

EDEXCEL INTERNATIONAL GCSE (9-1) **Commerce**

GETTING READY TO TEACH

Event code: 16IOAB01 (online)

First teaching in 2017, first assessment in 2019.



Your online environment

1. Technical Difficulties & support.
2. Recording.
3. Communication in an online environment.
4. Asking Questions.
5. Using Polls.
6. Downloading documents.

Agenda

16.00 Introduction.

16.05 Introduction to the new Pearson Edexcel International GCSE (9-1) in Commerce.

16.25 'Calculate', 'Explain' and 'Outline' questions and activity.

17.05 Break.

17.10 'Analyse', 'Justify' and 'Evaluate' questions and activity.

17.50 Support, resources, networking and final questions.

18.00 Finish.

Timeline

| | 2017 | 2018 | January 2019 | May/June 2019 |
|------------------------------|--------------------------|---|--------------------------|--------------------------|
| Current specification | Summer series as normal. | January and May/June assessment window. | Final assessment window. | |
| New specification | First teaching. | | | First assessment window. |

January 2019: last assessment for the current International GCSE in Commerce

May/June 2019: first assessment for the new International GCSE (9-1) in Commerce.

Overview of the changes

- Fully linear structure.
- Two examination papers of 1 hour 30 minutes each.
- 100% external assessment.
- 120 guided learning hours.
- Minimum of 10% quantitative skills across the two papers.
- New 9 to 1 grading scale, with 9 being the top grade.
- 'Level-based mark scheme for 6, 9 and 12 marked questions.

New 9-1 grading scale

| New grading structure | Current grading structure |
|-----------------------|---------------------------|
| 9 | A* |
| 8 | |
| 7 | |
| 6 | B |
| 5 | |
| 4 | C |
| 3 | |
| 2 | D |
| 1 | |
| U | U |

GOOD PASS (DfE)

5 and above = top of C and above

AWARDING

4 and above = bottom of C and above

Structure of the International GCSE (9-1) in Commerce

| | Content overview | Assessment overview |
|--|--|---|
| Paper 1: Commercial operations and associated risks | <p>Paper 1: Students will be assessed on Themes 1 & 2</p> <p>Theme 1: Commercial Operations</p> <ul style="list-style-type: none"> • Production • Buying and selling • Commercial enterprises • Retail • Wholesale • Ecommerce • International trade <p>Theme 2: Commercial Risks</p> <ul style="list-style-type: none"> • Insurance • Consumer protection legislation • Trade • Bad debts | <p>Written examination Paper 1:</p> <ul style="list-style-type: none"> • 1 hour and 30 minutes • 50% of the qualification • 80 marks |
| Paper 2: Facilitating commercial operations | <p>Paper 2: Students will be assessed on Themes 3 & 4</p> <p>Theme 3: Finance for Commerce</p> <ul style="list-style-type: none"> • Financial institutions to support commerce • Sources of finance • Methods of payment • Commercial calculations • Measuring commercial performance • Improving commercial performance <p>Theme 4: Aids for Commerce</p> <ul style="list-style-type: none"> • Communications • Transport • Warehousing • Promotion • Trading documents • Types of consumer credit • Aids to exports | <p>Written examination Paper 2:</p> <ul style="list-style-type: none"> • 1 hour and 30 minutes • 50% of the qualification • 80 marks |

Paper structure overview

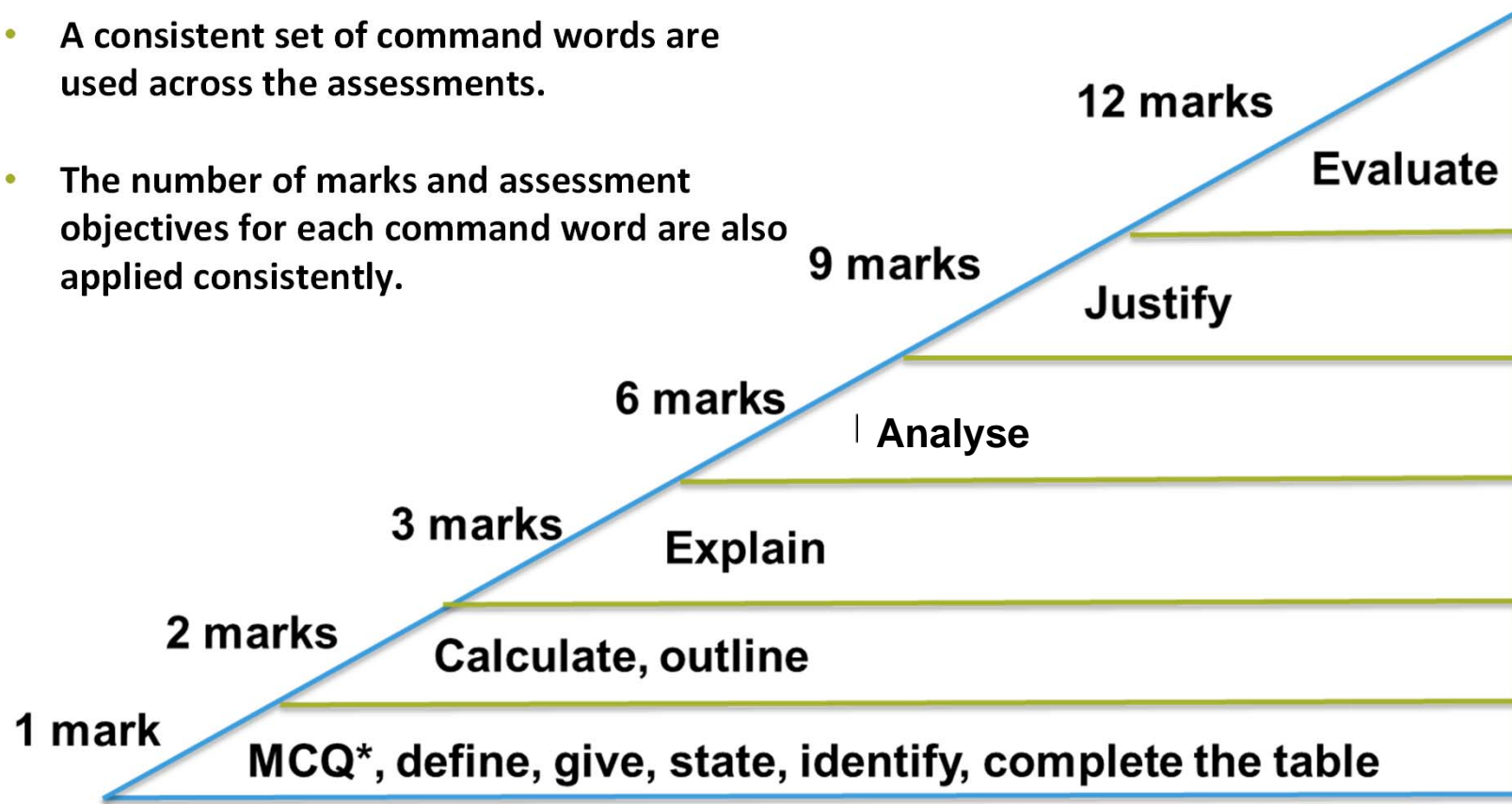
- Both papers are 1 hour 30 mins (90 mins), 80 marks, 3 sections.
- Both **papers have an identical, consistent structure.**
- Each paper has **three sections:**
 - Section A = 40 marks (mainly non-contextualised)
 - Section B = 20 marks (Questions based on a real commercial context)
 - Section C = 20 marks (Questions based on a real commercial context)
- **Ramped sub-questions within each question** increasingly challenge students as they move through the paper.
- **Reduced and carefully defined command word taxonomy.**

