

Mark Scheme (Results)

Summer 2017

Pearson Edexcel AS Level
In Business (8BS0)
Paper 1: Markets and People

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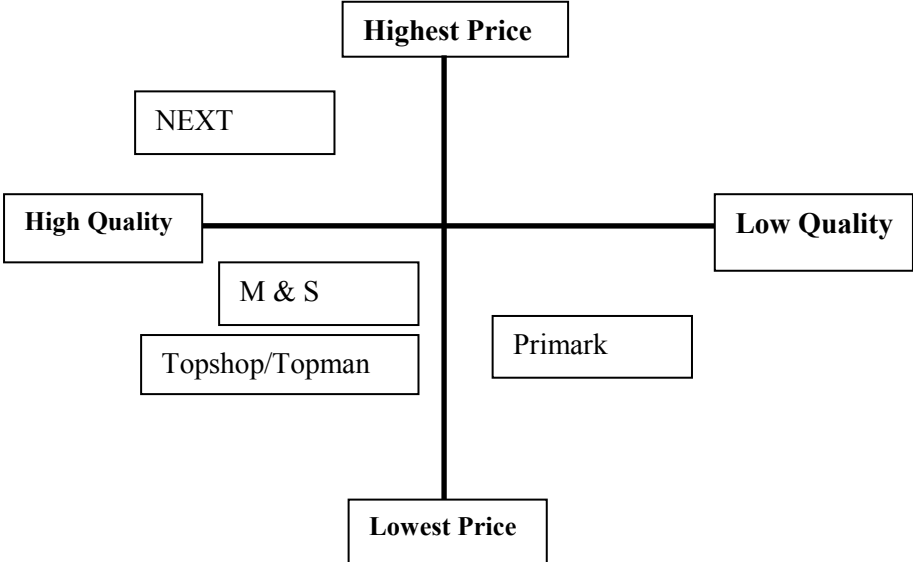
General Marking Guidance

- 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.

Question Number	Answer	Mark
1(a)	Knowledge 2 Knowledge/understanding: For understanding competitive pricing, e.g. When a business sets a price similar to competitors (1) selling similar/rival products (1). NB Award 2 marks if a partial definition is supported by an example. No marks awarded if only an example is given.	(2)

Question Number	Answer	Mark
1(b)	Knowledge 2 Knowledge/understanding: For understanding market orientation, e.g. The business finds out the needs and wants of the customers (1) and responds to them/meets customer requirements (1) NB Award 2 marks if a partial definition is supported by an example. No marks awarded if only an example is given.	(2)

Question Number	Answer	Mark
1 (c)	Knowledge 1, Application 2 , Analysis 1 Knowledge/understanding: 1 mark for a way to build a brand or understanding of brand e.g. • Quality/promotional method • A distinguishing symbol/logo/name that companies use to differentiate their product from others in the market. Application: up to 2 marks for suggesting how M&S could build its brand e.g. • Advertising its clothing offer. • Use social media to promote to its new younger market. • Differentiate it from others in the market such as Next. Analysis: 1 mark for explaining the benefit to M&S, e.g. • This might enable M&S to increase awareness among its existing/new customers. M&S may be able to sell a wider range of products to existing customers.	(4)

Question Number	Answer	Mark
1 (d)	Knowledge 1, Application 2, Analysis 1 Knowledge/understanding: 1 mark for correctly constructing a labelled market map Application: up to 2 marks for • Correct labelling of both axis using price, quality or age • Identifying a competitor e.g. NEXT Analysis: 1 mark for • Correctly positioning of M&S based on its decision to aim its clothing range at a younger target market, e.g. high quality low price Example market map  This is only an example of what candidates could produce, other distributions of the clothing brand competitors from candidates own knowledge can be rewarded.	(4)

Question Number	Indicative content	Mark
1 (e)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 • Price elasticity of demand measures the responsiveness of demand to a change in price. • The number of competitors that M&S have. • The strength of the M&S brand. • The proportion of consumer's incomes needed to buy from M&S • Whether M&S sell luxury or essential products. • Their USP – British Brand. • Level of differentiation from competitors such as NEXT. • Availability of substitutes. <i>Potential Counterbalance</i> • The extent of the influence of PED will depend on consumer's sensitivity to changes in price and the importance of non-price factors to the target market. • The extent of the influence of PED will depend on M&S's existing customer's loyalty to the brand.	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1 (f)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 • A trade-off is a situation in which the benefits of one option are reduced in return for increased benefit of another option. • May put off existing loyal customers/older age range. • May lose customers due to confusion over what M&S is offering. • May be more competition in the new market so M&S may not gain the anticipated sales. • May not have the knowledge required to enter the younger market. <i>Potential counter balance</i> • Already struggling. • Not aiming at significantly younger market (top end of NEXT's demographic) • Department store so could have sections to satisfy all segments like House of Fraser with its mix of brands. <i>Potential Judgement</i> • There may not be a trade-off if M&S manages to satisfy the needs of both its existing customers and the new market segment by offering a wide range of products.	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement

