

Edexcel GCSE Business 1BS0

Command Word Taxonomy Guide



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Section A – Non-contextual questions

Command Word	Marks	Explanation
Calculate	2	<p>No marks for stating the formula.</p> <p>Answers must be written on the line.</p> <p>Where applicable, answers should be given to two decimal places (2.d.p.), and in this instance will not need to be rounded.</p> <p>Units are provided.</p>
Explain	3	<p>Designed to test knowledge and understanding.</p> <p>A 'points-based' mark scheme is used.</p> <p>Will always be of the nature 'Explain <u>one</u>...'. Candidates need to provide <u>two</u> linked strands following on from the identification of <u>one</u> impact/method/advantage/ disadvantage etc.</p>
Discuss	6	<p>Designed to test understanding and analysis.</p> <p>A 'levels-based' mark scheme is used.</p> <p>Will always be of the nature 'Discuss what the likely impact/benefit/drawback etc.'</p> <p>Candidates can provide one or two impacts/benefits/drawbacks etc.</p> <p>'Interconnected points' means <u>at least two</u> linked strands (Level 2 AO3a descriptor).</p> <p>'Detailed interconnected points' means <u>at least five linked strands</u> (Level 3 AO3a descriptor).</p> <p>There is no need for any balance/evaluation.</p>

Examples

- Q.** Explain **one** disadvantage to a business of being a sole trader. [3]
- A.** A sole trader has unlimited liability (1). This is riskier for the owners (1) because if the business fails, the owner's personal assets could be taken to pay off any debts (1).
- Q.** Discuss the likely impact on a company of choosing to relocate its production facility to China. [6]
- A.** A business may relocate production in order to reduce factory rent. Therefore, this should reduce fixed costs and as a result, less contribution will be needed to pay off the fixed costs. Consequently, the break-even level of output should fall, and this therefore causes the margin of safety to increase. Thus, if output stays the same, the business should become more profitable.

Section B/C – Contextual questions

Command Word	Marks	Explanation
Give	1	Designed to test knowledge. No context required.
Define	1	Designed to test knowledge. No context required.
State	1	Designed to test knowledge. Requires context.
Identify	1	Contextualised through the reading of graphs and charts.
Outline	2	<p>Designed to test application.</p> <p>A points-based mark scheme is used.</p> <p>Students needs to state <u>one</u> benefit/ drawback/ impact/ method etc. and provide <u>one</u> strand of development.</p> <p>Within the answer <u>there must be</u> evidence of context to score 2 marks.</p>
Calculate	2	<p>Designed to test application.</p> <p>No marks for stating the formula.</p> <p>Answers must be written on the line.</p> <p>Where applicable, answers should be given to two decimal places (2.d.p.), and in this instance will not need to be rounded.</p> <p>Units are provided.</p>
Analyse	6	<p>Designed to test application and analysis.</p> <p>A 'levels-based' mark scheme is used.</p> <p>Will always be of the nature 'Analyse <u>an/ the impact/ advantage etc...</u>'</p> <p>'Interconnected points' means <u>at least two</u> linked strands.</p> <p>'Detailed interconnected points' means <u>at least five linked strands</u></p>
Justify	9	<p>Designed to test application, analysis and evaluation.</p> <p>A 'levels-based' mark scheme is used.</p> <p>Will always involve a choice between <u>two</u> options.</p> <p>'Interconnected points' means <u>at least two linked strands</u>.</p> <p>'Detailed interconnected points' means <u>at least five linked strands</u>.</p>
Evaluate	12	<p>Extended writing designed to test understanding, application, analysis and evaluation.</p> <p>A 'levels-based' mark scheme is used.</p> <p>'Interconnected points' means <u>at least two linked strands</u>.</p> <p>'Detailed interconnected points' means <u>at least five linked strands</u>.</p>



