

Examiners' Report

June 2023

Int GCSE Business 4BS1 02

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Introduction

Candidates appeared to have found this paper accessible and were able to complete the paper in the given time. For the majority of questions candidates seemed well prepared and showed that they could apply their knowledge, analyse and evaluate their answers to the questions. However, as mentioned in previous series there are still a number of candidates who are still struggling with the 'State' and 'Outline' questions by not putting them in context.

Many candidates showed that they had a great deal of business understanding in their responses. However, there are still some candidates who are answering questions detailing knowledge without applying it to the actual question. An 'Analyse' question is looking for application and analysis, where as a 'Justify' question is looking for application, analysis and evaluation.

The scenario of IKEA, a real life business, perhaps interested candidates and it is possibly a business that they may be aware of which meant that they were able to relate their comments to the business easier.

It is worth remembering that questions can be taken from any part of the specification, therefore candidates should ensure that all sections are covered so that they do not disadvantage themselves. From some of the clips seen it appeared that some candidates had not covered the full specification.

Question 1 (b)

This question provided to be more difficult for some candidates to answer, by not being able to define the term person specification. Less than a quarter of the cohort gained the mark available.

Candidates should also try and avoid using the term in their response, this will help them ensure that they have answered the question asked.

It is worth practising these questions to allow candidates to understand the difference between a definition and an explanation of the term.

This response scored 0 marks.

(b) Define the term **person specification**.

(1)

the when a business takes lots of ~~ap~~ applicants and separates them into smaller groups then choses a select few that the business believes would be of greater good for the business.



ResultsPlus
Examiner Comments

This response is not giving a definition of person specification but what a business does with the applications received. This is not a definition and therefore not worthy of a mark.

This response scored 1 mark.

(b) Define the term **person specification**.

(1)

Person specification means the specific requirements a business needs when hiring a new employee, this could be level of experience, education, ~~and~~ etc.



ResultsPlus
Examiner Comments

This response clearly gives a definition of person specification.

Question 1 (c)

Another define question where candidates were asked to define 'quality control'. Again this question was not well answered as a number of candidates included either quality or control in their response. Defining quality control as control of the products made is not clear and not a specific definition. Less than a quarter of cohort gained the mark available.

This response scored 0 marks.

(c) Define the term **quality control**.

(1)

how a business controls the quality of
its products



ResultsPlus
Examiner Comments

Again the word quality is used which is therefore not giving a clear definition of the term.



ResultsPlus
Examiner Tip

It is worth re-reading the response to ensure that you have answered the question.

This response scored 0 marks.

(c) Define the term **quality control**.

(1)

This is a measure that ensure quality of particular goods or services are always maintained to be at its best.



ResultsPlus
Examiner Comments

The response does not give a clear definition of quality control and therefore was not awarded a mark.



ResultsPlus
Examiner Tip

In definition questions try and avoid using the term, it may help to develop a response.

Question 1 (d)

The first of the 'State' questions, where candidates must relate their response to the scenario of IKEA of why it provides induction training for new employees. As mentioned in previous series many candidates will give a correct answer of why induction training is important but will not put it in context of IKEA. Thus they will not gain the mark available. Also just putting IKEA in the response does not mean it is in context as IKEA is in the question.

This response scored 1 mark.

(d) State **one** reason why *IKEA* provides induction training for new employees.

(1)

Then IKEA can introduce all the things for employees such as targets and aims of the business and the staff to work familiar with them which will increase the productivity of employees when selling furniture.



ResultsPlus
Examiner Comments

The candidates clearly understands the importance of induction training by getting to know the staff they will work with and the comment at the end about furniture clearly puts the response in context.

This response scored 0 marks.

(d) State **one** reason why *IKEA* provides induction training for new employees.

(1)

Ikea provides Induction training for new employees to welcome and familiarize the employees with the new job.



ResultsPlus
Examiner Comments

Although the response understands the purpose of induction training for employees it is not in context and therefore does not gain a mark.

Question 1 (e)

In this question candidates should be encouraged to show their workings as on all calculation questions they could gain a mark for the working, even if the actual answer written in the box is incorrect. Candidates should be encouraged to write their answer on the dotted lines at the bottom of the box so that the examiners can clearly see what their answer is. Again it is worth reiterating to candidates they they should take care to ensure that their figures are easily recognisable, thus avoiding any confusion by the examiner.

