

Mark Scheme (Results)

January 2011

GCE

GCE Economics & Business (6EB04) Paper 01

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| Question Number | Answer | Marks |
|-----------------|---|-------|
| 1 | <p>Knowledge up to 2 marks: A valid definition of government intervention e.g. "Actions on the part of government that affect economic activity, resource allocation, and especially the voluntary decisions made through normal market exchanges". In this case, legislation to require a TV licence to view iPlayer on demand.</p> <p>Notes: Note 1: 1 mark for partial or vague definition (but a valid example lifts to 2 marks). Any valid extension or plausible application to the context will also gain the 2nd mark.</p> | 1-2 |

| Question Number | Answer | Mark |
|-----------------|---|------|
| 2 | <p>Knowledge up to 2 marks: A valid definition of free rider e.g. "free riders are those who consume more than their fair share of a public resource, or shoulder less than a fair share of the costs of its production" or equivalent demonstrating understanding = 2 marks.</p> <p>Notes: Note 1: 1 mark for partial or vague definition (but a valid example lifts to 2 marks). Any valid extension or plausible application to Pareto inefficiency or the context will also gain the 2nd mark.</p> | 1-2 |

| Question Number | Answer | Marks |
|-----------------|---|---------------|
| 3 | <p>Knowledge (2), Application (2), Analysis (1)</p> <p>Knowledge 1 mark: According to definition, the test is the extent to which iPlayer may be considered non-rival (1 mark) and non-excludable (1 mark). The key point is that free riders are not currently prevented from using the service (1 mark).</p> <p>Application up to 2 marks: Using iPlayer doesn't diminish the usability for others (1mark). Although it is probably technologically possible to exclude non-licence payers (as iPlayer does for overseas users) (1 mark), there is no intention of changing the law in this respect (1 mark). Note: Valid if partially flawed relevant assertions (Up to 1 mark).</p> <p>Analysis 1 mark: The catch up service certainly matches the theoretical definition of a public good, the streaming service doesn't legally.</p> | 1 1-2 1 |

| Question Number | Answer | Mark |
|-----------------|---|---------------|
| 4 | <p>Knowledge (1), Application (2), Analysis (1)</p> <p>Knowledge: 1 mark An understanding (possibly implied) of licence revenue. The income gained by the BBC from the licence fee.</p> <p>Application: up to 2 marks iPlayer and other internet broadcasting could substitute for a TV for computer users. (1) This could result in a fall in revenue. (1)</p> <p>Analysis: 1 mark Evidence H suggests that some university students already do this (but the inference is little consequent revenue is lost).</p> | 1 1-2 1 |

| Question Number | | | |
|-----------------|--------------|---|--|
| Level | Mark | Descriptor | Possible Content |
| Level 1 | 1-2 | Candidate shows knowledge of how they are funded. | <ul style="list-style-type: none"> Lower revenues mean hard to keep up. |
| Level 2 | 3-5 | Answers should be related to the context. | <ul style="list-style-type: none"> It is likely that candidates will be aware of the rising threat of internet, satellite & cable TV on demand. |
| Level 3 | 6-7 6=NIC | Candidate uses the evidence to analyse the situation. | <ul style="list-style-type: none"> Falling shares of the TV market. Lower programming budgets might lead to further decline. |
| Level 4 | 8 | Expect to see evaluative points. Negative consequences with qualification and <i>some</i> evaluation. | <ul style="list-style-type: none"> Increased costs which may not be met from advertising revenues. New advertising opportunities. Fiercer competition. So far, very little revenue from internet broadcasting. |

| Question Number | | | |
|-----------------|--------------|--|---|
| 6 | | | |
| Level | Mark | Descriptor | Possible Content |
| Level 1 | 1-2 | Candidate shows some knowledge of effectiveness of online advertising. | <ul style="list-style-type: none"> • Better content might mean more sales. |
| Level 2 | 3-5 | Some relevant awareness in context but lacks development. Perhaps only one strand. Toolkit use may be limited. | <ul style="list-style-type: none"> • More mainstream content could increase internet audience. • Race to sponsor content. |
| Level 3 | 6-7 6=NIC | <p>Good awareness in context of the likely effects of this type of joint venture.</p> <p>At this level, both prices (price paid by the advertiser for advertising) and competition should be addressed</p> | <ul style="list-style-type: none"> • Could be the last nail in ITV's coffin. • Advertisers now have a wider choice of media. • YouTube only attracts a minority audience - lower advertising costs? |
| Level 4 | 8-10 | Expect to see strong analysis and convincing evaluative points based on analysis of the business situation. Answer is coherent, has some balance, is related to the context and makes good use of toolkit. | <ul style="list-style-type: none"> • Advertisers may be able to exploit the younger market. • May well be cheaper than mainstream TV advertising. • Easier to reach segmented niche markets. • Threat of monopoly power as market consolidates. |

