



## **Mark Scheme (Results)**

Summer 2018

Pearson Edexcel GCSE  
In Business Studies (5BS03)  
Unit 3 Building a Business

## **Edexcel and BTEC Qualifications**

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at [www.edexcel.com](http://www.edexcel.com) or [www.btec.co.uk](http://www.btec.co.uk). Alternatively, you can get in touch with us using the details on our contact us page at [www.edexcel.com/contactus](http://www.edexcel.com/contactus).

## **Pearson: helping people progress, everywhere**

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: [www.pearson.com/uk](http://www.pearson.com/uk)

Summer 2018

Publications Code 5BS03\_01\_1806\_MS

All the material in this publication is copyright

© Pearson Education Ltd 2018

## General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

**Section A:**

Question Number	Answer	Mark
1(a)	<p><b>D</b></p> <p><b>A Cash cow</b> – is incorrect because this is high market share and low market growth.</p> <p><b>B Dog</b> – is incorrect because this is low market share and low market growth.</p> <p><b>C Problem child/question mark</b> – is incorrect because this is high market growth and low market share.</p> <p><b>D Star</b> - is correct because this is high market share and high market growth.</p>	(1)

Question Number	Answer	Mark
1(b)	<p>1 mark for each stage of the product life cycle identified.</p> <p>Stages of the product life cycle include:</p> <ul style="list-style-type: none"> <li>• Research/development/research and development</li> <li>• Introduction/Launch</li> <li>• Growth</li> <li>• Maturity</li> <li>• Saturation</li> <li>• Decline.</li> </ul>	(2)

Question Number	Answer	Mark
1(c)	<p>1 mark for the identification of a disadvantage to a business of conducting market research and 1 mark for some kind of appropriate development of the disadvantage.</p> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> <li>• Time consuming</li> <li>• Expensive</li> <li>• Quickly becomes out of date</li> <li>• Could be biased.</li> </ul> <p>E.g. Conducting market research takes a long time (1 mark). Therefore by the time the business has collected it consumer tastes may have changed (1 mark).</p> <p>This response would gain <b>two</b> marks since a disadvantage has been identified 'takes a long time' and there is some development through 'by the time the business has collected it consumer tastes may have changed'.</p>	<b>(2)</b>

Question Number	Answer	Mark
1(d)	<p>For 3 marks, there will be <b>one</b> benefit identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Less warehousing/insurance is needed</li> <li>• Improved cash flow</li> <li>• Stock will not go out of date</li> <li>• Lower costs.</li> </ul> <p>E.g. The business will have better cash flow (1 mark) because it only buys the raw materials it needs (1 mark), therefore it has spare cash left over to repay debts (1 mark).</p> <p>This answer would gain <b>three</b> marks since there are at least two relevant, linked points made, following the identification of a valid benefit.</p>	<b>(3)</b>

Question Number	Answer	Mark
2(a)	<p><b>A Cost</b></p> <p><b>A Cost</b> – correct because this is the missing element of the design mix.</p> <p><b>B Price</b> – incorrect because this is not the same as ‘cost’ and it is not an element of the design mix.</p> <p><b>C Profit</b> – incorrect because this is not an element of the design mix.</p> <p><b>D Quality</b> – incorrect because this is not an element of the design mix.</p>	(1)

Question Number	Answer	Mark
2(b)	<p>1 mark for each method of differentiation stated.</p> <p>Methods of differentiation include:</p> <ul style="list-style-type: none"> <li>• Lower prices</li> <li>• Unusual/funky designs</li> <li>• Different colours</li> <li>• Extra features</li> <li>• Different packaging.</li> </ul> <p>Accept any reasonable response that could conceivably differentiate <i>Tinc Ltd's</i> products.</p>	(3)

