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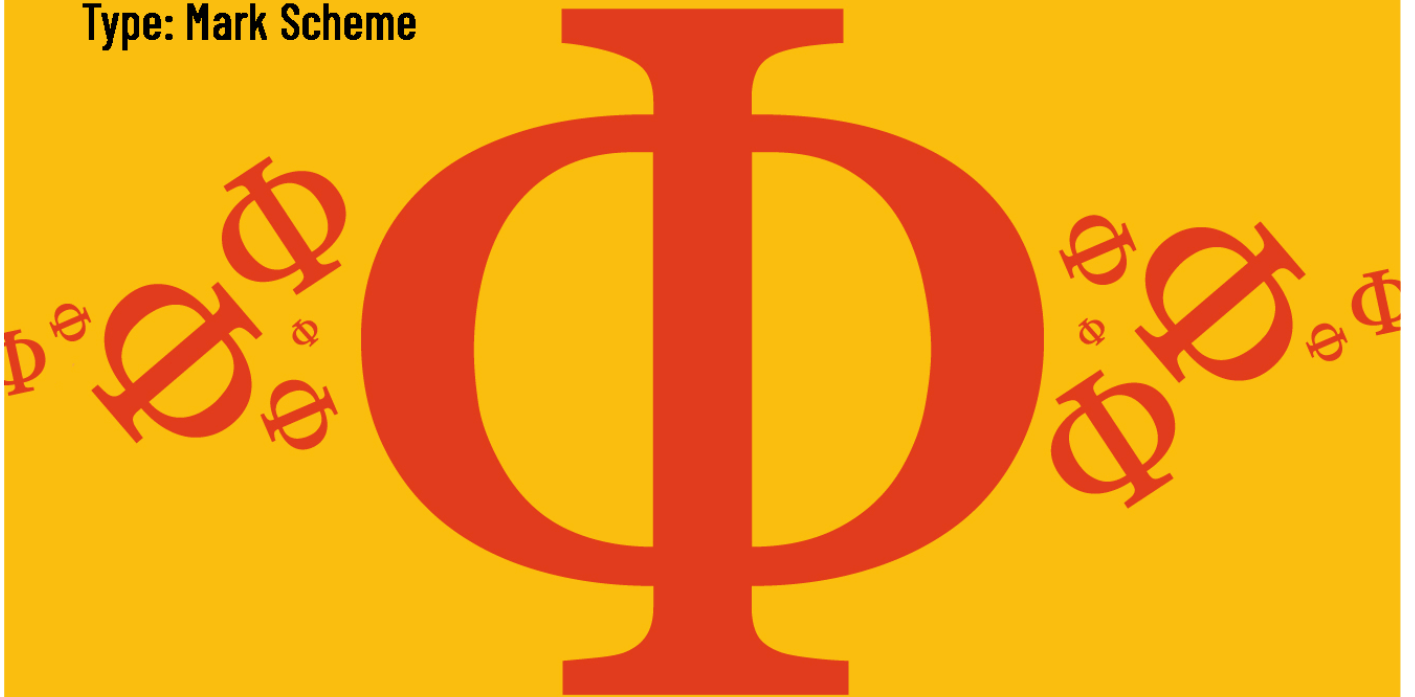
Designed to test your ability and thoroughly prepare you

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

A business could use segmentation to target customers of different ages [1] and provide different functions, features or designs [1] that meet the needs of different age groups such as accessibility features for older people or bright colors for children [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is **fully developed** with a short chain of reasoning which is awarded a further two marks

Alternative ways to answer

- Gender → different products can be targeted to male or female customers → able to meet their specific needs
- Income → higher income customers are more likely to buy luxury goods → develop a higher quality product to target these customers

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one benefit and no explanations scores one mark

Question 2

Qualitative data may be of little use in decision-making because responses will include opinions, feelings and non-numeric answers which may be very detailed [1]. This makes the data difficult to analyse and interpret [1], especially for a small business that is unlikely to employ specialists with statistical analysis skills [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Responses based on a person's opinions → can be very varied → difficult to make a judgement
- Mostly non-numeric → complex to analyse → difficult to make decisions

