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Other names

**Pearson**  
**Edexcel GCSE**

Centre Number

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# Business Studies

## Unit 5: Introduction to Economic Understanding

Wednesday 6 June 2018 – Afternoon

**Time: 1 hour 30 minutes**

Paper Reference

**5BS05/01**

**You do not need any other materials.**

Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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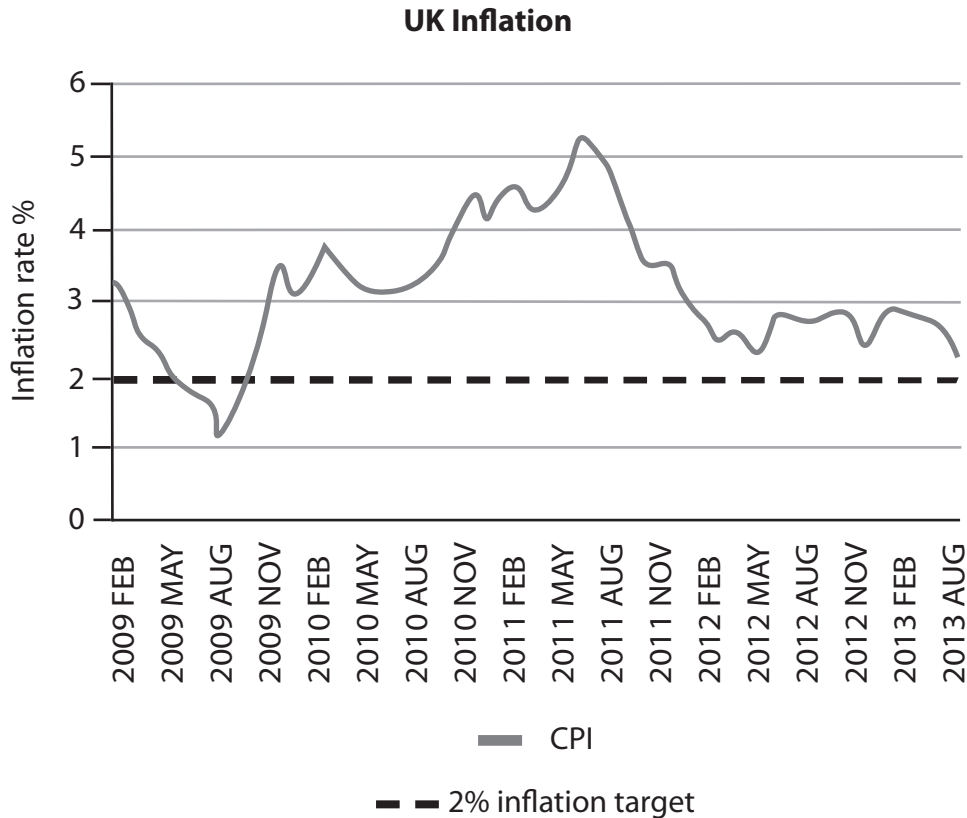
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## SECTION A

Answer ALL the questions. You should spend 40 minutes on this section.

Some questions must be answered with a cross in a box . If you change your mind about an answer, put a line through the box  and then mark your new answer with a cross .

- 1 Figure 1 shows the rate of inflation in the UK between February 2009 and August 2013.



(Source: <http://www.economicshelp.org/blog/2656/inflation/different-types-of-inflation/>)

**Figure 1**

- (a) Which of the following is shown in the graph?

Select **one** answer.

- A** Unemployment rose between 2011 and 2013
- B** Prices rose between 2011 and 2013
- C** Economic growth fell between 2011 and 2013
- D** Prices fell between 2011 and 2013

(1)







The Chinese government is planning to introduce an elevated bus that is able to glide over the top of traffic on busy highways in the capital city, Beijing.

The Transit Explorer Bus (TEB) is supported by legs that run on rails along the roadside. The TEB can glide above busy traffic at speeds of up to 37 mph, with other vehicles being able to drive freely underneath. It is estimated that the TEB could carry up to 1,400 commuters, replacing 40 normal buses.

It is also estimated that one TEB could be produced for a fifth of the cost of an underground train.

(Source: <http://sajha.com/sajha/html/index.cfm?StartRow=161&PageNum=7&threadid=71068>)

- (a) If the Chinese government introduced the TEB, this would be an example of investment in:

Select **one** answer.

(1)

- A human capital
- B gross domestic product
- C international trade
- D infrastructure



(b) State **three** possible ways the Chinese government could reduce pollution associated with transport, other than introducing the TEB.

(3)

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(c) Explain **one** benefit for local Beijing businesses if the TEB was introduced.

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(d) Explain **one** factor that could affect the price sensitivity of a ticket to travel on the TEB.

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**(Total for Question 2 = 10 marks)**

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Terai is a region of Nepal where poverty is high and few girls go to school.

In 2016, 2,000 bicycles were provided to poor girls in Terai to encourage them to enrol and travel to school. The scheme is an initiative to improve basic education and increase literacy rates amongst girls.

(Source: adapted from: <http://www.outlookindia.com/newswire/story/india-gifts-2000-bicycles-to-girls-in-nepal/942092> image source: © Milosz Maslanka/Shutterstock)

Nepal is a Less Economically Developed Country (LEDC).

(a) Which of the following best defines an LEDC?

Select **one** answer.

- A** A country that relies on imports
- B** A country with a large population
- C** A country with a low standard of living
- D** A country that has a low level of taxation

(1)

(b) Outline **one** impact of poor literacy rates on people in Nepal.