Candidates had to calculate to 2 decimal places the gross profit marking for 2020.

This question was well answered by candidates and the majority were able to gain the two marks available.

This response scored 1 mark.

Figure 2 is an extract from *IKEA's* Statement of Income for 2020.

	Euros (€) millions
Revenue	37 368
Cost of sales and services	25 643
Gross profit	11 725

Figure 2

- (e) Calculate, to two decimal places, the gross profit margin for 2020. You are advised to show your working.

(2)

$$\frac{\text{Gross profit margin}}{\text{Revenue}} \times 100$$

$$\frac{11725}{37368} \times 100 = 31.377$$

31 %



ResultsPlus
Examiner Comments

The candidate has clearly understood how to work the calculation out and but gave the percentage as a whole number as opposed to what the question asked – 2 decimal places.



ResultsPlus
Examiner Tip

Candidates should be encouraged to include their working out. There are some occasions where candidates have the incorrect final response but the correct working out hence gaining one mark.

This response scored 1 mark.

Figure 2 is an extract from *IKEA's* Statement of Income for 2020.

	Euros (€) millions
Revenue	37 368
Cost of sales and services	25 643
Gross profit	11 725

Figure 2

- (e) Calculate, to two decimal places, the gross profit margin for 2020. You are advised to show your working.

(2)

$$\text{gross profit margin} = \frac{\text{gross profit}}{\text{revenue}} \times 100$$

$$\text{gross profit margin} = \frac{11725}{37368} \times 100$$

$$31.3771$$

$$31.4$$

%



ResultsPlus
Examiner Comments

Again the candidate has carried out the correct calculation but rounded the answer to one decimal place.

Question 1 (f)

This is the first of the 'Explain' questions. The question requires candidates to 'Explain **one** reason ...' A number of candidates misread the question and gave several reasons why businesses would want to use resources effectively in manufacturing. Candidates must give a reason and then the explanation to gain the full 3 marks available. Nearly half of the cohort were able to gain the full marks available.

This response scored 2 marks.

(f) Explain **one** reason why businesses want to use resources effectively in manufacturing.

(3)

One reason whis is becuse ~~if resources are~~
left over materisks can be reused this
helps the business save a bit of money.



In this response the candidate clearly understood the benefits of using left over material that can be reused. However there was limited development of the response and therefore only gained two marks.

This response scored 3 marks.

(f) Explain **one** reason why businesses want to use resources effectively in manufacturing.

(3)

To reduce the total cost of the resource and to lower average cost. If the resources are able to be stretched and ~~is~~ used to make more products, that would mean the company will need to buy less resources to make more product. That will also decrease the average cost because less money is being spent. This will result in a higher value and more profit.



ResultsPlus
Examiner Comments

A very detailed answer on the reason why businesses want to use resources effectively, gains full marks for this response.

Question 1 (g)

An 'Analyse' question which is testing two of the Assessment Objectives, or AO's. Namely AO2 which is 'Application' and AO3 which is 'Analyse'. Thus, to be successful in gaining the marks, candidates need to demonstrate both of these skills within their answer. Over half of the cohort gained a Level 2 mark showing that they understood the benefits of IKEA being franchised.

This is the first question in the paper which is marked to Levels. To gain the marks available candidates need to apply the information and then analyse. Candidate should avoid describing what a franchise is.

Examiners will look at the response 'holistically', has the candidate applied their knowledge to the scenario and have they analysed the information? The examiner will then make a decision as to where the response 'best fits' into the Levels.

Candidates must be reminded that there are no marks available for knowledge, and that the response must be in context of IKEA.

This response scored 0 marks.

(g) Analyse the benefits to *IKEA* of all its stores being franchises.

(6)

It ~~bees~~ is Multi-national meaning
that it is located all over the
world so millions even billions of
people could have seen it and
bought from it. Limited liability
meaning ~~only~~ owner is only liable for
the amount invested. Unincorporated business
meaning that there is ~~none~~ no difference
between the owner and the businesses
legal identity



ResultsPlus
Examiner Comments

In this response there is a very detailed knowledge of what a franchise is but without any application to the benefits of this type of business, hence no marks were awarded.

This response scored 3 marks.

(g) Analyse the benefits to *IKEA* of all its stores being franchises.

