

Oxford Revise | Edexcel GCSE Business | Answers

Chapter 2 The role of business enterprise

2.1 Award 1 mark for the correct answer: **B** Develop a USP.

A, **C** and **D** are not correct. **A** is about creating opportunities for adaptation, **C** is about maximising profit by reducing costs, and **D** is about the role of business enterprise for employees.

2.2 Award 1 mark for each correct answer. The correct answers are: **A** Slogan and **B** Logo.

C, **D** and **E** are not correct. **C** is about the technology customers use to pay for products, **D** is another way to add value to a product, and **E** is a type of business ownership.

2.3 Award 1 mark for identifying one way, plus up to 2 further marks for explaining this way. Here is an example of a 3-mark answer:

Convenience is one way an entrepreneur can add value to a product (1). They can make a product easy to buy with, for example, great customer service (1) and lots of stock to attract customers and ensure they want to return (1).

2.4 Award 1 mark for identifying one reason, plus up to 2 further marks for explaining this reason. Here is an example of a 3-mark answer:

An entrepreneur needs to organise resources effectively to ensure their business runs smoothly and is successful (1). For example, having enough finance to cover both short- and long-term costs ensures the business can meet its immediate needs and plan for future growth (1). Proper organisation of resources such as premises and equipment also ensures the business can operate efficiently and meet customer demands (1).

2.5 Award up to 6 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–2	<ul style="list-style-type: none"> The answer demonstrates elements of knowledge and understanding of business concepts and issues. It contains limited business terminology. The answer attempts to explore business information and/or issues. It contains limited connections between points.
2	3–4	<ul style="list-style-type: none"> The answer demonstrates mostly accurate knowledge and understanding of business concepts and issues. It includes appropriate use of business terminology in places. The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent.

3	5–6	<ul style="list-style-type: none"> The answer demonstrates accurate knowledge and understanding of business concepts and issues throughout. It includes appropriate use of business terminology. The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning.
---	-----	---

Relevant points that could be included

- An entrepreneur has to take risks when setting up a new business; without taking risks, they will not receive the rewards that come with business success. They will not receive the profits from a successful business, and they will not experience the independence and satisfaction of running their own business.
- An entrepreneur can maximise their chances of success by minimising the level of risk they incur. They can use market research and revenue forecasts to do this.

2.6 Award 1 mark for stating one role of business enterprise that is not being achieved by Village Stores Ltd. For example:

Meeting customer needs (1)

2.7 Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

Village Stores Ltd would add value by upgrading the coffee facilities and providing a seating area (1). These improvements would enhance the customer experience, making it more convenient and enjoyable, which could encourage repeat business and customer loyalty (1).

2.8 Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

If Village Stores Ltd reorganises in response to customer feedback, it will be able to better meet customer needs (1). This could lead to increased customer satisfaction and loyalty, ultimately resulting in higher sales and more profit (1).

2.9 Award up to 6 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–3	<ul style="list-style-type: none"> The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. The answer attempts to explore business information and/or issues. It contains limited connections between points.

2	4–6	<ul style="list-style-type: none"> • The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. • The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent.
3	7–9	<ul style="list-style-type: none"> • The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. • The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning.

An example of a Level 1 answer

Village Stores Ltd could face financial risk. It will need to finance the reorganisation, paying for the new coffee facilities and the new seating area.

Village Stores Ltd could face operational risk. It will take time to install the new coffee facilities and the new seating area.

An example of a Level 2 answer

Village Stores Ltd could face financial risk. It will need to finance the reorganisation, paying for the new coffee facilities and the new seating area. If the reorganisation results in the forecasted additional sales, it will have been worth the risk.

Village Stores Ltd could face operational risk. It will take time to install the new coffee facilities and the new seating area. If the number of customers visiting the shop reduces while the works are going on, it may lead to business failure.

An example of a Level 3 answer

Village Stores Ltd could face financial risk because the business will need to invest in upgrading the coffee facilities and providing the new seating area. If the additional sales expected do not materialise, the business could face cash-flow issues and potentially experience financial difficulties. This financial risk is heightened if customer demand does not increase as anticipated after the reorganisation.