(2)

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(c) Explain **one** way the government of Nepal could reduce social problems.

(3)

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Nepal's main industry is agriculture, which includes growing tobacco, rice and root crops.

It is estimated that more than 35% of people in Nepal live in absolute poverty.

(d) Describe how international trade could benefit Nepal.

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**(Total for Question 3 = 10 marks)**



# ticketmaster

Concert and events tickets are sold through online ticket agents such as *Ticketmaster*. However, a recent review has found that up to 60% of concert tickets are sold through secondary market websites, including *Viagogo* and *Stubhub*. These allow people to resell their tickets. In some cases, businesses are buying large numbers of concert tickets through ticket agents with the intention of reselling them through secondary market websites at much higher prices in order to make large profits.

Recently, £3 900 was being asked on the *Viagogo* website for a ticket with a face value of £65 to see the band Radiohead.

(Source: adapted from <https://www.theguardian.com/money/2016/may/26/ticket-touts-review-licensing-enforcement>)

- (a) Identify **one** method that ticket agents such as *Ticketmaster* could use to reduce costs.

Select **one** answer.

(1)

- A** Change their logo and branding
- B** Sell concert merchandise as well as tickets
- C** Employ fewer customer service staff
- D** Send all tickets out using special delivery.

- (b) Outline how **one** stakeholder group might be affected by the actions of secondary market websites such as *Stubhub*.

(2)

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Following a review of the secondary ticket market, the government is considering a number of measures to increase regulation of this market.

- (c) Explain **one** disadvantage to websites, such as *Viagogo* and *Stubhub*, from increased government regulation of the secondary ticket market.

(3)

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SECTION B

Answer ALL the questions.

You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 and 6.



200g truckle of cheese

The *Snowdonia Cheese Company* was established in 2001 with the aim to create a new variety of premium cheeses. The *Snowdonia Cheese Company's* range of luxury cheeses includes products such as the 'Black Bomber', 'Green Thunder' and 'Bouncing Berry'. A 200g 'truckle' of any variety costs £4.50. A number of Snowdonia cheeses have won honours at the World Cheese Awards.

The cheeses are only sold through luxury grocers and fine-food delicatessens, but have also become very popular in a number of up market restaurants. The *Snowdonia Cheese Company* celebrates its awards and success on social media, including the recent news that HRH Prince William's favourite meal is a lamb burger topped with 'Black Bomber' cheese. Snowdonia Cheese is now stocked in over 2,000 UK outlets and later this year the company will start exporting its cheese to the USA.

(Sources: adapted from <http://www.snowdoniacheese.co.uk> and <http://fork2fork.wales/en/foodnews/case-study-from-north-wales-to-north-america-small>)

5 (a) What is meant by the term **export**?

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(b) Identify **one** way a business, such as the *Snowdonia Cheese Company*, could measure its success.

(1)

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Changes in the exchange rate can be important to businesses.

(c) Explain **one** impact of a strong pound (£) on the *Snowdonia Cheese Company*.

(3)

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The *Snowdonia Cheese Company* creates a competitive business through good use of the marketing mix.

(d) State **two** elements of the marketing mix. For each, explain how the *Snowdonia Cheese Company* uses it to make the business competitive.

(8)

Element 1

Explanation

Element 2

Explanation

(Total for Question 5 = 14 marks)





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6 The *Snowdonia Cheese Company* only uses the finest local Welsh ingredients and takes social responsibility very seriously. Only local dairies that use ethical business practices are chosen as suppliers.

(a) What is meant by the term **social responsibility**?

(2)

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(b) Outline **one** disadvantage for the *Snowdonia Cheese Company* of only using the finest local Welsh ingredients.

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The *Snowdonia Cheese Company* has expanded through internal growth.

(c) Describe the drawbacks to the *Snowdonia Cheese Company* of internal growth.

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Some countries impose restrictions when trading with other countries.

*\* (d) Assess the impact on the Snowdonia Cheese Company of a tariff on its cheese.*

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**(Total for Question 6 = 16 marks)**

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**TOTAL FOR SECTION B = 30 MARKS**



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SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.



# Mercedes-Benz

*Mercedes-Benz*, the German car manufacturer, has set a new goal to launch four new electric-powered models by 2020. Each of the four models will fit in with other *Mercedes-Benz* models, but will also have distinct design features to ensure they are clearly differentiated from any of the other electric-powered cars on the market. The electric vehicle market continues to grow with rival car manufacturers such as *Tesla* and *BMW* already selling popular models.

The company's decision to speed up the development of its electric-powered cars is partly due to the German government's new policy of offering subsidies to customers who buy an electric-powered car priced less than €60 000. *Mercedes-Benz* has already made significant investment in its electric-powered vehicles range, most notably a €500 million expansion of its existing car battery production facilities in Germany.

(Source: adapted from <http://www.topspeed.com/cars/car-news/mercedes-benz-plans-to-release-four-electric-vehicles-by-2020-ar173347.html>)

7 What is meant by the term **differentiated**?

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(Total for Question 7 = 2 marks)

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8 Outline **one** possible trade-off *Mercedes-Benz* may experience from launching four new models of electric-powered cars.

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**(Total for Question 8 = 2 marks)**



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**(Total for Question 10 = 10 marks)**

**TOTAL FOR SECTION C = 20 MARKS**  
**TOTAL FOR PAPER = 90 MARKS**



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