Structure of Paper 1 & Paper 2

| Section A: 40 marks | Section B: 20 marks | Section C: 20 marks |
|---|---|--|
| Mainly non-contextualised. | Questions are based on a commercial context. | Questions are based on a commercial context. |
| Multiple-choice (MCQ) and short answer questions. | Multiple-choice (MCQ), short and longer answer questions. | Short and longer answer questions. |
| Students may be asked to calculate. | Students may be asked to calculate. | Students may be asked to calculate. |
| Section ends with a 9-mark question. | 1 x 6-mark questions 1 x 9-mark question. | 1 x 6-mark question 1 x 12-mark question. |
| Taxonomy: MCQ Define/Identify/State/Give Explain Complete the table Calculate Analyse Justify | Taxonomy: MCQ Define/Identify/State/Give Outline Calculate Analyse Justify | Taxonomy: Define/ Identify/ State/ Give Complete the table Calculate Outline Analyse Evaluate |

Command words used in each paper

- A consistent set of command words are used across the assessments.
- The number of marks and assessment objectives for each command word are also applied consistently.



New content

Themes 1 and 2: Commercial operations and associated risks

Topic 1.2.2 Costs associated with buying

From transport to selling costs. (1.2.2)

Topic 1.2.3 Costs associated with selling

From sales staff to distribution. (1.2.3)

Topic 1.3.1 Types of commercial enterprise

Cooperatives and privatisation (1.3.1)

Topic 1.6 Ecommerce

Characteristics, effects and location factors of Ecommerce. (1.6.1, 1.6.2 and 1.6.3)

Topic 2.4.1 Bad debts

Impact and ways to reduce debt (2.4.1)

New content

Themes 3 and 4: Finance for Commerce and Aids for Commerce

Topic 3.2.2 Long-term finance

Crowdfunding and venture capital. (3.2.2)

Topic 4.1.4 Methods of written communication

Agenda and minutes (4.1.4)

Topic 4.4.2 The role of social media

Identifying customer needs and advertising (4.4.2)

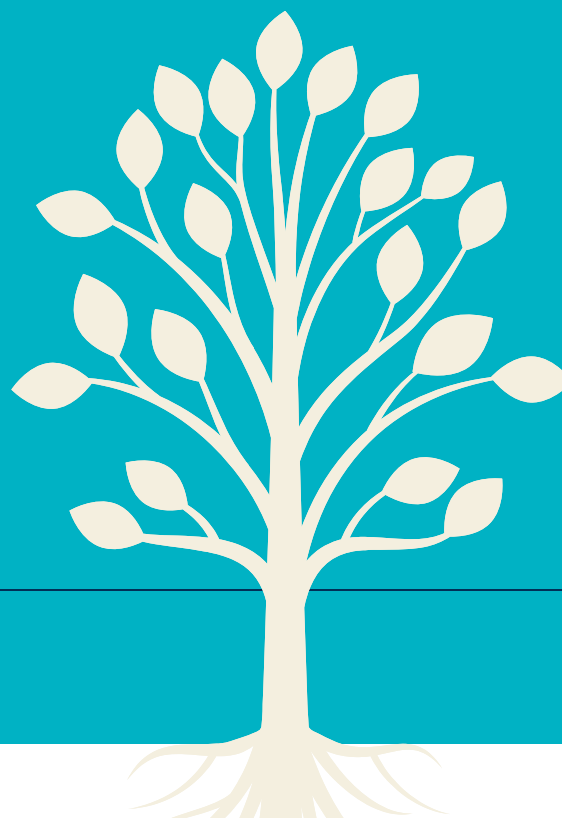
Topic 4.4.6 The impact of technology on the advertising and the promotion

Ecommerce and digital communication (4.4.6)

Content removed from new specification

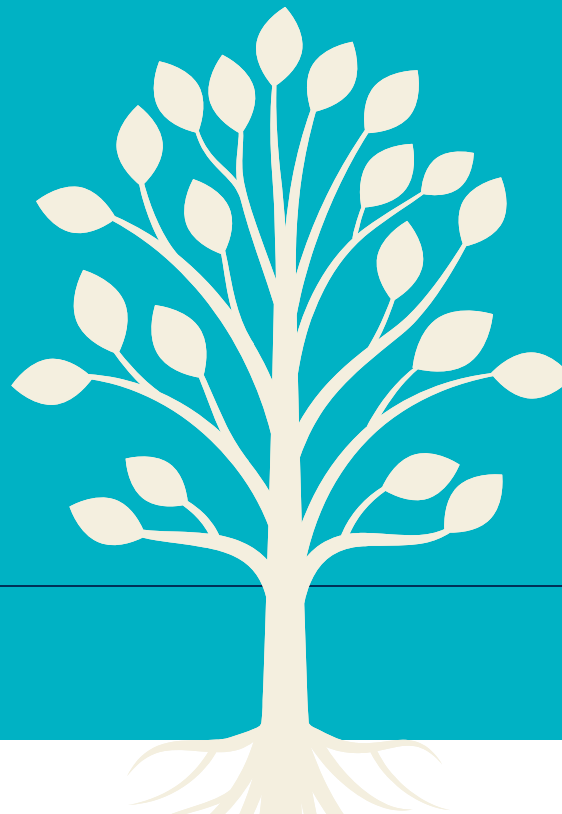
- Barter and money.
- Kinds of occupations.
- Distinguish public corporations from government departments.
- Trends in transport.
- Explain the relationship between market research, test marketing, sales promotion and advertising.
- Methods of advertising appeal.
- Advertising agencies.