Question Number	Answer	Mark
2(a)	Knowledge 2 Knowledge/understanding: for understanding public limited company, e.g. • Shares are available to the public on the stock exchange (1). Are owned by shareholders/has limited liability (1). NB Award 2 marks if a partial definition is supported by an example. No marks awarded if only an example is given.	(2)

Question Number	Answer	Mark
2(b)	Knowledge 2 Knowledge/understanding: for understanding franchise, e.g. • A business is allowed to trade using the brand/logo/business model of an existing firm (1) in return for a fee/royalty (1). NB Award 2 marks if a partial definition is supported by an example. No marks awarded if only an example is given.	(2)

Question Number	Answer	Mark
2(c)	Knowledge 1, Application 2, Analysis 1 Knowledge/understanding: 1 mark for understanding flexible workforce, e.g. • Employees have choice over how/when they work by agreement with the company. Application: up to 2 marks for suggesting how SSP might benefit from a flexible workforce e.g. • Airports and train stations have peak periods during the day/week flexible working • Airports have seasonal fluctuations that a flexible workforce would allow them to manage. Analysis: 1 mark for explaining the benefit to SSP e.g. • Allows them to adapt to changes in demand/could enable staff to work at more than one outlet/brand.	(4)

Question Number	Answer	Mark
2 (d)	Knowledge 2, Application 1, Analysis 1 Quantitative skills assessed: QS3 construct and interpret a range of standard graphical forms. Knowledge/understanding: up to 2 marks for • Correctly constructing supply and demand curves. • Correctly labelling axes, price and quantity. Application: 1 mark for • Correctly interpreting the shift in demand curve (to the left). Analysis: 1 mark for • Showing original and new equilibrium and consequences on the quantity and price axes.	(4)

Question Number	Indicative content	Mark
2(e)	Knowledge 2, Application 2, Analysis 2, Evaluation 2 • The franchisor provides training for the franchisee which lowers SSP's costs. • Burger King/Starbucks/Nandos pay for marketing, SSP's franchises will benefit from greater customer awareness/reduced costs. • Buying into established brands that are recognised. Starbucks is recognised worldwide and SSP operates worldwide which could increase sales. <i>Potential Counterbalance</i> • Initial franchise fees can be high, particularly for well-known brands like Nandos/Burger King/Starbucks. • SSP will have to pay Royalties to the franchisor which increases costs/reduces its profit. • SSP will not have as much control over how they run the franchised businesses because they must follow the franchise rules/model. NB if candidates have approached their answer as if SSP are the franchisor for Miilie's Cookies, Upper Crust and Caffé Ritazza, award accurate responses.	(8)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(f)	Knowledge 2, Application 2, Analysis 3, Evaluation 3 • Non-financial techniques of motivation are ways of encouraging employees without the use of monetary rewards. • SSP are likely to have part-time/flexible/seasonal staff working in their airport/train station outlets. • Working at Burger King/Starbucks involves repetitive tasks, employees may become bored so job rotation could keep them motivated/improve performance. • This kind of work involves working as part of a team so emphasis on teamwork rather than monetary reward is likely to improve performance. • Customer Service is important in this business, if staff are happy they are more likely to provide better service so the nature of the job/working environment is more important than money. <i>Potential Counterbalance</i> • If staff are part-time/temporary they may lack commitment and only be there for the money so using bonuses may be more beneficial to increase sales. • Many of the jobs employees are required to do in fast food outlets are repetitive so job rotation may not be enough, piece rate or performance related pay may be a better way to increase productivity. • Lots of competition for staff so SSP may have to offer monetary rewards to recruit and retain employees. <i>Potential Judgement</i> • The most suitable method of motivation would depend on the type of employees SSP have and the role the employee has. Permanent staff may prefer enrichment and empowerment and the chance to work flexible hours whereas temporary/seasonal staff may prefer performance related pay. NB Candidates may also refer to motivational theory.	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
3	Knowledge 4, Application 4, Analysis 6, Evaluation 6 Ethical Sourcing • Her USP is sustainable gifts and products made from ethically sourced materials. • She has achieved success so far with exclusive partnerships with the British Museum, Tate Galleries and the Royal Academy of Arts which is likely to be because she handcrafts unique products from reclaimed wood. • Costs may not be important as she can charge high prices in a niche market. • The tailored love letters are made to order so will use job production which will increase costs, but add value making people more willing to buy them. • She operates in a niche market, so quality of materials is likely to be more important, focusing on costs could reduce quality. • The Made-in-Britain slogan is also important to the Maria Allen brand, focusing on costs may mean offshoring to less ethical production facilities. Cost Minimisation • Ethically sourced materials may cost more which may impact on prices and reduce sales. • Keeping costs down would enable Maria to keep prices competitive in the competitive market and gain more sales. • Cost minimisation would enable Maria to invest in the development of new product ranges to increase sales. • Maria will need to produce more to meet her turnover target of £500,000 - economies of scale could be gained with increased production. <i>Potential Recommendation</i> • Using ethically sourced materials is her unique selling point and is important to her existing customers, without it she might not be able to compete in the market and lose sales. • Maria Allen should focus on costs because she wants to expand and increase her turnover, by focusing on costs this may allow her to reduce prices and therefore boost sales.	(20)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between causes and/or consequences are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