(6)

It is a benefit for *IKEA* because the boss, Ingvar Kamprad won't have all the responsibility of *IKEA*'s shops ~~therefor~~ around the ~~woth~~ world therefore he ~~won't have so~~ will have less work to do and a part of the profit that franchisees earn goes to him these leads to earning money just having a person doing the ~~work~~ for him.



ResultsPlus
Examiner Comments

This response clearly understands the benefits that Ingvar Kamprad has of owning *IKEA*. Comments relating to the fact that he does not have full responsibility for all the shops. He gains some of the profit that each of the stores make. However there was no detailed analysis of the response which put the response at the bottom of Level 2.

Question 2 (a)

A 'State' question where candidates are asked to state one reason why IKEA would employ temporary staff. As mentioned previously 'State' questions are AO2 (Application) hence in the candidates response there must be some evidence of application or context. Over four fifths of the cohort did not get the mark on this question because they did not put it in context, although they may have given a very valid response.

It is well worth practising these types of questions to ensure that candidates fully understand what is required.

This response scored 0 marks.

- 2 One of *IKEA's* aims is to keep up to date with the changes taking place in product design and meeting customers' needs. To do this it has to introduce new and different products on a regular basis.

(a) State **one** reason why *IKEA* would employ temporary staff.

(1)

Because Ikea needs to get new ideas from time to time to keep the products up to date therefore they hire new employes ~~se~~ in order to get new ideas.



ResultsPlus
Examiner Comments

As previously mentioned just putting *IKEA* is the response is not putting it in context as it is in the question. This response is valid but did not gain the mark.

This response scored 0 marks.

- 2 One of *IKEA*'s aims is to keep up to date with the changes taking place in product design and meeting customers' needs. To do this it has to introduce new and different products on a regular basis.

(a) State **one** reason why *IKEA* would employ temporary staff.

(1)

one reason is if the full time employees
are sick and cannot do their job so temporary
employees are charged to the their job



ResultsPlus
Examiner Comments

Again a very valid response that IKEA would need to have temporary employees to cover employees who are sick, however there is no context. If the candidate had included something along the lines of to cover a sick employee who look after the sales of tables and chairs, this would have gained the mark.

Question 2 (b)

Another 'State' question where candidates were asked to state a financial objective IKEA might have. Unfortunately this question was not well answered with nearly four fifths of the cohort not gaining the mark available. Again this could be because they did not put their response in the context of IKEA.

It is well worth practising these types of questions to ensure that candidates fully understand what is required.

This response scored 0 marks.

(b) State **one** financial objective *IKEA* might have.

(1)

Increase in the sales and
increase in the market share



ResultsPlus
Examiner Comments

A very valid point of wanting to increase its sales and market share, but the response does not relate back to *IKEA*.

Question 2 (c)

An explain question which does not have to be in context of IKEA. The Assessment Objective being tested is AO1 (knowledge). Candidates were asked to give **one** reason why cash flow forecasting is important to a business. This question is asking for one reason and it does not have to be in context. Nearly a third of the cohort gained the full marks available, showing sound knowledge of cash flow forecasting. A number of candidates did confuse cash flow forecasting with Statements of Comprehensive Income.

This response scored 3 marks.

(c) Explain **one** reason why cash flow forecasting is important to a business.

(3)

Cash flow forecasting is important for the business because it is good to predict the cash flow in the up coming months. This can allow for changes which prevent decline of cash flow and can prevent business failure.



ResultsPlus
Examiner Comments

The candidate clearly understood the question and gave one reason why cash flow forecasting helps a business, with further details to gain the marks available.

This response scored 3 marks.

(c) Explain **one** reason why cash flow forecasting is important to a business.

(3)

Cash flow forecasting allows a business to predict upcoming cash shortages, and take out an appropriate form of external finance to meet the ~~cost~~ running costs of the business during the shortage, so the business does not fail due to cash flow shortages problems, such as seasonal factors.



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Examiner Comments

Another response that clearly shows the candidate fully understands the purpose of a cash flow forecast and how it can affect a business.

Question 2 (d)

Another 'Explain' question which requires knowledge and does not need to be in context. The question asked for one reason why diseconomies of scale may occur. Unfortunately nearly half of the cohort did not gain a mark on this question showing that perhaps diseconomies of scale was not understood. Although those candidates who did know the reason for diseconomies were able to gain full marks on the question.