Questions?



Assessment:

Points-based mark schemes



‘Calculate’ questions:

- Always **worth 2 marks**.
- Designed to **test application** (AO2).
- A **‘points-based’ mark scheme** is used.
- ‘Calculate’ questions can appear in sections A, B and C.
- No marks are awarded for stating the formula.
- All ‘calculate’ questions will have an answer template similar to the following slide.
- If students provide multiple answers, **the only answer that counts is the one written on the line provided** (as highlighted on the following slide).
- Where applicable, answers should be given to two decimal places (2.d.p.).

Sample 'Calculate' Answer Template

Paper 1 - 1(e)(iii) Calculate the balance of trade for Singapore.
You are advised to show your workings.

**This is where we will expect
candidates to place their final
answer.**

S\$

‘Calculate’ questions: Mark Scheme

| Question number | Answer | Mark |
|-----------------|---|-------------------------------|
| 1(e)(iii) | <p>Award 1 mark for formula shown and 1 mark for correct answer.</p> <ul style="list-style-type: none">• S\$577bn – S\$515bn (1) = S\$62bn (1)• Alternatives may be written S\$62 000 000 000 <p>NB A candidate who responds with S\$62bn and no calculation would still get both marks.</p> | <p>(2) AO2 QS = 2</p> |

Assessment objective tested. Notice there is no AO1 – this is why there are no marks awarded for a formula.

‘Calculate’ questions: Exemplar 1

Figure 1 shows the value of visible exports and visible imports in S\$ for Singapore in 2015.

| Visible exports | Visible imports |
|-----------------|-----------------|
| S\$ 577bn | S\$ 515bn |

Figure 1

- (e)(iii) Calculate the balance of trade for Singapore. You are advised to show your working. (2)

Exemplar answer:

(visible exports) S\$577 – S\$515 (visible imports)

S\$ 62bn.....

Taken from Paper 1 SAM Question 1(e)(iii) (Section A)

‘Calculate’ questions: Exemplar 2

Figure 1 shows *Fyffes*’ financial information for 2015:

| | € million |
|--------------|-----------|
| Revenue | 1 200 |
| Gross profit | 30 |

(iii) Calculate the 2015 gross profit margin for *Fyffes*. You are advised to show your working. (2)

Exemplar answer:

(Gross profit) £30 divided by 1200 euros

= 0.25 x100

% 2.5.....

Taken from Paper 2 SAM Question 1(e)(iii) (Section A)

‘Complete the table’ questions

- **Worth 1 or 2 marks** depending on how many blanks are in the table.
- Designed to **application** (AO2).
- A **‘points-based’ mark scheme** is used.

‘Complete the table’ question: Exemplar1

Statement of Account
Bragi
Munich, Germany

To:
Audio Sports
Peninsula Shopping Centre
Singapore

Month ending 31 March 20XX

| DATE | DETAILS | DEBIT € | CREDIT € | BALANCE € |
|----------|-------------------------|------------|-------------|------------------|
| 1 March | Balance brought forward | | | 70 000 |
| 8 March | Sales | 50 000 | | (i) 20 000 |
| 12 March | Credit note | | 20 000 | (ii).....40 000 |

(i) *Balance 70 000 - debit sales 50 000 = 20 000* (2)

(ii) *Balance 20 000 + credit note 20 000 = 40 000*

‘Explain’ questions

- Always **worth 3 marks**
- Designed to **test knowledge and understanding** (AO1a and AO1b).
- A **‘points-based’ mark scheme** is used.
- Will **only appear in section A**.
- Will always be of the nature ‘Explain **one**...’
- **Four ‘explain’ questions** in each paper.
- Candidates need to provide **two** linked strands following on from the identification of **one** impact/method/advantage/disadvantage etc.

‘Explain’ questions: Mark Scheme

| Question number | Answer | Mark |
|-----------------|--|--|
| 1(g) | <p>Award 1 mark for identifying a disadvantage of bad debts and up to 2 marks for linked development.</p> <p>Bad debts are debts that will not be recovered (1), meaning the business will receive less cash (1) and find it more difficult to cover their costs (1).</p> <p>Accept any other appropriate response.</p> <p>Answers that list three advantages with no explanation will get a maximum of 1 mark.</p> <p>NB No marks are awarded for a definition.</p> | <p>(3)</p> <p>A01a = 1</p> <p>A01b = 2</p> |

‘Explain’ questions: Exemplar 1

(f) Explain **one** reason a business may choose to buy insurance.

(3)

Student exemplar answer

A business will want to insure if they are exporting goods. There are many risks involved in transporting goods worth many thousands of dollars across the world. Insurance allows the business to feel secure that those risks are covered if anything happens and will continue to trade.

‘Explain’ questions: Exemplar 2

(f) Explain **one** difficulty for a business that exports its products.

(3)

Student exemplar answer:

Most international trade is conducted on credit. This is a problem as it can be more difficult for an exporter to find out the creditworthiness of a company based in a distant country. So if the goods are exported the risk of non-payment is higher and so this can make it more difficult to recover debts than in the home trade.

‘Explain’ questions: Exemplar 3

(f) Explain **one** reason why companies offer hire purchase to consumers.

(3)

Student exemplar answer

It is a reasonably safe method of selling as the goods can be repossessed if the customer fails to pay, as the hired item acts as a security as is not owned by the customer until the last instalment is paid.

‘Outline’ questions

- Always **worth 2 marks**.
- Designed to **test application** (AO2).
- A **points-based mark scheme** is used.
- Can **only appear in sections B and C** – the contextualised sections of the exam paper.
- **1 to 2 ‘Outline’ questions** in each paper.
- Students needs to **state one benefit/drawback/impact/method** etc. and **provide one strand of development**. Within the answer **there must be evidence of context** to score 2 marks.

