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Detailed mark scheme

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Level: Pearson Edexcel Level 1/Level 2 GCSE (9-1) in Business (1BS0)

Subject: Business (1BS0)

Topic: GCSE Edexcel Business

Type: Mark Scheme



Business Edexcel GCSE

To be used for all exam preparation for 2025+

Business

GCSE

Key skills

Question 1

Having a unique selling point such as a memorable brand or an innovative product means that a business is likely to stand out from competitors [1] leading to higher sales [1] and the opportunity to make increased levels of profit if developing the USP does not require significant investment [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Competitive advantage → customers more likely to buy from the business rather than competition → increases market share
- Adds value → should be able to operate profitably → reduces chance of business failure

Question 2

New business ideas come about as a result of market research [1] that can identify gaps in the market where customer needs are not being met [1] and a product or service can be developed and sold at a premium to satisfied customers [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Gap in the market identified → existing products do not meet customer needs → changes to design/features attracts sales
- Changes in technology → allow new products to be created → entering the market before competitors

Question 3

A small business may fail to meet customer needs by delivering a product or service late. As a result, customers may complain or leave negative reviews online which would be likely to deter future customers from shopping with the business. Dealing with complaints would take time and may require the business to offer refunds. These impacts would reduce future sales revenue and increase costs which, for a small business, could be catastrophic for cash flow and make business failure more likely.

A small business may also struggle to provide a full product range, so customers may look to purchase the product or service elsewhere, with a rival that offers more choice. Small businesses often struggle to compete against larger rivals, especially on price, so losing this potential source of competitive advantage would damage its ability increase sales and grow.

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
- Appropriate **business terminology** is used throughout with two distinct and valid points that show accurate **knowledge and understanding**
- Both points have been fully developed with logical **chains of analysis**
- Several references to the **context of a small business** focuses this response on the question

Alternative ways to answer

- Poor customer service → customer complaints → reputational damage
- Poor quality → customers demand refunds or exchanges → increased costs

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge** and **analysis**
- 'Discuss' questions **do not require you to apply** your answer to a specific business context
- At least **two valid impacts** must be analysed to gain 5-6 marks

Question 4

A significant reward for an entrepreneur is the ability to be able to make all of the decisions [1] and determine the objectives and direction of the business [1] without having to consult anyone else [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Financial reward → profits generated belongs to the entrepreneur
- Personal satisfaction → when the business succeeds

Question 5

A business may change a brand name because it does not stand out against rival products [1] whose memorable brand names capture the nature or values of the product more effectively [1] and capture a higher share of market sales [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Relaunch a product → after redesign or repackaging
- Following poor performance → provide a 'second chance'

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Question 6

A business may be able to manufacture innovative products that were not previously technically possible [1] which would allow them to enter fast-growing new markets [1] in which they can gain a significant market share before rivals [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Automated production process → increased quality of output → can charge premium prices
- High performance components → improved functionality of product → appeals to new market segment

Question 7

An entrepreneur organises the resources needed to set up and run a business [1] such as premises, materials and finances [1] which allow it to produce and sell goods or services that meet customer needs [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Make business decisions → provide direction → meet objectives
- Employ people → delegate responsibility → grow a business

Question 8

An entrepreneur may set up their own business because they have spotted a gap in the market [1] to sell a product or service profitably [1] and provide them with an income [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- **No application** is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Personal satisfaction → from business success → achieve recognition
- Independence → make own decisions → better work-life balance

Question 9

Changes in fashions can create new markets for businesses to target [1] with the potential to gain first-mover advantage [1] and maximise sales before rivals enter the market [1]

Examiner tips

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 further marks) to back up the point
- No application is needed
- The answer provided is an example. Your answer may be different

Alternative ways to answer

- Technological change → improves features of products or services → creating or growing markets
- Lifestyle change → renders products or services obsolete → requires further innovation

Question 10

Having an original business idea that has the potential to generate profit is an important entrepreneurial role as it makes starting a business less of a risk, providing a product or service that customers cannot purchase elsewhere. This would allow a small business to develop a competitive advantage and charge a premium price before larger rivals enter the market.

Making key decisions is also important to the success of a start-up business. When setting up a business important decisions must be made about its aims and objectives, how it will organise production and how resources will be funded and sourced. If they are not taken promptly, the new business will lack direction and will find it hard to produce output that can be sold at a profit.