This response scored 3 marks.

(d) Explain **one** reason why diseconomies of scale may occur.

(3)

One reason is because the business is too large or has too many employees. With an increased amount of employees, communication can be difficult leading to misunderstandings and orders not getting carried out. This means that the business isn't functioning effectively, leading to diseconomies of scale.



ResultsPlus
Examiner Comments

The response includes one reason why diseconomies of scale may occur, it is then further developed by increasing communication between employees which could cause misunderstanding.

Question 2 (e)

This question was well answered by candidates, showing that they clearly understood why businesses continually design new products. Well over half of the cohort gained the full three marks available. As with previous 'Explain' questions the response does not have to be in context. Most candidates responded with keeping up to date with other businesses and increasing the number of customers purchasing its goods.

This response scored 3 marks.

(e) Explain one reason why businesses continually design new products.

(3)

This can keep customers attracted to the business and as they are always being offered something new to ~~satisfy~~ satisfy their ~~or~~ needs and stimulate new wants. This would help create a loyal customer base and boost customer confidence thus leading to repeat purchases and a stable source of revenue. This can be used to increase scale of operations.



ResultsPlus
Examiner Comments

This response clearly shows that they have an understanding why businesses continually design new products. Creating loyal customers, and repeat purchases.

Question 2 (f)

The first question where candidates have to choose between two promotional methods, above the line and below the line. Most candidates understood that they had to justify why then had chosen one option as opposed to the other. Candidates should however, be careful to avoid giving detailed knowledge of the two options available as there are no knowledge marks for this question.

The 'Justify' questions are marked in the same way as the 'Analyse' questions, but candidates now have to include 'Evaluative' comments (AO4). The question is marked to Level the same as the 'Analyse' questions. Candidates do not have to consider both options in their response. Candidates can achieve full marks by only considering one option.

Nearly a fifth of the cohort did not gain any marks on this question. It may have been because they confused the two options.

This response was Level 3 – 7 marks.

IKEA constantly aims to improve the way it promotes its furniture. To do this IKEA is considering using the following techniques.

Option 1: above the line promotion *media*

Option 2: below the line promotion. *newspapers*

(f) Justify which **one** of these two options IKEA should use.

(9)

Above the line promotion is good because it can reach a bigger audience, therefore more chance of gaining interest from ~~customers~~ potential customers, especially because everyone needs furniture and it can help almost everyone around the world. As a result may lead to potential sales. An example of this could be showing a commercial on TV of the furniture IKEA sell. However it could be very expensive which would increase their costs.
~~below the line promotion is good~~

Below the line ~~promotion~~ promotion is good because IKEA can target a new demographic which is elderly people and since even elderly people may need furniture it would be a good way to get them engaged. This will ~~lower~~ their costs since it is a cheaper way to promote IKEA'S furniture. As a result increased profit. However below the line promotion can be very time consuming.

Above the line promotion is good because it can access people around the world, therefore more skilled employees and ~~franchise~~ employees may want to open an IKEA and work in IKEA. As a result may lead to increased profit. However the employees and franchise owner, may not be skilled which will

(Total for Question 2 = 20 marks)

drop IKEA's quality and ruin IKEA's franchise since the quality of furniture may be bad. Ultimately I think above the line promotion is still the better promotion because it gains access to more potential customers



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Examiner Comments

The response has a clear understanding of the two types of promotions and how they could affect IKEA when trying to promote its furniture. Relevant comments are made about each method which shows sound application of knowledge and understanding. However, there are limited interconnected points with logical chains of reasoning for the response to have a higher Level 3 mark.



ResultsPlus
Examiner Tip

Candidates should make a clear choice out of the two options and be able to balance their response as to why the business should or should not choose that option. Candidates should then be encouraged to write an effective conclusion when answering this type of question.

This response scored 5 marks.

IKEA constantly aims to improve the way it promotes its furniture. To do this IKEA is considering using the following techniques.

Option 1: above the line promotion

Option 2: below the line promotion.

(f) Justify which **one** of these two options IKEA should use.

(9)

Above the line promotion is ^{the} promotion of products on the internet. An example of this would be a tv ad or the radio. Using above the line promotion would be a good option as it will mean the advertisement will reach a higher number of potential customers. However above the line promotion is more costly and so would be a bad decision for a business looking to save money.