‘Outline’ questions: Mark Scheme

| Question number | Answer | Mark |
|-----------------|--|--------------------|
| 3(d) | <p>Award 1 mark for identifying one environmental effect of ecommerce and one mark for further outline.</p> <ul style="list-style-type: none">• <i>Amazon</i> delivering to homes will mean more vehicles are needed (1), they produce emissions, which will damage the environment (1).• <i>Amazon</i> not having stores will mean less lighting in stores so less electricity needed (1) so less fuel is used by electricity generators (1).• Electricity usage may increase for use of computers to process <i>Amazon</i> orders (1), which will mean more demand for power plants to produce electricity, which may cause pollution (1). <p>Accept any other appropriate response.</p> | <p>(2) AO2</p> |

‘Outline’ questions: Exemplar 1

(d) Outline **one** effect that *Amazon’s* use of ecommerce will have on the environment.

(2)

Example student answer

One effect will be that there will be increased use of delivering parcels to customer homes by diesel fuelled vans which its harmful emissions that causes damage to the environment.

‘Outline’ questions: Exemplar 2

(d) Outline **one** reason why VW use road transport to deliver parts to dealers.

(2)

Example student answer

Road transport is a flexible form of transport with the VW drivers being able to take the shortest route which saves time and fuel.

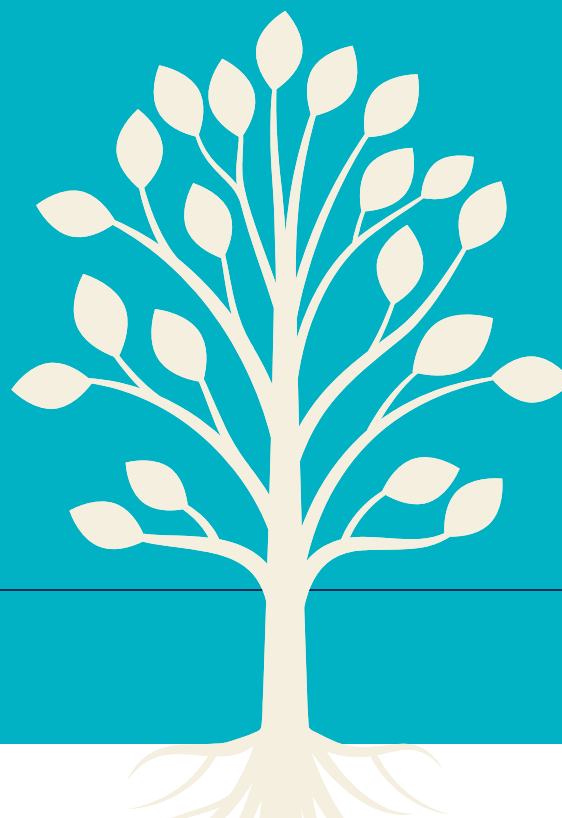
Marking Activity 1

Find the mark

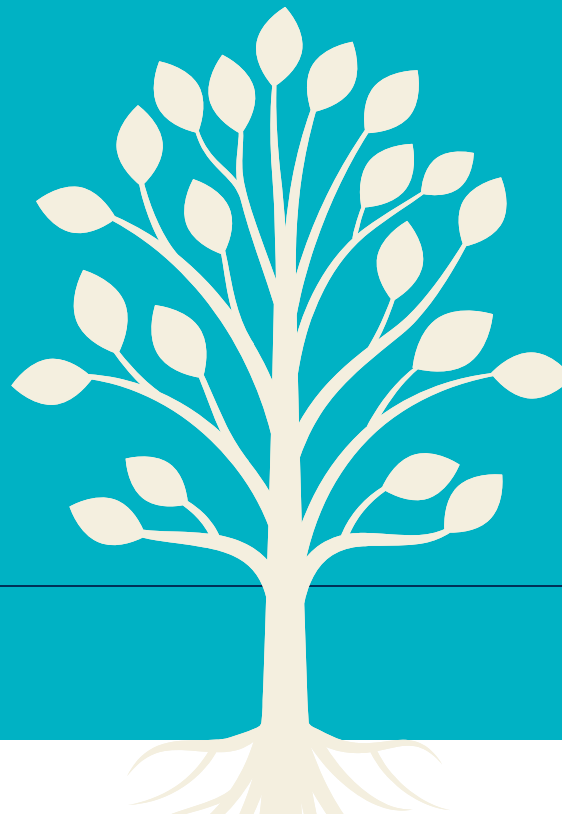
You will now read 6 sample student responses to a mixture of 'Calculate', 'Explain', and 'Outline' questions.

- Using your subject knowledge (and the mark scheme), decide upon the appropriate mark for each student exemplar.
- Select the mark you have chosen for each exemplar on the online poll.

Questions?

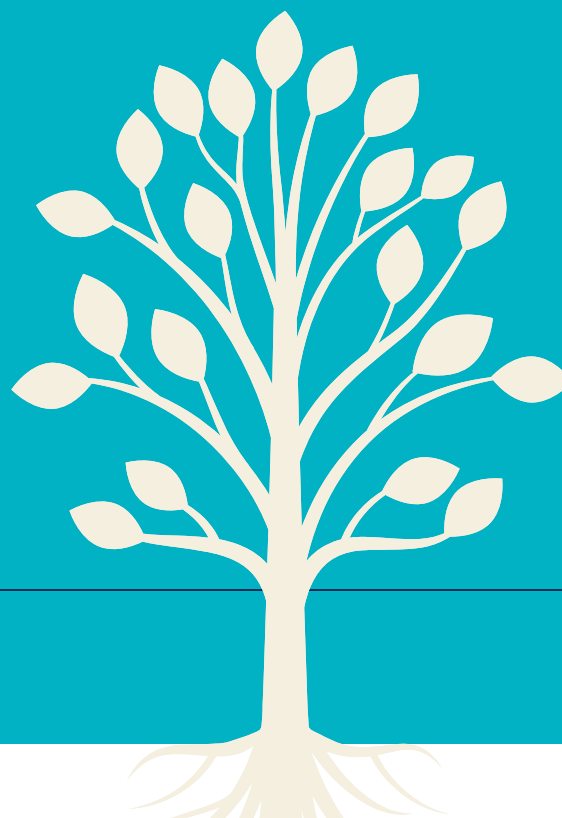


A short comfort break



Assessment:

Levels-based mark scheme



‘Analyse’ questions:

- Always **worth 6 marks** – extended answer question.
- Designed to **test application and analysis** (AO2 and AO3).
- A **‘levels-based’ mark scheme** is used.
- May **appear in sections A, B and C**
- Will always be of the nature ‘Analyse an/the impact/advantage etc...’
- **Three ‘analyse’ questions** in each paper.
- ‘Interconnected points’ means at least two linked strands (Level 2 AO3 descriptor).
- ‘Detailed interconnected points’ means at least five linked strands (Level 3 AO3 descriptor).

