research in order to find a suitable name. You might find it helpful to follow these steps.

Step 1

Work in groups to draw up a list of the names of those soft drinks already on the market. You might choose to carry out research by visiting shops.

Step 2

Still working in a group, have a 'brainstorming' session and choose 10 possible names for the drink. What sort of things should you bear in mind when choosing these names?

Step 3

You need to find out which of these possible names is preferred by the potential market. In order to find this name you will have to design a questionnaire so that you can ask a number of people which name they prefer and record their preferences. Each member of the group should then ask and record the views of a certain number of people.

Step 4

The individual members of the group will present their findings to the group and, after discussion, one name must be picked as the name to be used for the product. Produce graphs to show the scores obtained by the various suggested names.

Activity 2

Designing a package

1. If you look through a range of drink cans, bottles and packages already on the market you will notice that there are some pieces of information that appear on all or nearly all of the packages. The manufacturer has a duty towards the people who buy their products and must give them certain pieces of information. Examine those cans already on the market and choose **four** items of information that appear on all or most of the cans. In each case say why this information has been given to the consumer.
2. Drinks can be sold to the public in boxes, cans and bottles. Litter is a great problem and the world is running out of raw materials. Discuss how each of these forms of container fits in with these concepts.
3. If you look at the cans you will find that many of them have the symbols given in Figure 1 below.

Say what these symbols mean and show how the manufacturer is performing a duty to society by including them in the package design.

4. The manufacturer also has a duty to the shop selling their products. Because of this there is a bar code in the design. Say briefly how the shopkeeper makes use of the bar code.
5. You should now design a package for the product. When designing your package, consider these points:
 - What image is conjured up by your brand name?
 - Which colours will you use? What factors will influence your choice of colours and the number of colours you will use?
 - Which style of lettering would best suit the image you are trying to present to the public?
 - Which pieces of information should be included in the package design?

Make full notes on the first four points above **before** you design your package.



Figure 1

Activity 3

Producing an advertisement

You must now produce a magazine advertisement and a television advertisement for the drink.

Before you produce the advertisement, write a report in which you answer the following questions.

1. What image do you wish to project?
2. What kind of appeal would best fit this image?
3. Is your advertisement going to be persuasive or informative?
4. How much information are you going to include in your advertisement? What is this information going to be?
5. Are you going to use a catchy slogan? If so, what is it going to be?
6. Which colours are you going to use that best suit your image?

When you have considered these points and written your report, design your magazine advertisement and produce a script or storyboard for a television advertisement.

Data-response questions

In classroom teaching, the use of data-response questions can contribute to keeping up to date in terms of current trends. You could use magazine articles, newspaper cuttings, advertisements and other low-cost or free stimuli to encourage students to use 'live' data and to develop analytical skills. An example is shown on the next page. The teacher used an advertisement from a newspaper to formulate the questions that follow it.

Money from the MaineStreet Bank

Loans

From 1-20 years, divided into short-, medium- or long-term periods. Generally, the longer the working life of the asset, the longer the loan period.

Equipment finance

Equipment finance is possible through leasing and lease purchase, depending on your tax position. With lease purchase, you claim available tax allowances directly. With leasing you can make use of any allowances in the form of reduced rentals.

Overdrafts

Still the best and most flexible method of smoothing out cash flow.

Equity finance

Here we can provide capital for expansion, for management buy-outs or for start-ups, by subscribing for new shares. We can also release personal capital for shareholders by purchasing existing shares. The amounts involved can be as little as £5,000 or as large as £2,000,000. In all cases we take only a minority stake so that control will remain with you, the existing owner of the company.

Factoring

Helps to bridge the gap between selling your goods and collecting your money by converting trade credit into cash. Factoring also takes over the problems of sales ledger administration and credit control and even provides you with protection against bad debts.

Come and talk

The MaineStreet Bank is always ready to back up a sound business idea with the right kind of finance. Some different ways in which a business customer can raise money through the MaineStreet or MaineStreet group are shown on this page. We have a full range of modern payment services which offer greater efficiency both in the UK and internationally. So come and talk to us. Your branch manager will be pleased to listen to you.

Class work

Refer to the MaineStreet Bank plc advertisement and answer the following questions.

1. (a) Name the three periods into which bank loans are divided.
(b) State which of these periods is most relevant to a loan for the purchase of (i) an office computer, (ii) protective clothing for employees, and (iii) an extension to a factory.
2. (a) What is an overdraft?
(b) Suggest a reason why the owner of a small retail business might need an overdraft.
3. (a) What amounts of finance might the bank provide for purchasing a company's shares?
(b) State two reasons why the bank might purchase a company's shares.
4. How might a company benefit from obtaining equipment through leasing?
5. (a) Why should a restaurant owner rarely need to use a bank's factoring service?
(b) What other problems can be dealt with by a bank's factoring service?
6. Name and describe three payment services (other than cheques) that banks provide for customers.

A commerce diary

Regular discussions on material collected by students who use a 'commerce diary' offer an up-to-date supplement to textbooks.

Resources

Please note that while resources are correct at the time of publication, they may be updated or withdrawn from circulation. Website addresses may change at any time.

Resources for students

Textbook

Fitzmaurice L — *Textbook of Commerce* (Heinemann, 2008) ISBN 9780435982256

Websites

Commerce is a dynamic area of study where there is a need to keep up to date. For this reason, textbooks alone cannot be relied on to provide current information. Teachers will need to supplement them with resources such as newspapers and the internet. Below is a list of some of the websites that may be useful.

Advertising Standards Authority	www.asa.org.uk
The Association of British Insurers	www.abi.org.uk
Baltic Exchange	www.balticexchange.co.uk
Bank of England	www.bankofengland.co.uk
British Bankers Association	www.bba.org.uk
British Standards Institution	www.bsi-global.com
Companies House	www.companieshouse.gov.uk
Department for Business Enterprise and Regulatory Reform (BERR)	www.berr.gov.uk
Lloyd's insurance market	www.lloyds.com
London Stock Exchange	www.londonstockexchange.com
Office of Fair Trading	www.offt.gov.uk

Students may keep in touch with the ceaseless flow of events in commercial life through a 'commerce diary'. This provides a useful means of compiling up-to-date material. Cuttings from newspapers and written summaries of relevant news items can be kept in a special exercise book or loose leaf file.

The use of a commerce diary also allows students to keep a record of *local* commercial news and events. Educational visits to business firms, factories and exhibitions help students to explore their local environment, and reports on these events can form a useful addition to the diary.

Resources for teachers

- Websites. The internet provides a vast amount of information from a wide range of sources including businesses, trade associations and government. The websites listed on page 30 will be useful to both students and teachers. They are, however, only examples of the large number available. Search engines such as Google (www.google.com) and Ask Jeeves (www.ask.com) will be helpful in finding more. Some useful links to other business education subjects can be found at www.bized.ac.uk
- Newspaper and magazine articles.
- Booklets from banks, insurance companies and other commercial institutions.
- Business documents from commercial organisations such as retailers, wholesalers, banks and insurance companies.
- Examples of advertising from a range of sources including newspapers and television.
- Commercial information published by government and other public bodies such as the Department for Business Enterprise and Regulatory Reform (BERR) and the Office of Fair Trading.
- Information from private sector organisations such as The London Stock Exchange and the Advertising Standards Association (ASA).
- Talks by people who work in commerce, such as shop managers or bank representatives.

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