~~Below~~ Below the line promotion is the promotion of products without using the internet, for example a newspaper ad or flyer. Below the line promotion is the cheaper, more cost effective option. However, this option will ~~only~~ reach a fewer amount of potential customers.

~~Overall, I believe that option 1~~

For IKEA, they would want to evaluate their target audience. ~~and decide~~ Doing so will allow them to see whether option 1 or option 2 is best. Above the line promotion would reach a ~~higher~~ larger amount of people so would overall be the best option.



The candidate clearly has an understanding of the two types of promotion, with some sound application of understanding and begins to find interconnected points but does not develop them, so gaining a Level 2 mark.

Question 3 (a)

Another 'Define' question where candidates were asked to define the term 'overdraft'. This question was not well answered with nearly two thirds of the cohort not gaining the mark. Most candidates understood what the term meant, but as mentioned previously used the phrase within their response which did not show a clear understanding of the term.

This response scored 0 marks.

3 IKEA aims to retain as many of its employees as possible.

(a) Define the term **overdraft**.

(1)

Overdrafts are ~~the~~ loans that business may use from the bank.



ResultsPlus
Examiner Comments

Quite a number of candidates confused overdraft with loan and therefore did not gain the mark available.

Question 3 (b)

An 'Outline' question which is similar to a 'State' question where candidates have to put their response in the context of the business. 'Outline' questions are AO2 (Application) questions. To score the marks available there must be a development in the response as well as being applied to the scenario. In most cases candidates will give a correct response but it will not be in context. Nearly half of the cohort did not gain a mark on this question.

This response scored 0 marks.

(b) Outline **one** reason why *IKEA* would read reports issued by governments.

(2)

To find keep updated and to expect any changes to legislation / law so they can adapt quickly and not face a set-back



ResultsPlus
Examiner Comments

There is no context in this response and therefore did not gain a mark.

Question 3 (c)

Another calculation question where candidates should be encouraged to show their workings. Just over a third of the cohort did not gain a mark on this question, with two fifths gaining the two marks available.

This response scored 2 marks.

IKEA is keen to reward long-serving employees. An employee who has worked with IKEA for 10 years is given a bonus of 7.5% on top of their annual earnings of 177 070 SEK.

- (c) Calculate, to two decimal places, the bonus this employee would receive. You are advised to show your working.

(2)

$$\begin{aligned} 177\,070 \div 100 &= 1770.7 \\ 1770.7 \times 7.5 &= 13280.25 \\ 177\,070 + 13\,280.25 & \end{aligned}$$

13 280.25
SEK



This response shows how the candidate has worked out the bonus for the employee.

This response scored 1 mark.

IKEA is keen to reward long-serving employees. An employee who has worked with *IKEA* for 10 years is given a bonus of 7.5% on top of their annual earnings of 177 070 SEK.

- (c) Calculate, to two decimal places, the bonus this employee would receive. You are advised to show your working.

(2)

177070 :

$\frac{7.5}{100} = 0.075$

0.075×177070
 $= 13280.25$

13280.2SEK



ResultsPlus
Examiner Comments

This response only gained 1 mark, as the final answer on the dotted lines has only one decimal point, even though the correct answer is higher up. Care should be taken to ensure that the correct answer is placed on the dotted lines.

Question 3 (d)

An 'Analyse' question testing AO2 and AO3. Thus, to be successful, candidates need to demonstrate both of these skills within their response.

Candidates were asked to 'Analyse' why IKEA shortlists candidates for positions in its factories. To gain the marks available candidates needed to apply the information and then analyse. Unfortunately a number of candidates did not appear to understand what shortlisting was and therefore nearly a third of the cohort did not gain the marks available. Nearly a third gained a Level 2 mark showing and understanding of what shortlisting meant to a business.

Remember examiners will look at the response 'holistically', has the candidate applied their knowledge to the scenario and have they analysed the information. They will then make a decision as to where the response 'best fits' into the Levels.

Candidates must be aware that there are no marks available for knowledge and that the response must be in the context of IKEA.

This is a Level 3 response – 6 marks.

(d) Analyse why IKEA shortlists candidates for positions in its factories.