Examiner tips

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 - Appropriate **business terminology** is used throughout with two distinct and valid points that show accurate **knowledge and understanding**
 - Both points have been fully developed with logical **chains of analysis**
- Several references to the **context of a start-up business** focuses this response on the question

Alternative ways to answer

- Willingness to take a financial risk → purchase resources required to make products/services → can produce output to sell to customers → generate sales revenue
- Employ people → can allocate roles to suitably qualified workers → concentrate on business direction and growth → achieve targets

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge** and **analysis**
- 'Discuss' questions **do not require you to apply** your answer to a specific business context
- At least **two valid impacts** must be analysed to gain 5-6 marks

Question 11

Operating in a dynamic market means that Sports Tours Limited needs to be prepared to respond to changes in the economic environment that may have an impact on demand for their travel services such as changing levels of consumer income [Point]. Demand for Sports Tours' services is likely to fall when consumer incomes are squeezed because they are something of a luxury, so the business may look to provide more UK-based or shorter duration tours [Application] that remain affordable for sports clubs to continue to make bookings. This would require significant levels of research and planning to ensure that the lower-cost services do not affect Sports Tours' position as a market leader is lost [Analysis].

The increasing levels of competition Sports Tours Limited has faced in recent years [Point] is likely to have led the business to become more innovative, looking for new ways for its tours to stand out and encourage teams to book with them rather than organise their own tours [Application]. This is likely to have increased the businesses product range and appeal to a larger target market, giving it a greater chance of success against new rivals [Analysis].

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
 - Appropriate **business terminology** is used throughout with two distinct and valid points made showing accurate **knowledge, application and understanding**
 - Both points have been fully developed with **logical** and **applied chains of analysis** that are focused on the question
- The response considers a positive and negative element of operating in a dynamic market

Alternative ways to answer

- Changes in technology → frequent upgrades of machinery and equipment → increased capital expenditure → reduces profit
- Changes in tastes and fashions → ongoing market research → informs product development and market testing → develop products that meet customer needs



Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge**, **application** and **analysis**
- At least **two valid impacts** must be analysed to gain 5-6 marks
- The response must be focused throughout on *Sports Tours Ltd*
- When asked to '**analyse impact**' consider one positive and one negative aspect

Question 12

Adding value by making items fresh to order means that Last Course Patisserie effectively meets customer needs as they provide exactly the products that the customer wants to buy [Point]. This makes it more likely that customers will remain loyal to the business because they would struggle to find such a personalised service [Application] elsewhere. Last Course Patisserie may therefore have more of an opportunity to increase prices without losing customers as demand is likely to be relatively price inelastic, leading to increased sales revenue [Analysis].

However, adding value can incur costs [Point]. For example, using locally-sourced ingredients [Application] is likely to be more expensive than buying in bulk from a large supplier. This will increase variable costs which, unless they can be passed on to customers, will decrease profit margins [Analysis]. As well as this, providing a flexible service where products are made to order [Application] means that Last Course Patisserie will have to use a time-consuming job production model rather than more efficient batch production, again increasing variable costs [Analysis] and having a significant impact on its ability to meet high levels of demand [Application].

Examiner tips

- This is a model answer which would be awarded 6 marks because it contains all the parts outlined below
 - Appropriate **business terminology** is used throughout with two distinct and valid points made showing accurate **knowledge, application and understanding**
 - Both points have been fully developed with **logical and applied chains of analysis** that are focused on the question
- The response **links a range of Business Studies concepts** and makes good **use of case study** content to support chains of analysis
- The second paragraph is very thorough, with two well-applied chains of analysis developed from a single point

Alternative ways to answer

- Providing a flexible service → improved customer choice → competitive advantage over rivals → charge a premium price
- Local ingredients → high quality cakes and desserts → recommendations and positive reviews → increased sales

Guidance

- This is a 'Level of response' answer where the examiner judges how well you have displayed the key skills of **knowledge, application and analysis**
- At least **two valid impacts** must be analysed to gain 5-6 marks
- The response must be focused throughout on *Last Course Patisserie*
- When asked to '**analyse the impact**' consider one positive and one negative aspect