Question Number	Answer	Mark
2(c)	<p>For 3 marks, <b>one</b> benefit will be identified and there will be at least <b>two</b> clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the context of <i>Tinc</i>/stationery if it is to secure all 3 marks.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Lower costs</li> <li>• Provides the opportunity for lower prices</li> <li>• A larger market to sell to</li> <li>• No need to use retailers.</li> </ul> <p>E.g. There will be a larger market to sell to (1 mark) because any customer from across the world could buy the stationery (1 mark). Therefore, <i>Tinc Ltd</i> will have a higher level of revenue (1 mark).</p> <p>This answer would gain <b>three</b> marks since a benefit has been stated and there are two linked strands, one of which is in context through the use of the word 'stationery'.</p>	<b>(3)</b>

Question Number	Answer	Mark
2(d)	<p>For 3 marks, <b>one</b> method will be identified and there will be at least <b>two</b> clearly identifiable linked strands of explanation. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the context of <i>Tinc</i>/stationery if it is to secure all 3 marks.</p> <p>Possible methods include:</p> <ul style="list-style-type: none"> <li>• Loyalty cards</li> <li>• Customer service</li> <li>• Advertising</li> <li>• Quality of product</li> <li>• Lower prices</li> <li>• Original products.</li> </ul> <p>E.g. Advertising (1 mark) will remind existing customers of the <i>Tinc</i> brand (1 mark) therefore existing customers will not switch to competitors.</p> <p>This answer would gain <b>two</b> marks. Despite the existence of a method and least two linked strands of development the answer is generic and contains no context. The word '<i>Tinc</i>' does not provide context since this word is provided in the question. Evidence of context could have come from the use of the word 'stationery' or 'pens' etc.</p>	(3)

Question Number	Answer	Mark
3(a)	<p><b>B Promotion</b></p> <p><b>A Competitive pricing</b> – incorrect because flipping flaming woks would not have an impact on pricing decisions.</p> <p><b>B Promotion</b> – correct because flipping flaming woks makes the kitchens livelier, which, in turn, attracts customers.</p> <p><b>C Quality assurance</b> – incorrect because flipping flaming woks would not be an example of quality being checked at each stage of the production process.</p> <p><b>D Quality control</b> – incorrect because flipping flaming woks would not be an example of quality being checked at the end of the production process.</p>	(1)

Question Number	Answer	Mark
3(b)	<p>1 mark for the identification of an impact that health and safety regulations may have on <i>Wagamama Ltd</i> and 1 mark for some kind of appropriate development of the impact in context.</p> <p>Possible impacts include:</p> <ul style="list-style-type: none"> <li>• The need to retrain workers</li> <li>• The need to change working habits</li> <li>• The need to redesign kitchens</li> <li>• Increased costs.</li> </ul> <p>E.g. <i>Wagamama Ltd</i> may have to retrain its chefs (1 mark). Therefore, <i>Wagamama Ltd's</i> labour costs would increase (1 mark).</p> <p>This answer would gain <b>two</b> marks <i>since</i> an impact has been identified 'retrain its chefs' and there is some development in the second sentence, e.g. 'labour costs would increase'. Context is provided through the use of the word 'chefs'.</p>	(2)

Question Number	Answer	Mark
3(c)	<p>For 3 marks, there will be <b>one</b> drawback identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b><u>must be</u></b> in the <i>Wagamama Ltd</i>/Japanese food context if it is to secure all 3 marks.</p> <p>Possible drawbacks include:</p> <ul style="list-style-type: none"> <li>• Using profit to fund expansion means it cannot be used elsewhere</li> <li>• Lower dividends</li> <li>• Profit may not be large enough</li> <li>• May have to use other sources of finance as well.</li> </ul> <p>E.g. Profit may not be large enough to fund <i>Wagamama Ltd's</i> plan to open an extra 45 restaurants (1 mark). Therefore, <i>Wagamama Ltd</i> will need to use other sources of finance to open new restaurants (1 mark). This could lead to an increase in costs (1 mark).</p> <p>This answer would gain <b>three</b> marks since a drawback has been stated and there are two linked strands of development. The answer is heavily contextualised through the use of the words '45 outlets' and 'restaurants'.</p>	(3)