(6)

Shortlisting refers to evaluating application forms and choosing candidates ^{it allows} to be interviewed. By shortlisting candidates, IKEA ^{to} can conduct interviews with the shortlisted candidates for maybe a factory supervisor. These interviews can be used to check if information stated in the CV is accurate or not, and determine the suitability of the prospective employee to the factory. If shortlisting isn't done, then conducting interviews for all applicants will be ineffective therefore interviews won't be kept all, which as a result makes shortlisting important as interviews are done, doubts are cleared, making the recruitment process more effective.

Furthermore, by shortlisting candidates, IKEA can select the best candidate for its various positions in the furniture manufacturing factories such as machine operators, as shortlisting allows thorough evaluation on all candidates and selecting the best candidate can be narrowed into a shorter list ~~and~~ making it easy to select. By allowing the best at the best employee to be selected, productivity can rise in IKEA factories as worker selected matches the job requirements.



The candidate shows clearly how we expect candidates to respond to this type of question. The response shows detailed application of knowledge and understanding of the business concepts with context throughout, as well as interconnected points with logical chains of reasons.

This response shows that the candidate has thought about why it is important to shortlist candidates for a position within IKEA's factories.

Question 3 (e)

The second option question where candidates have to justify which one of the two options would be more suitable for IKEA. As in question 2f a number of candidates described both methods of motivating its employees and as mentioned, there are no knowledge marks available for this type of question. Most candidates understood the purpose of using the method of bonus or job enrichment and nearly two thirds of the cohort gained a Level 2 mark, showing sound knowledge of application and analysis. It may help some candidates to gain the higher level if they give an evaluative comment as to the chosen option and why it would be more suitable.

This is a Level 2 response – 5 marks.

To motivate employees working in its factories, IKEA is considering two motivational methods.

Option 1: bonus

Option 2: job enrichment.

(e) Justify which **one** of these two options IKEA should use.

(9)

Giving a ~~bonus~~^{bonus} would mean that IKEA gives more money on top of their employees' salary. This would be a good motivator as one of the main motivators for people having jobs ~~is~~ is money. More motivated employees means better quality furniture and services, potentially meaning more sales, revenue and ~~for~~ potentially profits.

Job ~~enrichment~~^{enrichment} is when IKEA gives its employees more higher skilled work. This would be a good motivator as employees would feel more important and trusted meaning they are more inclined to stay and work for IKEA. This could mean better quality furniture, more sales and perhaps more ~~profits~~ profits.

IKEA should use option 2 as not only does it motivate the employees, it also makes them feel that IKEA trusts them and needs them,

causing them to not only feel motivated,
but ~~also~~ also feel a sense of belonging.



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Examiner Comments

The candidate has given reasons for both options and how it would benefit the employees. However the response is not developed and there is limited evaluative comments. Perhaps if they had developed the response more they could have moved to the next Level.

Question 4 (a)

Another calculate question and as previously mentioned, candidates should be encouraged to show their workings on all calculation questions. If the actual answer is wrong then candidates could gain a mark for the working out. Two fifths of the candidates gained the mark available on this question. Candidates should be encouraged to double check the requirements of the question as some candidates only worked out parts of the question and missed full marks because they did not complete all of the calculations required from the question.

This response scored 2 marks.

- 4 *IKEA* continually reviews the products it makes to meet the demands of its customers. Changing the design of bedroom furniture to meet the needs of a couple setting up home or of parents refurbishing their children's bedroom.

Figure 3 shows the value of *IKEA*'s inventory for 2019 and 2020.

Year	Inventory € (billions)
2019	4.3
2020	3.7

Figure 3

- (a) Calculate, to two decimal places, the percentage decrease in inventories from 2019 to 2020. You are advised to show your working.

(2)

$$4.3 - 3.7 = 0.6$$

$$\frac{0.6}{4.3} \times 100 = 13.95$$

13.95 %



The candidate has clearly shown how they have worked the answer out gaining the 2 marks available.

This response scored 1 mark.

- 4 *IKEA* continually reviews the products it makes to meet the demands of its customers. Changing the design of bedroom furniture to meet the needs of a couple setting up home or of parents refurnishing their children's bedroom.

Figure 3 shows the value of *IKEA*'s inventory for 2019 and 2020.