Guidance

- '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
- A list with more than one benefit and no explanations scores one mark

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Question 3

Understanding customer needs helps a business to develop products with the features, functions and designs that customers would be interested in purchasing [1]. This would mean that the business could avoid having unsold stock [1] that may need to be sold at a loss and reducing revenue [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** which is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Set a suitable price → customers are more likely to buy the product → generating increased revenue
- Develop the quality of the product to meet customer needs → gain a competitive advantage → achieve a larger market share

Guidance

- '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
- A list with more than one benefit and no explanations scores one mark



Question 4

Market mapping can help a business to identify segments of the market where little competition exists [1] and develop goods or services that cater specifically for customers within that market segment [1]. With products that meet customer needs very closely the business may be able to charge a premium price and maximize their profit [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Identify a gap in the market → can develop a product/service to fill this gap → capture market share from competition
- Analyse competitors' actions → to support making business decisions → leading to a reduced risk of failure

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one benefit and no explanations scores one mark

Question 5

Focus groups can be quite complex and expensive to set up [1] as a representative sample of participants needs to be selected, invited and rewarded for their attendance [1]. A small business is likely to lack the expertise required to conduct a valid, unbiased focus group and may struggle to afford attractive rewards to encourage participants to attend [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Expensive to arrange → may have to pay participants → increases market research costs
- Moderator may have pre-conceived ideas → can influence participants' responses → leads to biased outcomes

Guidance

- 'Explain' requires you to make a valid **point** (1 mark) and then provide a **short chain of reasoning** (2 marks) to back up the point
- **No application** is needed
- A list with more than one benefit and no explanations scores one mark

Question 6



To avoid a fall in sales as a result of increased competition a small business may need to make swift decisions about promotional activity such as advertising or aggressive price promotions to emphasise their USP, discourage customers switching to new competitors and protect their market share. This is likely to be costly for a small business that may already only be generating a modest level of profit.

A small business may also need to make difficult decisions about how to cut costs in order to maintain profits or simply to survive in the face of increased competition. This may involve reducing staff hours or purchasing cheaper stock. These cost-cutting measures could have a significant impact on aspects such as customer service or product quality and negatively impact the small businesses reputation, further affecting its ability to compete with other businesses.

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

- Pricing decisions → may decide to use a competitive pricing strategy or price promotions → to maintain existing market share
- Location decisions → may decide to relocate to an area where there is less competition → as it will find it difficult to attract customers

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 ways** must be analysed to gain 5-6 marks

Question 7

Market mapping can help Sports Tours Ltd to identify gaps in the market where customer needs are not yet being met, for example for minority sports such as netball. Once a gap is identified the business could develop tours that are unique and that cater specifically to customers' needs, potentially allowing a premium price to be charged because customers in these niches have no alternative tour provider to choose. Sports Tours Ltd could maximise revenue for these tours and gain a reputation for being the 'go to' operator for specialised services which may prompt word-of-mouth promotion between teams.

However, a small business like Sports Tours Ltd is unlikely to have employees with extensive market research skills to ensure that the market map isn't biased and it is likely to be based on opinion rather than statistical data. As a result, any decisions on ways to add value that are based on the findings of the market map will need to be considered carefully and further market research is likely to be required. This would lead to further costs for the business which, given the increased competition it is facing, would not be welcome.

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 second paragraph makes effective use of **connectives** including 'as a result' and 'this would lead to' which provide clear structure to analysis

Alternative ways to answer

- Identifies gaps in the market → specialist tours for minority sports teams (e.g. netball and hockey) → reach a wider range of customers → spreads risk
- A gap may exist because there is not enough demand in a minority sport or type of tour → targeting a market that does not exist → or too small to be profitable → may lead to business failure due to a lack of customers and revenue

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 the impact**' consider one positive and one negative aspect

Question 8

One benefit of carrying out market research before starting to trade is that a small business would be able to develop appropriate pricing strategies [1] that allow them to compete with stronger or more established rivals on price [1] which may encourage customers who are not aware of the business to try out its products or services [1].