Question Number	Answer	Mark
3(d)	<p>For 4 marks, the description will make up to <b>four</b> relevant points (linked or separate) describing how the iOrder app could improve productivity at <i>Wagamama Ltd</i>. Four marks could also be achieved through a consideration of <b>one or two</b> points plus sufficient development of each. One mark can be awarded for a definition of 'productivity'.</p> <p><b>Without the use of context the response can only be awarded a maximum of 3 marks.</b></p> <p>Possible answers include:</p> <ul style="list-style-type: none"> <li>• Staff no longer have to visit tables to take orders</li> <li>• The kitchen receive the orders faster</li> <li>• Less staff can now be employed</li> <li>• It is a much more efficient system.</li> </ul> <p>E.g. Productivity is output per person per hour (1 mark). The iOrder app means waiters do not have to visit tables to take orders (1 mark). Therefore, the cost of taking an order goes down. As a result, the business will make more profit.</p> <p>This answer would gain <b>two</b> marks since the candidate has offered an accurate definition for 1 mark and has offered one strand of description as to how the app would increase productivity. The candidate then drifts off the question by developing the answer around the benefits to <i>Wagamama Ltd</i> of increasing productivity, rather than describing how productivity could increase.</p>	(4)

Question Number	Answer	Mark
4(a)	<p><b>D Reduce its stocks of potatoes</b></p> <p><b>A Allow Sainsbury's to pay later</b> – incorrect because this means <i>The Yorkshire Crisp Company</i> will be lengthening its debtors' period. This will cause cash flow to deteriorate.</p> <p><b>B Pay potato farmers earlier</b> - incorrect because this means the <i>Yorkshire Crisp Company</i> will be shortening its creditors' period. This will cause cash flow to deteriorate.</p> <p><b>C Purchase new machinery</b> - incorrect because this involves significant capital outlay, which will increase cash outflows. This will cause cash flow to deteriorate.</p> <p><b>D Reduce its stocks of potatoes</b> – correct because this would release cash tied up in stock, which would improve cash flow.</p>	(1)

Question Number	Answer	Mark
4(b)	<p>1 mark for the identification of a method the <i>Yorkshire Crisp Company</i> could use to motivate its sales team and 1 mark for some kind of appropriate development of the method in context.</p> <p>Possible methods include:</p> <ul style="list-style-type: none"> <li>• Commission</li> <li>• Bonus</li> <li>• Higher wages/salaries</li> <li>• Fringe benefits, e.g. company cars.</li> </ul> <p>E.g. They could give the sales team a bonus (1 mark). This would encourage the sales team to try and sell more tubs of crisps to supermarkets since they will now receive more money (1 mark).</p> <p>This answer would gain <b>two</b> marks since one method has been identified through the use of the word 'bonus' and this is developed through 'try and sell more tubs of crisps to supermarkets'. Context is provided through the use of the words 'supermarkets' and 'tubs'.</p>	(2)

Question Number	Answer	Mark
4(c)	<p>For 3 marks, there will be <b>one</b> advantage identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the <i>Yorkshire Crisp Company</i>/snack food firm context if it is to secure all 3 marks.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> <li>• Enhances product differentiation</li> <li>• Creates a USP</li> <li>• Adds value</li> <li>• Protects the product from being damaged.</li> </ul> <p>E.g. This protects the crisps from being damaged (1 mark). Therefore, supermarkets will receive fewer complaints (1 mark). As a result, <i>Sainsbury's</i> may decide to stock the crisps in more supermarkets (1 mark).</p> <p>This answer would gain <b>three</b> marks since an advantage has been stated and there are two linked strands of development. Context is provided through the use of the words '<i>Sainsbury's</i>' and 'supermarkets'.</p>	<b>(3)</b>