Village Stores Ltd could also face operational risks. The disruption caused by the installation of the new facilities could lead to a decrease in footfall, reducing daily sales. If the work takes longer than expected, there could also be additional costs involved. This disruption could affect cash flow, lead to operational inefficiencies, and possibly even result in business failure if the issue is not resolved quickly.

- 2.10** Award 1 mark for stating one way Banger Cars could identify customer needs. The answer must apply to the case study. For example:

Banger Cars could carry out market research via social media (1).

- 2.11** Award 1 mark for providing the example how Banger Cars adapted an existing product. For example:

Adding batteries and electronics to the body of Oldcar's vehicle.

- 2.12** Award 1 mark for the correct answer: 2024.

- 2.13** Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

Lord Bob Hope risked financial loss (1). There may not have been a demand for cheap electric vehicles (1).

- 2.14** Award 2 marks for linked points that apply to the case study. Award 1 mark if the points are not linked or do not apply to the case study. Here is an example of a 2-mark answer:

A unique selling point of Banger Cars is low price (1). It manufactures electric vehicles more cheaply than the competition to attract customers (1).

- 2.15** Award up to 6 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–3	<ul style="list-style-type: none"> The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. The answer attempts to explore business information and/or issues. It contains limited connections between points.
2	4–6	<ul style="list-style-type: none"> The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent.
3	7–9	<ul style="list-style-type: none"> The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning.

Relevant points that could be included

- Social media allows for quicker and more efficient communication. It has helped Banger Cars market its electric cars directly to a wide audience.

- Social media is often cheaper than traditional print advertising. This will have enabled Banger Cars to keep its marketing costs lower than they might otherwise have been, which ties in well with the business's low-cost brand.

2.16 Award up to 9 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–3	<ul style="list-style-type: none"> • The answer contains limited application of knowledge and understanding of business concepts and issues to the case study. • The answer attempts to explore business information and/or issues. It contains limited connections between points. • The answer contains a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made.
2	4–6	<ul style="list-style-type: none"> • The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. • The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent. • The answer contains a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made.
3	7–9	<ul style="list-style-type: none"> • The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. • The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning. • The answer contains a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made.

An example of a Level 1 answer

Partnering with ElecCars will enable Banger Cars to develop a new brand that combines the affordability of Banger Cars with the technology of ElecCars.

Potential customers may not like this new brand because it may need to move away from Banger Cars' current low-cost brand identity if customers are going to believe the new cars are technologically advanced enough to meet their needs.

Banger Cars should choose to partner with ElecCars. The partnership will give Banger Cars a new product without the significant investment required to design a new car that better meets its customers' needs.

An example of a Level 2 answer

There are three main purposes of business activity and partnering with ElecCars will enable Banger Cars to fulfil all three of these purposes. It will be able to sell a product that customers want to buy: an advanced electric car. It will be able to sell a product that meets customers' needs: customers will still be able to buy the car quickly and without fuss via social media. It will also be able to add value by developing a new brand that combines the affordability of Banger Cars with the technology of ElecCars.

Partnering with ElecCars does have some risks for Banger Cars. It will need to introduce a new brand to the British electric car market, and it may need to move away from its current low-cost brand identity if customers are going to believe the new cars are technologically advanced enough to meet their needs.

Banger Cars should choose to partner with ElecCars. The partnership will give Banger Cars a new product without the significant investment required to design a new car that better meets its customers' needs. It could minimise the risks of the partnership by carrying out extensive market research and using the information gathered to develop the new brand.

An example of a Level 3 answer

There are three main purposes of business activity and partnering with ElecCars will enable Banger Cars to fulfil all three of these purposes. It will be able to sell a product that customers want to buy: an advanced electric car. It will be able to sell a product that meets customers' needs: customers will still be able to buy the car quickly and without fuss via social media. It will also be able to add value by developing a new brand that combines the affordability of Banger Cars with the technology of ElecCars.

Partnering with ElecCars does have some risks for Banger Cars. It will need to introduce a new brand to the British electric car market, and it may need to move away from its current low-cost brand identity if customers are going to believe the new cars are technologically advanced enough to meet their needs. It will also sacrifice profit from the sales of the new cars to ElecCars, so it will need to sell a lot more cars to continue to make the same amount of profit each year.