| Question Number | | | |
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| *7 (a) | | | |
| QWC i-iii | | | |
| Level | Mark | Descriptor | Possible Content |
| Level 1 | 1-3 | <p>Candidate shows knowledge and understanding.</p> <p>To achieve a mark of 1 - 3 the candidate will have struggled to use Economics and Business terminology legibly with frequent errors in SPG and / or weak style and structure of writing.</p> | <ul style="list-style-type: none"> • What is meant by restrictions • Legal controls |
| Level 2 | 4-6 | <p>Candidate applies information in evidence to raise points in context.</p> <p>Candidate uses some Economics and Business terms but the style of writing could be better. There will be some errors in SPG. Legibility of the text could have been better in places.</p> | <ul style="list-style-type: none"> • Examples of restrictions • Limits or banning of food advertising, e.g. McDonald's • Examples of HFSS food products |
| Level 3 | 7-14 7=NIC | <p>Low level 3: 7 - 9 marks Narrower and/or weaker analysis relevant to the question.</p> <p>Medium level 3: 10 - 12 marks Expect to see some sound analysis.</p> <p>High Level 3: 13 - 14 marks Expect to see strong analysis using evidence</p> <p>The candidate uses Economics and Business terminology quite well with reasonable to good spelling, punctuation and grammar.</p> | <ul style="list-style-type: none"> • Reduces revenue for TV companies and reduces sales of food products • Could reduce consumption of potentially harmful foodstuffs. • Reduces negative externalities |
| Level 4 | 15-20 | <p>Low Level 4: 15 - 17 marks Some evaluative points are made, based on analysis of the situation and / or evidence.</p> <p>High Level 4: 18 - 20 marks Works to convincing evaluation on the impact of TV advertising of food and provides a supported conclusion.</p> <p>Candidate uses Economics and Business terminology precisely and effectively with good to excellent spelling, punctuation and grammar.</p> | <ul style="list-style-type: none"> • These products are not illegal, so why should advertising be restricted? • Reducing TV revenue could damage programme quality including public service requirements • Government spending on NHS may fall as a result • Reduces consumer choice |

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| | | | <ul style="list-style-type: none"> • Question link between TV advertising and obesity |
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| Question Number | | | |
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| *7(b) QWC i-iii | | | |
| Level | Mark | Descriptor | Possible Content |
| Level 1 | 1-3 | 1 - 3 marks: Candidate shows knowledge of regulation. Written communication may be poor with frequent errors in spelling, punctuation and grammar and a weak style and structure of writing. There may be problems with the legibility of the text. | <ul style="list-style-type: none"> • Knowledge of competition commission • Cable and Satellite offer more programmes. • Kangaroo would have too many adverts. |
| Level 2 | 4-6 | 4 - 6 marks: Some application and knowledge of reasons behind regulating competition. The candidate may use some Economics and Business terminology but the style of writing could be better/there may be some errors in spelling, punctuation and grammar. | <ul style="list-style-type: none"> • Reduction in cost to licence payer. • Improved competition means more choice. • Cable and satellite could offer more online. • BBC should not be involved in any commercial venture. |
| Level 3 | 7-16 7=NIC | Low level 3: 7 - 11 marks Candidate analyses consequences of regulating competition. High level 3: 12 - 16 marks Clear analysis with reasonable application to the evidence and use of toolkit. Answer may be less clear than Level 4 and may lack balance. The candidate uses Economics and Business terminology quite well/style of writing is appropriate for the question/reasonable to good | <ul style="list-style-type: none"> • Consumers seem happy to pay for Pay TV. • All consortium members have their own VoD service. • The block is unlikely to have any impact on competition in any case. |

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|---------|-------|---|--|
| | | spelling, punctuation and grammar. | |
| Level 4 | 17-30 | <p>Low Level 4: 17 - 21 marks An answer displaying limited judgement.</p> <p>Medium Level 4: 22 - 26 marks An answer displaying effective evaluation of arguments or an attempted conclusion.</p> <p>High Level 4: 27 - 30 marks An answer displaying the ability to convincingly weigh up the costs and benefits of alternative approaches. Balanced conclusions and recommendations based on sound analysis of the evidence.</p> <p>Candidate uses Economics and Business terminology fluently with good spelling, punctuation and grammar.</p> | <ul style="list-style-type: none"> According to Evidence E and F, ITV and Channel 4 are losing market share rapidly and pose no threat to competition. The public are being denied a useful service which wouldn't have an additional cost. Consortium members all have a public service remit. <p>On the other hand,</p> <ul style="list-style-type: none"> Monopoly power is rarely in the public interest e.g. more competition in the market usually results in more choice and lower prices for the consumer. |

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