Question Number		Indicative content
4(d)		<p>The aim here is for candidates to make a judgement as to whether 'increase prices' (option 1) or 'introduce new crisp flavours' (option 2) is more effective in allowing the <i>Yorkshire Crisp Company</i> to increase its profitability. There is no right or wrong answer and the candidate can argue that either option is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer:</p> <p>Option 1: Increase prices</p> <ul style="list-style-type: none"> <li>• Increases revenue per tub of crisps sold.</li> <li>• Could make the crisps appear higher quality.</li> <li>• The quantity of sales could decrease.</li> </ul> <p>Option 2: Introduce new flavours</p> <ul style="list-style-type: none"> <li>• Could make the crisps more attractive.</li> <li>• May increase the costs of the <i>Yorkshire Crisp Company</i>.</li> <li>• Rival crisp manufacturers may copy the new flavour.</li> </ul> <p>To be evaluative and support the judgement made, the candidate might suggest that option 2 might be better since introducing new flavours could cause an increase in sales that rivals will be unable to copy in the short term, therefore leading to higher profits.</p> <p>An alternative route to evaluation might come through the candidate suggesting that option 1 is the better option because it will reinforce the perceived quality of the crisps.</p>
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1-2	A judgement or point is given as to which method is more likely to allow the <i>Yorkshire Crisp Company</i> to increase its profitability. If there is just a simple judgement or where the support shows misunderstanding 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	3-4	A judgement/point is given on one or both issues with some development/support, which includes at least <b><u>one</u></b> reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
Level 3	5-6	A judgement/point is given on one or both issues with some development/support, which includes at least <b><u>two</u></b> reasons/causes/consequences etc. <b><u>and includes some balance</u></b> . At the top of this level there will be a conclusion drawn from the analysis <b><u>and the answer will be in the <i>Yorkshire Crisp Company</i>/crisp context.</u></b>

**Section B:**

Question Number	Answer	Mark
5(a)	<p>A '<i>variable cost</i>' is a cost that changes when output changes.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. A cost that does not stay the same.</p>	(2)

Question Number	Answer	Mark
5(b)	<p>1 mark for the identification of a drawback. The suggested drawback must be realistic to a cheese producing company.</p> <p>Possible drawbacks include:</p> <ul style="list-style-type: none"><li>• High cost of raw materials.</li><li>• More quality control/assurance is required</li><li>• Harder to find high-quality suppliers</li><li>• Potential market size is limited</li><li>• Need to charge higher prices.</li></ul> <p>Accept any realistic drawback that would apply to the <i>Cornish Cheese Company</i>. Accept generic responses if they could apply to a cheese manufacturer. E.g. Higher costs.</p>	(1)

Question Number	Answer	Mark
5(c)	<p>For 3 marks, there will be <b>one</b> advantage identified and <b>two</b> clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation <b>must be</b> in the <i>Cornish Cheese Company</i> context if it is to secure all 3 marks.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> <li>• Lower costs</li> <li>• Improved access to raw material supplies</li> <li>• Able to guarantee quality of raw materials</li> <li>• Improved branding</li> <li>• Reduced carbon footprint/environmentally friendly.</li> </ul> <p>E.g. This means that the <i>Cornish Cheese Company</i> does not have to use other farmers to buy milk (1 mark). Therefore, allowing the company to guarantee the quality of its milk (1 mark). As a result, the <i>Cornish Cheese Company</i> will now be able to produce cheese that tastes better and meets customer needs (1 mark).</p> <p>This answer would gain <b>three</b> marks since an advantage has been stated and there are two linked strands of development. Context is provided through the use of the phrase '<i>tastes better</i>'.</p>	(3)