‘Analyse’ questions: Mark Scheme

| Question number | Answer | Mark |
|-----------------|--|--|
| 3(e) | <p>Costs associated with buying.</p> <ul style="list-style-type: none"> • Buyers will travel to other countries (AO2). • In buying in other countries, transaction costs will occur (AO2). • Tax/tariffs imposed when importing products from abroad (AO2). • Administration costs of completing paperwork when buying in products (AO2). • Research in to products to buy takes time (AO2). • Negotiation enables buyers to achieve a lower price (AO2). • Transport costs rise as buyers have to visit suppliers and to bring in products (AO3). • When exchanging currencies when buying from abroad, the business will have to pay commission (AO3). • Taxes and tariffs will add to costs of the business (AO3). • If paperwork takes time and costs money to complete then this will reduce profitability of <i>Amazon</i> (AO3). • Research also costs money to conduct as the buyer finds the correct items (AO3). • Negotiating better prices lowers costs and enables them to charge lower prices (AO3). | <p>(6)</p> <p>AO2 = 3</p> <p>AO3 = 3</p> |
| Level | Marks | Descriptor |
| | 0 | No rewardable material. |
| Level 1 | 1–2 | <ul style="list-style-type: none"> • Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2) • Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3) |
| Level 2 | 3–4 | <ul style="list-style-type: none"> • Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2) • Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) |
| Level 3 | 5–6 | <ul style="list-style-type: none"> • Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2) • Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) |

‘Analyse’ questions: Exemplar 1

(h) Analyse the possible impact of this planned trading bloc on businesses within APEC.

(6)

Student exemplar answer

There will be the impact of encouraging trade between the 24 countries as there will be no tariffs charged between the member countries which will lower costs for importing goods. This will mean that prices can be more competitive allowing businesses to be able to more efficient and offer better prices, leading to more sales. However, businesses will have to adapt their goods to suit the needs and tastes of consumers in each of the countries within the trading bloc, which will lead to an increase in costs.

‘Analyse’ questions: Exemplar 2

(b) Analyse factors *Alibaba* should consider when deciding where to locate a new *InTime* shopping mall.

(6)

Student exemplar answer

Alibaba will need to make sure that the shopping mall is near to customers so that it is convenient for them to shop there. This will make it more likely that sales will be increased. It is also important to find out if it is easy to obtain planning permission, as a large area such as shopping centre will need a large area of land. If planning permission is not easily obtained, it can lead to delays in opening and lost revenue. A final factor is whether there will be car parking facilities as shopping centres as many customers like to visit by car. If there is not enough car parking, customers will be put off visiting or go to a competitor shopping centre with car parking facilities.

‘Analyse’ questions: Exemplar 3

(b) Analyse the likely impact on *Bragi* of using crowdfunding as the source of finance for its development of The Dash.

(6)

Student exemplar answer

Crowdfunding allowed Bragi to gain quick access to capital instead of having to apply to banks for loans. This saves time in obtaining the money, and sometimes a bank loan might be refused.

Bragi will be in total control of the money it has raised and can decide how much reward that they will give to crowdfunding investors. This will give it more freedom in making key decisions such as expansion.

This crowdfunding project allowed Bragi to obtain a large amount of money. Such a large amount of capital should enable Bragi to keep one step ahead of the competition in developing headphones.

‘Justify’ questions:

- Always **worth 9 marks**.
- Designed to **test application, analysis and evaluation** (AO2, AO3 and AO4).
- A ‘levels-based’ mark scheme is used.
- Will **only appear in sections A and B** (one in each section).
- Will **always involve a choice between two** options.
- ‘Interconnected points’ means **at least two linked strands**.
(Level 2 AO3a descriptor).
- ‘Detailed interconnected points’ means **at least five linked strands**.
(Level 3 AO3a descriptor).

‘Justify’ questions: Mark Scheme

| Question number | Answer | Mark |
|-----------------|--|---|
| 2(g) | <p>Arguments why the Indian Government should support the multinational <i>IKEA</i> building a store in India.</p> <ul style="list-style-type: none"> Each centre will create 2,000 new jobs (AO2). Pay will be above average (AO2). Workers will gain skills (AO2). <i>IKEA</i> may invest in transport and communications (AO2). The government may earn taxes (AO2). And with retail jobs created, it helps lower unemployment/increase employment (AO3). Higher pay in India will help raise living standards (AO3). As employees develop skills they might transfer them to other firms when they move. This means other Indian firms will have more-productive staff (AO3). Better roads will make transport easier for other commercial organisations in the area (AO3). As the government earns more from tax they will have more funds for government spending on health or education (AO3). <p>Arguments why the Indian Government should not support the multinational <i>IKEA</i> building a store in India.</p> <ul style="list-style-type: none"> 14 acres is a large amount of land for each store and might have a negative environmental impact (AO4). European workers will be paid more for the same work – Indian workers exploited (AO4). The government may not benefit if <i>IKEA</i> did avoid paying taxes (AO4). <p>AO4 may be awarded for evaluative comment in support of <i>IKEA</i> if AO1, AO2, AO3 are awarded for arguments against.</p> | <p>(9)</p> <p>AO2 = 3</p> <p>AO3 = 3</p> <p>AO4 = 3</p> |
| Level | Marks | Descriptor |
| | 0 | No rewardable material. |

| Level | Marks | Descriptor |
|---------|-------|--|
| Level 1 | 1–3 | <ul style="list-style-type: none"> Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2) Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3) Makes a judgement, providing a simple justification based on limited evaluation of commercial information and issues relevant to the choice made. (AO4) |
| Level 2 | 4–6 | <ul style="list-style-type: none"> Sound application of knowledge and understanding of commercial concepts and issues to the commercial context although there may be some inconsistencies. (AO2) Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Makes a judgement, providing a justification based on sound evaluation of commercial information and issues relevant to the choice made. (AO4) |
| Level 3 | 7–9 | <ul style="list-style-type: none"> Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2) Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Makes a judgement, providing a clear justification based on a thorough evaluation of commercial information and issues relevant to the choice made. (AO4) |

‘Justify’ questions: Exemplar 1

Amazon is planning to expand in the UK and is considering the following two options:

Option 1 - opening its own *Amazon Go* retail stores

Option 2 - delivering *Morrisons* products.