Banger Cars should choose to partner with ElecCars. The partnership will give Banger Cars a new product without the significant investment required to design a new car that better meets its customers' needs. It could minimise the risks of the partnership by carrying out extensive market research and using the information gathered to develop the new brand. This would ensure the logo, slogan and defining values of the new brand, and how they are communicated, makes potential customers chose the new brand over competitors' brands.

2.17 Award up to 12 marks. First identify the correct level, and then decide whether the answer falls towards the bottom of the level or towards the top of the level and award marks accordingly.

Level	Marks	Explanation
1	1–3	<ul style="list-style-type: none"> The answer demonstrates elements of knowledge and understanding of business concepts and issues. It contains limited business terminology. The answer contains limited application of knowledge and understanding of business concepts and issues to the case study.

		<ul style="list-style-type: none"> • The answer attempts to explore business information and/or issues. It contains limited connections between points. • The answer draws a conclusion, which is supported by general assertions drawn from limited evaluation of business information and issues.
2	4–6	<ul style="list-style-type: none"> • The answer demonstrates mostly accurate knowledge and understanding of business concepts and issues. It includes appropriate use of business terminology in places. • The answer contains sound application of knowledge and understanding of business concepts and issues to the case study, although there may be some inconsistencies. • The answer explores business information and/or issues. It contains interconnected points with chains of reasoning, although some of the logic may be inconsistent. • The answer draws a conclusion, which is based on sound evaluation of business information and issues.
3	7–9	<ul style="list-style-type: none"> • The answer demonstrates accurate knowledge and understanding of business concepts and issues throughout. It includes appropriate use of business terminology. • The answer contains detailed application of knowledge and understanding of business concepts and issues to the case study throughout. • The answer explores business information and/or issues. It contains detailed interconnected points with logical chains of reasoning. • The answer draws a valid and well-reasoned conclusion, which is based on thorough evaluation of business information and issues.

An example of a Level 1 answer

Banger Cars was established because Lord Bob Hope saw a new business idea in the rapid technological changes that were making electric cars more affordable to manufacture and more popular with customers.

However, further changes in technology have caused Banger Cars to lose market share in recent years, and the business made an average loss of £1000 per car in 2024.

Changes in technology have had a huge impact on Banger Cars' business, both positive and negative.

An example of a Level 2 answer

Rapid technological changes mean completely new business ideas can be created. The increasing affordability of technology means more customers can buy goods and services based on technology that was previously unaffordable.

Banger Cars was established because Lord Bob Hope saw a new business idea in the rapid technological changes that were making electric cars more affordable to manufacture and more popular with customers. By bringing together Oldcar's vehicle body, and batteries and electronics from low-cost suppliers abroad, he was able to create a new market for low-cost electric cars.

However, further changes in technology have caused Banger Cars to lose market share in recent years, and the business made an average loss of £1000 per car in 2024. Customers now want more advanced technology because it has become cheaper.

Changes in technology have had a huge impact on Banger Cars' business, both positive and negative. Changes in technology will also continue to have an impact on the business, for as long as it operates. Even if Banger Cars partners with ElecCars, the new business will need to ensure its cars develop as technology develops.

An example of a Level 3 answer

Rapid technological changes mean completely new business ideas can be created. The increasing affordability of technology means more customers can buy goods and services based on technology that was previously unaffordable.

Banger Cars was established because Lord Bob Hope saw a new business idea in the rapid technological changes that were making electric cars more affordable to manufacture and more popular with customers. By bringing together Oldcar's vehicle body, and batteries and electronics from low-cost suppliers abroad, he was able to create a new market for low-cost electric cars. Within three years of establishing the company, he was making an average profit of £5000 per car.

However, further changes in technology have caused Banger Cars to lose market share in recent years, and the business made an average loss of £1000 per car in 2024. Customers now want more advanced technology because it has become cheaper. More and more customers are looking at technology as the USP and not price and, as a result, the Banger Bytes no longer meets the requirements of car buyers.

Changes in technology have had a huge impact on Banger Cars' business, both positive and negative. Changes in technology will also continue to have an impact on the business, for as long as it operates. Even if Banger Cars partners with ElecCars, the new business will need to ensure its cars develop as technology develops. Even if it does not use the latest and most advanced technology in its new car, to keep it affordable, it cannot stop developing its product. If it does, it will find itself in the same situation as it does now: with an obsolete product.