Question Number	Answer	Mark
5(d)	<p>This question has a 2 x 4 mark split. There is <b>one</b> mark for identifying a benefit and <b>one</b> mark for identifying a drawback to the environment. The remaining <b>three</b> marks are for the explanation, which should develop the benefit/drawback to the environment. Within the answer there should be at least <b>three</b> clearly identifiable strands of explanation. These may contain connective words such as, 'this leads to...', 'because...' etc. The explanation for both the benefit and drawback <b><u>must be</u></b> in context if it is to secure all 4 marks.</p> <p>Possible benefits include:</p> <ul style="list-style-type: none"> <li>• Less pollution from the generation of electricity</li> <li>• Less greenhouse gases</li> <li>• Reduces global warming</li> <li>• It is a renewable energy source.</li> </ul> <p>Possible drawbacks include:</p> <ul style="list-style-type: none"> <li>• Noise pollution</li> <li>• Danger to birds</li> <li>• Damages land/habitats</li> <li>• Visual pollution.</li> </ul> <p>E.g. <b>Benefit:</b> Lower pollution (1 mark).</p> <p>Generating electricity through wind power means less oil has to be burnt (1 mark). Therefore, there will be less carbon dioxide released (1 mark). As a result, polar ice caps are less likely to melt (1 mark).</p> <p>This answer would gain <b>four</b> marks since a benefit has clearly been identified and there are at least <b><u>three</u></b> linked strands that build the explanation, with reference to the context through the use of the words 'electricity' and 'oil' Without the use of context this answer would only be worth 3 marks.</p>	<b>(8)</b>

Question Number	Answer	Mark
6(a)	<p>The <i>'break-even point'</i> is the level of output where total revenue equals total costs.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. Where the business makes no profit or loss.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. E.g. The <i>Cornish Cheese Company</i> breaks even at 2,500 kgs per week.</p>	<b>(2)</b>

Question Number	Answer	Mark
6(b)(i)	<p>1 mark for the identification of the formula, 1 mark for workings and 1 mark for the correct answer.</p> <p>Margin of safety = Planned level of output – Break-even level of output</p> <p>therefore:</p> <p>Margin of safety = 4,000 kgs – 2,500 kgs</p> <p>therefore:</p> <p>Margin of safety = 1,500 kgs.</p>	<b>(3)</b>

Question Number	Answer	Mark
6(b)(ii)	<p>1 mark for the identification of the formula, 1 mark for workings and 1 mark for the correct answer.</p> <p>Profit = Revenue – Total costs</p> <p>therefore:</p> <p>Revenue = 4,000 x £10 = £40 000</p> <p>Total costs = (4,000 x £6) + £10 000 = £34 000</p> <p>therefore:</p> <p>Profit = £40 000 - £34 000 = £6 000</p>	(3)

Question Number		Indicative content
*6(c)  QWC Strands (i), (ii) and (iii)		<p>The aim here is for candidates to consider the impacts on the <i>Cornish Cheese Company</i> from using debt as a source of finance for expansion. The question has the command word 'assess', so the candidate must develop some evidence of balance within their answer. This could take the form of considering size of the impacts. Assessment could also be demonstrated by considering the advantages and drawbacks of using debt as a source of finance for expansion.</p> <p>Possible reasons why debt should be used:</p> <ul style="list-style-type: none"> <li>• Banks could lend a large sum of money</li> <li>• Access to finance could be faster than other sources</li> <li>• The interest rate may be low since it is an established business</li> <li>• The interest rate may be low because the business is thriving</li> <li>• Debt does not involve reducing the percentage ownership of the shareholders</li> <li>• Other sources of finance are inappropriate.</li> </ul> <p>Possible sources of balance:</p> <ul style="list-style-type: none"> <li>• The bank may require collateral</li> <li>• Interest will have to be paid, which will increase costs</li> <li>• Cash flow will need to be strong to meet the monthly repayments</li> <li>• Increases the likelihood of the business failing</li> <li>• May need to write a new business plan.</li> </ul>
Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question.
Level 1	1-2	<p>Candidate will consider <b>one</b> factor related to the impact of using debt as a source of finance <b>with no development</b> - bottom of level.</p> <p>Candidate will consider <b>one</b> factor related to the impact of using debt as a source of finance <b>with simple development</b> – top of level.</p> <p>Candidate will consider <b>two</b> factors relating to the impact of using debt as a source of finance <b>with no development</b> – top of level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>