(f) Justify which **one** of these two options *Amazon* should choose.

(9)

Exemplar student answer

Without the need for cashiers or tills, a report over the weekend suggested that a supermarket-sized Amazon Go store could be run by a few staff. This would give it a huge cost-saving compared to traditional supermarkets. While the concept of Amazon Go is clearly still in very early stages in the USA eventually it could give Amazon a huge lead over traditional retail stores. Any cost savings, in terms of wages, can be used to lower prices and likely increased customer footfall, increasing Amazon’s market share. In fact, without the cost of large numbers of expensive staff, Amazon could either significantly undercut its rivals, or create stores that are far more profitable. For shoppers it’s also an obvious win-win, no more queuing at the checkout or waiting around for a cashier. Although they need a mobile phone (which most customers will have) shoppers will prefer this mode of shopping. However, despite all these advantages Amazon’s business experience is in internet selling so there are likely to be many teething problems before they will be able to roll out 2000 stores across the USA and more UK stores. Also, many shoppers still value personal customer service and will not want to shop in such an environment. Overall, there are clear efficiency benefits but challenges to consider from setting up and marketing this new type of retail store.

‘Justify’ questions: Exemplar 2

Spice and Rice is facing competition from new restaurants. The owners of *Spice and Rice* want to increase sales turnover and are considering the following two advertising options:

Option 1 - increased advertising in local newspapers

Option 2 - designing a new website to advertise the group

(g) Justify which **one** of these two options *Spice and Rice* should choose.

(9)

Exemplar student answer

I would suggest option 2 as internet advertising is relatively cheap compared to other media, even local newspapers. The main cost will be in the design of the website but once up and running it can make use of multimedia to show the food it serves and reviews from customers, which is more likely to make customers want to go to their restaurant compared to reading a black and white newspaper advertisement. The design of the website could allow people to reserve tables, order meals for collection and show promotions it offers, at short notice without having to book space in a newspaper. As more people increasingly use the internet for buying and selling, compared to traditional advertising media, internet advertising is more likely to have more and more people using their website. They will be able to target people, especially young professional people, who tend not to read newspapers with emails and texts. These are the people more likely to dine out and therefore Spice and Rice will be targeting better their potential customers in order to compete better.

‘Justify’ questions: Exemplar 3

VW is considering the following two options to support the delivery of parts to its dealers in Bangalore and South India.

Option 1 - buying its own transport fleet

Option 2 - leasing its own transport fleet

(f) Justify which **one** of these two options VW should choose.

(9)

Exemplar student answer

By buying their own transport fleet, there will be less documentation needed as compared to using a transport company, and direct contact with customers so that their needs/problems can be sorted out quickly. Goods will be better supervised, as VW will have his own drivers, so there is less chance of theft/damage with delivery times arranged to suit customer/business. VW will be able to buy specialised vehicles to suit the company's needs e.g. cargo planes so that it can have the capacity to deliver larger loads of parts which may result in cost savings. There will, of course, be a high capital cost and high running costs such as repairs. However, as a large multinational company VW will be able to afford this. Most importantly, VW is a famous car maker so it makes sense to run its own fleet as there have the expertise and networks in the motor car business.

‘Evaluate’ questions:

- Always **worth 12 marks**.
- Extended writing designed to **test knowledge, application, analysis and evaluation**. (AO1b, AO2, AO3 and AO4)
- A **‘levels-based’ mark scheme** is used.
- Will **only appear in section C** (the final question on each paper).
- ‘Interconnected points’ means **at least two linked strands**. (Level 2 AO3 descriptor)
- ‘Detailed interconnected points’ means **at least five linked strands**. (Level 3 AO3 descriptor)

‘Evaluate’ questions: Mark Scheme

| Question number | Answer | Mark | Level | Marks | Descriptor |
|-----------------|--|--|---------|-------|---|
| 4(c) | <p>Sales involve offering discounts where product prices are cut (AO1). For example, a 25% discount will see product prices fall 25% (AO1). Revenue is money that a business earns (AO1). Profits are the difference between costs to purchase an item and the price sold for (AO1).</p> <p>Arguments that ‘Singles Day’ sales benefit retailers.</p> <ul style="list-style-type: none"> Growth in sales of 53.76% at <i>Alibaba</i> from 2014 to 2015 (AO2). \$1billion worth of goods sold in eight minutes/\$14.3 billion in one day for one company (AO2). <i>Alibaba</i> and other retailers may gain a reputation for good deals (AO2). Growing sales result from offering a sale, which should help the business to generate higher revenue levels (AO3). With such large revenues it shows how lucrative it could be as substantial revenues can be earned (AO3). While profit margins fall on some products, customers may buy more non-sale items (AO3). Being seen as offering such good deals, it will attract more people to the store, helping to boost sales, and will help build trust so they return next year (AO3). <p>Arguments that ‘Singles Day’ sales do not benefit retailers.</p> <ul style="list-style-type: none"> Profit margins on each sale will be lower if prices are cut (AO4). Heavy advertising is needed to encourage sales (AO4). Customers delay purchases, which might lower revenue before the day (AO4). No data offered on how other retailers perform (AO4). Depends on whether these additional sales for <i>Alibaba</i> comes at the cost of reduced sales for bricks and mortar retailers (AO4). Some retailers cannot offer such high discounts and may do badly, this may be particular problem for smaller businesses which do not have the buying power to persuade manufacturers to give them discounts (AO4). | <p>(12) A01b = 3 A02 = 3 A03 = 3 A04 = 3 QS = 2</p> | | 0 | No rewardable material. |
| | | | Level 1 | 1–4 | <ul style="list-style-type: none"> Demonstrates elements of knowledge and understanding of commercial concepts and issues, with limited commercial terminology used. (AO1) Limited application of knowledge and understanding of commercial concepts and issues to the commercial context. (AO2) Attempts to deconstruct commercial information and/or issues, finding limited connections between points. (AO3) Draws a conclusion, supported by generic assertions from limited evaluation of commercial information and issues. (AO4) |
| | | | Level 2 | 5–8 | <ul style="list-style-type: none"> Demonstrates mostly accurate knowledge and understanding of commercial concepts and issues, including appropriate use of commercial terminology in places. (AO1) Sound application of knowledge and understanding of commercial concepts and issues to the commercial context, although there may be some inconsistencies. (AO2) Deconstructs commercial information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3) Draws a conclusion based on sound evaluation of commercial information and issues. (AO4) |
| | | | Level 3 | 9–12 | <ul style="list-style-type: none"> Demonstrates accurate knowledge and understanding of commercial concepts and issues throughout, including appropriate use of commercial terminology. (AO1) Detailed application of knowledge and understanding of commercial concepts and issues to the commercial context throughout. (AO2) Deconstructs commercial information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3) Draws a valid and well-reasoned conclusion based on a thorough evaluation of commercial information and issues. (AO4) |

‘Evaluate’ questions: Exemplar 1

Some argue that the ‘Singles Day’ sale results in lower profits being earned per item sold because of large discounts. Some retailers cannot offer such discounts.