Year	Inventory € (billions)
2019	4.3
2020	3.7

Figure 3

- (a) Calculate, to two decimal places, the percentage decrease in inventories from 2019 to 2020. You are advised to show your working.

(2)

$$4.3 - 3.7 = 0.6$$

0.60 %



This response only gained 1 mark as only the first part of the calculation is shown.

Question 4 (b)

Most candidates were able to gain some marks on this question with a third of the cohort gaining a Level 2 mark. As previously mentioned, and in the 'Getting Started Booklet' on page 32 an 'Analyse' question are looking for application and analysis of why IKEA uses statement of comprehensive income to assess its business performance. From previous series some candidates do find questions on finance more difficult than others.

This is a Level 3 response – 5 marks.

(b) Analyse why IKEA uses statements of comprehensive income to assess its business performance.

(6)

Statement of comprehensive income ^{is} used to assess performance as ratios such as profit margins can be compared to competitor values to analyse how low their costs are in comparison to ~~work~~ other firms.

Statements of comprehensive income can also be used to see if IKEA need to consider ~~more~~ ^{more} or change suppliers if cost of sales is a large percentage of revenue. These values can then be used to inform decision making on whether normal profit needed to maintain shareholder satisfaction is being met. If revenue is low, it could reflect how customers are not happy with quality of furniture from IKEA, thus customer satisfaction is lower allowing IKEA to see if they are performing well or not.



ResultsPlus
Examiner Comments

The response clearly shows application of statement of comprehensive income with detailed knowledge and understanding.

Question 4 (c)

This question is marked in exactly the same way as the 'justify' questions. Although it is worth pointing out to candidates that this question does carry the most marks and they should allow sufficient time to answer it. All four of the Assessment Objectives are covered, AO1 – knowledge, AO2 – application, AO3 – analysis and AO4 evaluation. A number of candidates only completed a few lines and this will therefore limit them on the marks they are able to gain. Perhaps candidates need to plan their time more efficiently to ensure they have time to complete this question.

Some candidates have used bullet points or numbered items, this will not allow them to gain the higher levels.

Candidates were asked to evaluate the importance to IKEA of using demographic segmentation when targeting its customers. Some candidates were confused as to what was demographic segmentation. It is worth reiterating that questions can come from any part of the specification. Well over a third of the cohort were able to gain a Level 2 mark.

This is a Level 3 response – 10 marks.

IKEA prides itself on knowing the tastes and demands of its customers. This means it can provide the best experience possible when customers are shopping. It offers inspirational home furnishing tutorials and workshops to help customers create the perfect home.

- (c) Evaluate the importance to IKEA of using demographic segmentation when targeting its customers. You should use the information provided as well as your own knowledge of business.

(12)

Demographic segmentation is market segmentation according to a particular demographic such as age, gender or wealth status.

One importance to using demographic segmentation is that IKEA can cater towards a niche market of furniture buyers. They can create a line of products that satisfy the needs, tastes and demands of a certain age group or people of a particular lifestyle which it prides itself on. This could be targeting home renovators and running research on that demographic to section a portion of the store to those doing renovations. They may develop new products for this niche market to sell to. This would lead to increased customer satisfaction thus increase of brand loyalty. This might

Another importance to using demographic segmentation is that IKEA can open up itself to a newer, different audience of furniture buyers. This would lead to brand exposure as it will attract a new customer

base that find a personalised use of IKEA products.

However, it is important IKEA does not segment too much of its target audience in order to maintain its economies of scale. Even though brand loyalty is important, if IKEA loses its economies of scale as a multinational and a franchise, it might experience financial damages that prove to be long term.

In conclusion it is important IKEA uses demographic segmentation to increase customer and brand loyalty, however, they should not over segmentise.



ResultsPlus
Examiner Comments

A well developed response to the question, showing sound knowledge, application of knowledge and analysis with limited judgements.

Paper Summary

Candidates are offered the following advice:

- Avoid repeating the question in the first line of their response – it takes up space and also wastes valuable time.
- Ensure that when completing calculation questions, all workings out are included in the space provided.
- Aim to develop your responses using linking words, such as 'thus', 'therefore', 'because' to expand the comments made.
- The two 'justify' questions do not require consideration of both options, but evaluative comments on both options is acceptable.
- Remember that all questions are marked to the Assessment Objectives (AO's) that each question is designed to test.

Grade boundaries

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

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