Examples

- Q.** State **one** example of a fixed cost that *Clean Cuts Barbers* needs to pay. [1]
- A.** Josh Smiths' salary.
- Q.** Outline **one** reason why being an e-tailer gives *Asos* an advantage over *Topshop*. [2]
- A.** Without any high-street stores *Asos* will have lower fixed costs (1), therefore *Asos* can undercut *Topshop's* prices (1).
- Q.** Analyse the impact of *The Woodlands Hotel* allowing customers to book hotel rooms online through their website. [6]
- A.** If customers book online, they can do it at any time and any place by using the hotel's website. This makes it more convenient for the customer instead of having to phone the hotel and wait for someone to answer which may take a long time if they are busy. This could lead to more customers booking hotel rooms instead of going to other hotels who allow online bookings. Therefore, the hotel's room occupancy rate will increase.
- Q.** Fred is considering two options to reduce the amount he needs to sell to break even.
- Option 1:** Increasing prices by 10%
- Option 2:** Reducing the cost of ingredients by using a cheaper supplier.
- Justify which **one** of these two options Fred should choose. [9]
- A.** Fred should increase average prices by 10%. One reason for this is that *Barrett's Bakery* produce high-quality cakes and pastries and as a result he should be able to get away with increasing the average price by 10% without losing customers. This would lead to an increase in receipts, and assuming total costs remain the same, increased profits. Another reason is that by increasing average prices by 10% the business will be able to break even sooner. This is because fixed costs will be paid off quicker each month, and as a result *Barrett's Bakery* will make profit easier. Therefore, the business will be able to invest in other aspects of the business like the website they are currently redesigning.
- However, there is a danger that increasing prices could impact on *Barrett's Bakery* sales. This is because there is a lot of local competition from other patisseries and bakeries, and customers may be put off by the price increase and buy from one of the competing business' instead. As a result, *Barrett's Bakery* could see a fall in market share and total sales. Thus, despite earning potentially more profit on each item of cake or pastry sold, the overall profit that the business generates could be lower. Therefore, increasing the price by 10% could be counterproductive as it could take longer for *Barrett's Bakery* to break even.
- In conclusion, *Barrett's Bakery* needs to avoid anything that will impact on the quality of its products. As *Barrett's Bakery* operates in a competitive market, cheaper ingredients could damage its reputation. Although increasing prices could have a damaging effect on sales, it does depend on the product being sold. As a product such as a doughnut that might be priced at 50p would only actually see a rise of 5p, this is such a small percentage of a consumer's income, it is unlikely to result in a fall in sales, so revenues may increase. Therefore, increasing average prices is the only realistic way for *Barrett's Bakery* to reduce the amount they need to sell to break even.



Q. *Disney*[®] use kid-centric focus groups as part of their market research. Evaluate whether the use of focus groups would be an effective method of conducting market research. You should use the information provided as well as your own knowledge of business. [12]

A. The use of focus groups is a valid method of conducting primary market research that *Disney*[®] choose to use. Focus groups are a group of people brought together to answer questions and discuss a product, brand, topic or issue. In this instance *Disney* specifically target their focus groups at pre-school and primary school age children who they hope will represent a typical sample of one of their target market segments.

One of the advantages of conducting focus group research is that *Disney* can observe first-hand the reactions and comments of the children regarding existing, or potential characters, shows, and merchandise. This is beneficial because *Disney* hope that the response of the focus group is representative of the target market as a whole and they can therefore use this research to base business decisions on. This means that they should be able to effectively identify customer needs and preferences and be able to satisfy them. This would help *Disney*[®] capitalise on potential gaps in the market and opportunities that might exist, for example for new characters and shows, and also reduce business risk by indicating the likelihood of success of an idea.

However, as with all methods of conducting market research, there are some inherent potential disadvantages and risks associated with using focus groups. For example, views of members of the group could be swayed or influenced by more domineering members of the group which can affect the validity of the data. This could well be true with the age group that *Disney* are conducting the focus groups with as many may not have the maturity or confidence to express their own opinions. Additionally, as *Disney* is a global brand, unless focus group research is repeated in various international markets, it is quite possible that there will be a localised bias to the responses that may not represent the target market as a whole.

In conclusion, caution must be aired when using focus groups, as with any other form of market research if used in isolation. The effectiveness of the method would depend on the likelihood of the views of a small group of children, in one part of America being sufficiently representative of that market segment. This is because *Disney* is a large multi-national brand, and they therefore need to consider the needs of their consumer on a global scale. Therefore, whilst the use of 'kid-centric' focus groups could be a useful and valid method of conducting market research, its overall effectiveness would depend on how it is positioned within their overall market research strategy, that should include a comprehensive range of both primary and secondary research methods.