(c) Evaluate whether the ‘Singles Day’ sales benefit retailers. You should use the information provided and your own knowledge in your answer.

(12)

Exemplar student answer

Single day sales are types of sales promotions where retailers reduce prices so that old stock can be cleared before it becomes out of date or deteriorates. Also, as stock is expensive it may mean that a lot of a store’s capital is tied up in unsold stock so it is better to sell off some goods at a small profit margin. In this case, there was \$1 billion value of goods sold in 8 minutes with a growth of sales from 2014 to 2015 of \$5bn, which is over 50% increase during this period. Such growing sales should help Alibaba to increase revenues and profits in the future, with customers looking out these single day sales every year. Acting as a loss leader, it is likely that shoppers will also buy other non-sale items on the day. However, despite all these benefits single day sales do cut profit margins on each sale and shoppers may just be waiting for that day to buy most of their goods from certain retailers while during the rest of the year business is quiet with much lower revenues before the single sales days. Also, there will be the extra costs of advertising such an event which affect profits. From a shoppers’ point of view, some may be too busy or forget about the event on that day and miss out. This can lead to disappointment and frustration which might have a negative effect on the retailer. Overall, there are many pros and cons for single day sales but much will depend upon whether the retailers can themselves afford to offer large discounts and the costs of marketing that such a day involves.

‘Evaluate’ questions: Exemplar 2

Bragi is keen to sell its products in Germany and overseas. It uses a range of methods to identify customer needs, especially social media.

(c) Evaluate how social media can help *Bragi* to identify customer needs. You should use the information provided as well as your knowledge of commerce.

(12)

Exemplar student answer

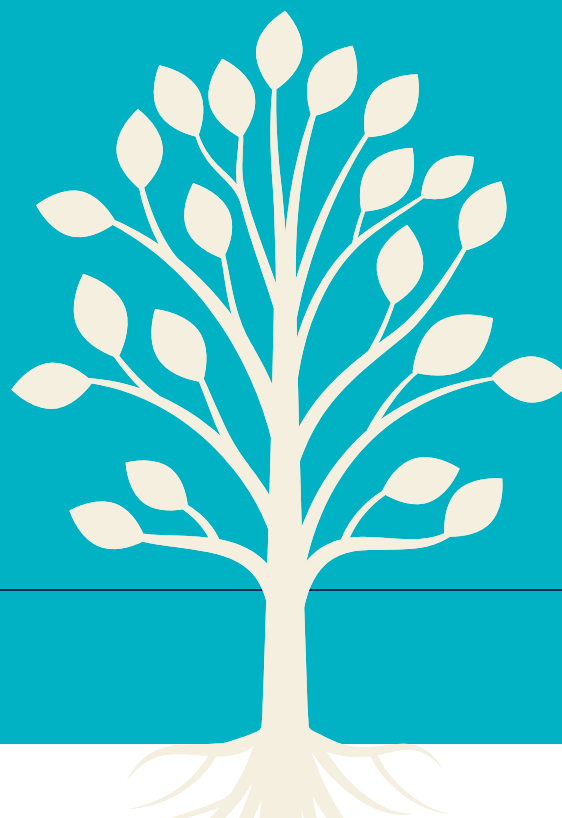
Social media is a computer communication channel such as Facebook that allows users to create and exchange information. The one-to-one dialogue you can have in social media makes it a powerful platform for building a closer affinity with customers and brand loyalty. It is where many customers are. As these headphones maybe being aimed at young people, social media is where millions of young people receive their information. In this way, social media would seem the perfect way of spreading the message quickly and the best part is that it's your customers spreading them for Bragi. They can gain feedback by asking questions and run polls to gain valuable insight on how you can improve their products and services. More importantly, there is a low cost of entry as creating pages on Facebook and Twitter is quick, easy and free to do. This would therefore make this much more cost effective than say a TV advert. However, using social media means that the business will need to be constantly feeding their pages with interesting comments and links to keep people interested. You also have comments to monitor and respond to on a daily basis. Being consistently interesting and relevant all the time can also be difficult to maintain. Also, social media is a long haul strategy. It could be months, or even years, before you start seeing it translating into increased customer loyalty and sales. There is the further risk of negative comments that may lead to damaging the brand's reputation. Ultimately, deciding whether to use social networks comes down to whether it's right for your business. It's not a 'quick fix' that will suddenly give you a burst of sales, but it does offer enormous potential for relationship building in the long run.

Marking Activity 2

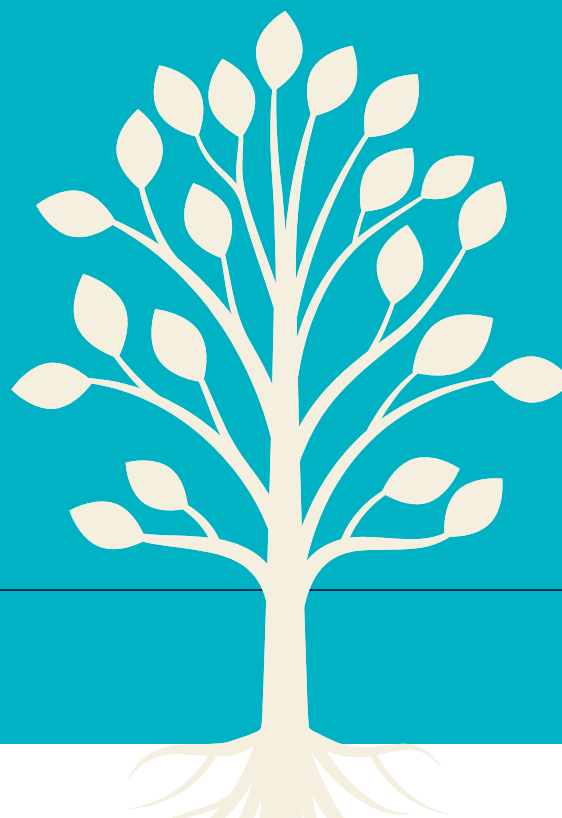
Find the overall level and mark:

- You will now read 3 sample student responses to 'Evaluate' questions.
- The three samples are from Paper 1 Q4c in the SAMs.
- Using the mark scheme, decide on the level and mark.
- Select **the correct overall level and mark** using an online poll after you have read each response.