<p><b>Level 2</b></p>	<p><b>3-5</b></p>	<p>Candidate will consider <b><u>one</u></b> factor related to the impact of using debt as a source of finance <b><u>with more detailed development</u></b> – bottom of level.</p> <p>Candidate will further develop their responses with a reason/cause/consequence – middle of level.</p> <p>Candidate will have <b><u>some evidence of balance</u></b> – top of level.</p> <p>At the top of the level there will be some evidence of balance to the point/judgement in the form of advantage/disadvantage, cost/benefit, pro/con or some counterbalancing factor. At the top of the level, candidates may attach some value/importance to one of the factors.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<p><b>Level 3</b></p>	<p><b>6-8</b></p>	<p>Candidate will consider factor(s) relating to the impact of using debt as a source of finance with development which includes <b><u>two</u></b> reasons/causes/consequences, balance with unsupported conclusion/judgement(s) all of which is in the context of the business – bottom of level.</p> <p>Candidate will consider factor(s) relating to the impact of using debt as a source of finance with development which includes <b><u>two</u></b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s) all of which is in the context of the business – middle of level.</p> <p>Candidate will consider factor(s) relating to the impact of using debt as a source of finance with development which includes <b><u>two</u></b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s) all of which is in the context of the business and using the ‘it depends’ rule or something similar – top of the level.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

**Section C:**

<b>Question Number</b>	<b>Answer</b>	<b>Mark</b>
<b>7</b>	<p><i>'Ethics'</i> are a set of moral principles. This might involve considering whether it is right for the business to do something because it might impact unfairly on one or more stakeholders. E.g. Brands that mislead consumers.</p> <p>2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests the candidate has some understanding of the term. E.g. Where the business does the right thing.</p> <p>An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. E.g. <i>Tesco</i> is acting unethically since it is implying that all of its food is produced in the UK.</p>	<b>(2)</b>

Question Number	Answer	Mark
8	<p>1 mark for the identification of an impact on <i>Tesco</i> from pressure group activity and 1 mark for some kind of appropriate development of the impact in context.</p> <p>Possible impacts include:</p> <ul style="list-style-type: none"> <li>• Damage to the brand</li> <li>• Consumers may switch to rival supermarkets</li> <li>• Lower sales</li> <li>• May force <i>Tesco</i> to change the brand names.</li> </ul> <p>E.g. Pressure groups will publicise that <i>Tesco</i> is trying to mislead customers (1 mark), therefore shoppers may switch to <i>Aldi</i> to do their grocery shopping (1 mark).</p> <p>This answer would gain <b>two</b> marks <i>since</i> an impact has been identified 'publicise that <i>Tesco</i> is trying to mislead customers' and there is some development in context in the second sentence, e.g. 'shoppers may switch to <i>Aldi</i> to do their grocery shopping'.</p>	(2)

Question Number	Indicative content
<p>*9</p> <p><b>QWC Strands (i), (ii) and (iii)</b></p>	<p>The aim here is for candidates to consider the possible impact on <i>Tesco</i> from the increase in the National Minimum Wage. The question asks the candidate to '<i>discuss</i>', so we should expect to see some balance within the answer. This could come from considering the scale of the impact on <i>Tesco</i> or through a consideration of the negative and positive impact of the increased minimum wage on <i>Tesco</i>.</p> <p>Positive effects on <i>Tesco</i>:</p> <ul style="list-style-type: none"> <li>• Increased motivation of the workforce.</li> <li>• Could lead to higher productivity.</li> <li>• <i>Tesco</i>'s rivals also face the same increase in wages</li> <li>• <i>Tesco</i>'s sales could increase, as average incomes increase.</li> </ul> <p>Negative effects on <i>Tesco</i>:</p> <ul style="list-style-type: none"> <li>• <i>Tesco</i> may have to reduce staffing levels.</li> <li>• Increased costs may lead to higher prices.</li> <li>• May have to cut costs elsewhere to compensate.</li> </ul>

Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-2</b>	<p><b>One</b> effect of the higher minimum wage on <i>Tesco</i> with some simple development or <b>two</b> effects are given with no development of either.</p> <p>An alternative route to marks in this level is if just a simple judgement or value is given to a benefit. 1 mark can be awarded for no support and 2 if some simple support is offered.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
<b>Level 2</b>	<b>3-4</b>	<p>Reference to at least <b>two</b> effects of the higher minimum wage on <i>Tesco</i> with some development of one of the effects. At the lower end of the level there will be some development/support, which includes at least <b>one</b> reason/cause/consequence etc. for each point.</p> <p>At the top of the level there will be clear development of the effect.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<b>Level 3</b>	<b>5-6</b>	<p>Reference to at least <b>two</b> effects of the higher minimum wage on <i>Tesco</i> with some development of each. A judgement is given with some development which includes at least <b>two</b> reasons/causes/consequences etc. for each point <b><u>and should include some comparison/judgement as to which point is more important/evidence of balance.</u></b></p> <p>Answers at the top of this level will refer to the <i>Tesco</i>/grocery/food context.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

Question Number	Indicative content
<p>* 10</p> <p><b>QWC Strands (i), (ii) and (iii)</b></p>	<p>The aim here is for candidates to make a judgement as to the impact of <i>Tesco's</i> new farm brands on its competitiveness. To demonstrate the evaluative skill, candidates could consider the size of the possible impact. For instance, candidates may suggest that <i>Tesco</i> has not done anything illegal and that <i>Aldi</i> and <i>Lidl</i> use the same strategy. Therefore, it is unlikely that sales/competitiveness will decrease. Other candidates may suggest that the new farm brands make <i>Tesco's</i> food offering more attractive so sales/competitiveness are likely to increase as customers switch to <i>Tesco</i> from rival supermarkets. There is no right or wrong answer to this question, but candidates should aim to make a judgement which is supported and balanced. Candidates may consider the following ideas as part of their answer:</p> <p>Positive impact of the new brands on <i>Tesco's</i> competitiveness:</p> <ul style="list-style-type: none"> <li>• The brands differentiate <i>Tesco's</i> value range.</li> <li>• The packaging is now more attractive.</li> <li>• The strategy already works since <i>Aldi</i> and <i>Lidl</i> are using it.</li> <li>• <i>Tesco</i> is increasingly trying to meet customer needs.</li> </ul> <p>Possible sources of balance:</p> <ul style="list-style-type: none"> <li>• Could lead to pressure group activity.</li> <li>• Customers may not switch back to <i>Tesco</i> since the new brands are just copies of those available in <i>Lidl</i> and <i>Aldi</i>.</li> <li>• There are more important factors that determine <i>Tesco's</i> competitiveness such as customer service and low prices.</li> <li>• This is only one small change and shoppers have left <i>Tesco</i> for other reasons, resulting in a limited improvement in competitiveness.</li> </ul>

Level	Mark	Descriptor
<b>No mark</b>	<b>0</b>	Non-rewardable material.
<b>Level 1</b>	<b>1-4</b>	<p>Candidates will consider <b>one</b> point with no statement – bottom of level.</p> <p>Candidate will consider <b>one</b> point with basic statement – middle of level.</p> <p>Candidate statements are supported - top of level.</p> <p>The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.</p>
<b>Level 2</b>	<b>5-7</b>	<p>Candidate will consider <b>two</b> reasons/causes/consequences to support point(s) – bottom of level.</p> <p>Candidate will develop their reasons/causes/consequences – middle of level.</p> <p>Candidate will have some evidence of balance – top of level.</p> <p>There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.</p>
<b>Level 3</b>	<b>8-10</b>	<p>Candidate will consider point(s) with development which includes <b>two</b> reasons/causes/consequences, balance with an unsupported conclusion or judgement(s) all of which is in the context of <i>Tesco/groceries/food</i> – bottom of level.</p> <p>Candidate will consider point(s) with development which includes <b>two</b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s) all of which is in the context of <i>Tesco/groceries/food</i> – middle of level.</p> <p>Candidate will consider point(s) with development which includes <b>two</b> reasons/causes/consequences, clear balance with supported conclusion/judgement(s) all of which is in the context of <i>Tesco/groceries/food</i> and using the 'it depends' rule or something similar – top of the level.</p> <p>The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.</p>

**TOTAL FOR PAPER = 90 MARKS**