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Establish main competitors → develop strategies to differentiate products from rivals' → increased chance of a successful business launch
- Identify customer needs and wants → sell products/services that meets these → rapid sales growth

Guidance

- '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
- A list with more than one benefit and no explanations scores one mark

Question 9

Online surveys are likely to be ignored or divert to customers' junk mail folders [1] which means that the response rate is likely to be very low [1] so the business may need to spend more money and time gathering market research data using a different method [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Low response rate → data not sufficient to draw valid conclusions → may develop products that do not meet customer needs
- Most suitable for gathering quantitative data → responses lack detail to fully understand customer needs → may need to carry out further primary market research

Guidance

- '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
- A list with more than one drawback and no explanations scores one mark

Question 10

A small business could differentiate its products by offering a wider choice of products than its many rivals. Although this may involve the expense of holding a larger volume of stock, it does mean that customers are more likely to be able to purchase exactly what they want when shopping with the business. Meeting customer needs in this way is likely to increase their loyalty and help a small business to gain a reputation for being the 'go-to' for products of the type it is selling, even when larger competitors exist. It also means that there will be greater opportunity for cross-selling of products which can help to increase revenue.

A small business may also differentiate itself from rivals by selling its products at lower prices, though this would be more difficult in a competitive market where profit margins are already likely to be low. Short-term pricing tactics such as Buy One Get One Free would help to gain market share quickly and, as long as there are other factors that appeal to customers when prices rise, this could be sustained even in a competitive market.

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 competitive market** focuses this response on the question

Alternative ways to answer

- Excellent customer service → knowledgeable and responsive staff → encourages customer loyalty
- High quality products → builds a good reputation that customers recommend to others → increases sales

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 ways** must be analysed to gain 5-6 marks

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Question 11

Market segmentation allows a small business to focus its efforts on a specific group of customers [1] and develop products or services that meet the needs of these customers very closely [1] which should help the business to gain repeat sales and build a loyal customer base [1]

Examiner tips

- The model answer is an example. Your answer may be different
- This response is rewarded 3 marks because it makes a **valid point** that is fully developed with a **short chain of reasoning**

Alternative ways to answer

- Focus on specific customer needs → provide suitable products or services that meet these needs → increase customer loyalty
- Target marketing activity → attracts the interest of those most interested in purchasing the product/service → avoids wasting marketing budget

Guidance

- '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
- A list with more than one reason and no explanations scores one mark

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Question 12

For On Your Bike secondary research is unlikely to be very expensive to collate as they can use free online sources such as local government publications or articles in the local media to identify likely demand for bike rental services. As a small business, On Your Bike is unlikely to have a large market research budget so these savings will be very helpful, especially as they will need to invest in purchasing and adapting bicycles for use in and around London.

However, as On Your Bike hasn't conducted the market research itself it cannot be sure of the reliability of the data. Before it makes the huge investment into bikes it would need to carry out some primary market research of its own to ensure that bike hire in London is a worthwhile idea. This may involve surveys or, for more detailed insight into the needs and wants of tourists, focus groups, both of which take time to organise and conduct and may require the services of a market research company who can ensure that they are carried out without bias. All of this is costly and will impact on the return on investment of the project.

Examiner tips

- Each paragraph contains a specific point, followed by analysis
- Both points have been fully developed with **logical** and **applied chains of analysis** that are focused on the question
- The model answer is **well-balanced**, considered both positive and negative impacts on the business

Alternative ways to answer

- Collect relevant data quickly → from online sources such as Transport for London (TfL) → prompt decision to enter the market and gain sales from rentals
- Data may be out of date → **competitors** have already gained market share → heavy promotional activity required to attract bike renters

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 *On Your Bike's*
- When asked to '**analyse the impact**' consider one positive and one negative aspect

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