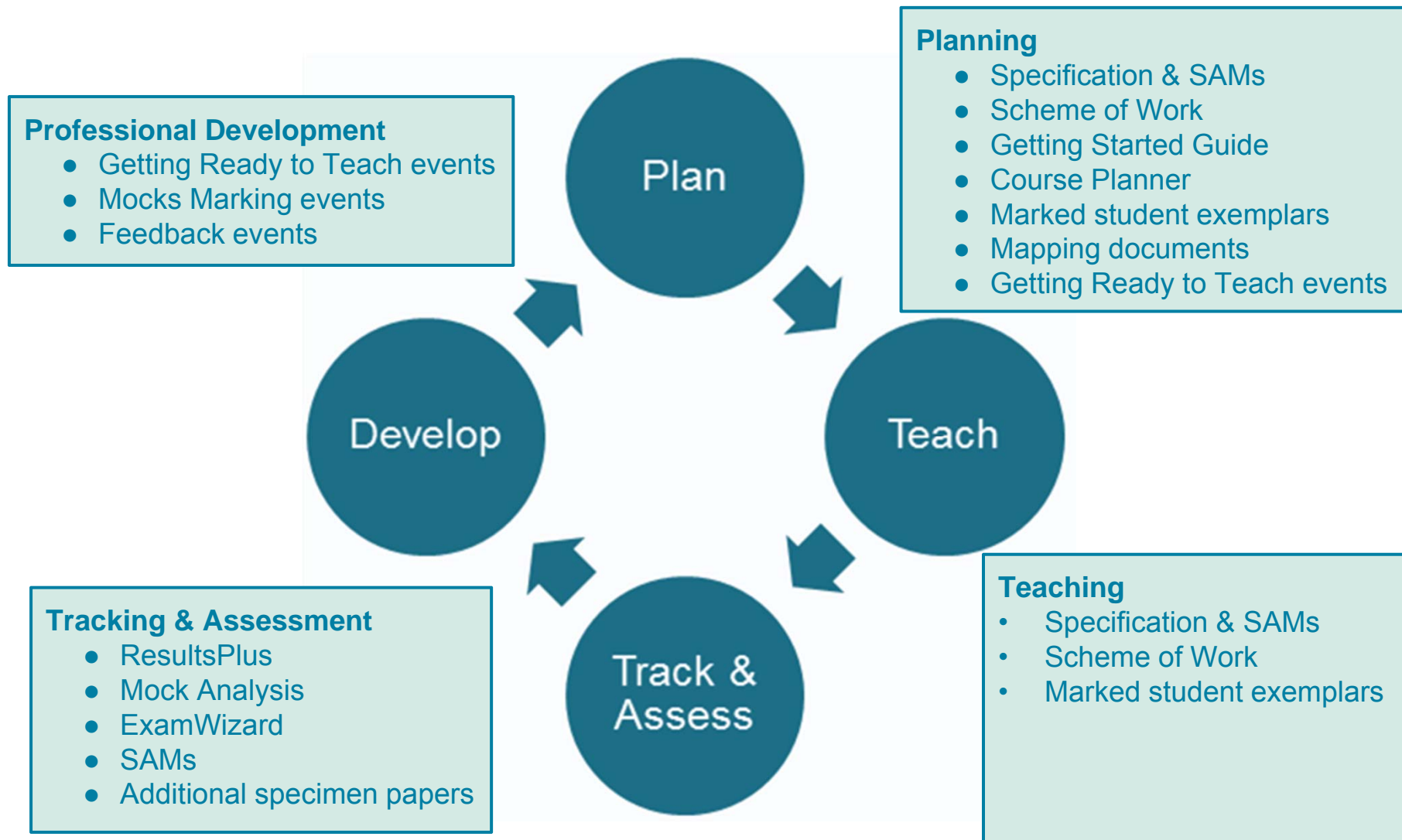
Questions?



Support



Complete support from Pearson



Dedicated subject support

Your subject advisor is **Colin Leith**

Phone: **020 7010 2182**

Email: TeachingBusiness@pearson.com

Twitter: **@PearsonEconBus**



International GCSE Commerce subject page:

<http://qualifications.pearson.com/en/qualifications/edexcel-international-gcses-and-edexcel-certificates/international-gcse-commerce-2017.html>

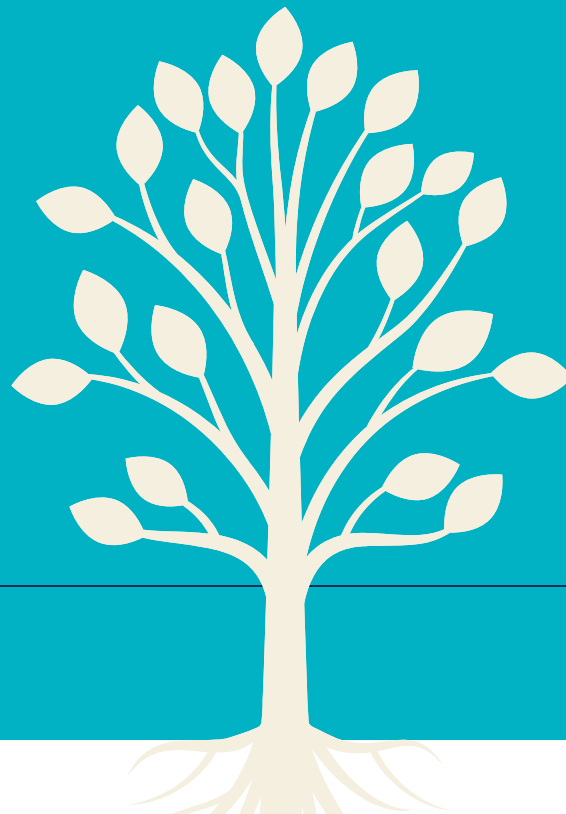
Considering delivery strategies and sharing best practice

1. Teaching Strategies

2. Resources

3. Technology

Final thoughts and questions?



Thank you!

