



General Certificate of Education

Business Studies 5131/6131

**BUS6 External Influences and
Objectives and Strategy**

Report on the Examination

2008 examination - June series

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General Comments

The context material proved accessible to many candidates, allowing them to apply their knowledge effectively. This sound application meant that a number of candidates were able to produce responses that were analytical and evaluative. As with previous sessions, the better responses used knowledge synoptically, selecting theories and concepts appropriately, and using them effectively to construct arguments. The greater awareness of strategic thinking reported in last June's exam was evident again this year.

The significant weakness in a number of responses was the tendency to merely repeat the details of the case rather than use the information to construct analytical arguments. This is perhaps a function of an accessible context whereby candidates spend too much time merely restating the details of the business in the stimulus material. The point made in last June's report regarding the accessibility of the case study remains valid. The businesses featured in BUS6 will continue to be familiar to the candidates and candidates must distinguish between knowledge of business studies and knowledge of the business itself. Candidates must see the stimulus material as an opportunity to display understanding of business studies concepts, and merely rewriting the information provided, without integrating business theory is unlikely to yield high marks. Centres are advised to use previous papers to develop exam skills in timed conditions. This tendency towards being descriptive also caused a minority of candidates to run out of time because they spent too long on early questions.

It is pleasing to report that more candidates are building analytical responses based on a few well made arguments, rather than merely presenting a large number of undeveloped points.

Question One

This was answered well in many centres, suggesting an improved understanding of the concept by candidates. However, a significant minority of centres appeared not to have prepared candidates for this topic. Many candidates were able to provide an appropriate definition of contingency planning, with better responses linking the concept to the uncertainties facing Cadbury Schweppes. Many recognised that Cadbury Schweppes faced uncertainties in both demand and supply conditions, and could relate the benefits of contingency planning directly to the company's situation. The best responses balanced the benefits with the difficulties of contingency planning for all conceivable difficulties and the possible costs. A few candidates analysed effectively the opportunity cost implied in contingency planning. The best responses focused on the key word in the question and evaluated whether contingency planning could really remove the uncertainties facing the company, acknowledging that at best, contingency planning puts Cadbury Schweppes in a better position to deal with the uncertainties that will inevitably arise rather than enabling the company to remove them altogether.

Weaker responses confused contingency planning with planning generally. The most frequent error was to claim that contingency planning prevented external shocks from occurring. Weaker responses also focused on how to avoid the problems rather than on how to deal with them should they arise. This was particularly the case with the quality issues faced by Cadbury Schweppes. Many candidates took a narrow view of Cadbury Schweppes' uncertainties, limiting their comments to quality issues rather than widening their analysis to include the market conditions, supply constraints and the macroeconomic environment.

Many candidates claimed that, because external factors are beyond a company's control, there is no point in preparing for them. This line of evaluation did not yield many evaluation marks.

Question Two

This question proved to be very accessible and popular, with many candidates providing long and detailed responses, illustrating that centres are preparing candidates very well for this topic area. The best answers balanced the company's responses towards its various stakeholders in relation to the quality problems, commenting analytically on the extent to which social responsibilities were met. Better answers displayed sound knowledge of social responsibilities and a good grasp of the different interests of Cadbury Schweppes' stakeholder groups. Good evaluation was a key feature of the best responses to this question, with some candidates able to judge the relative stakeholder power and interest. Most candidates recognised the primacy of customer interests, with a few balancing these with those of shareholders. Candidates who recognised a wider range of stakeholders beyond customers and shareholders often scored highly.

Weaker responses had a confused understanding of social responsibilities. Some candidates merely took the term to mean stakeholder interests, for instance arguing that a shareholder's desire for a dividend was a social responsibility. Others confused social responsibility with ethics generally or social audits. Some candidates also spent far too much time describing the actions Cadbury Schweppes took in response to the quality problems and too little time analysing whether these actions were socially responsible. It was this question in particular that illustrated the dangers inherent in merely being descriptive and not using the information in the case study effectively. Much time was wasted by some candidates on this question. A few candidates did not focus on the quality issues.

Question Three

This question worked well in differentiating those candidates who had a good understanding of product development theory. Many candidates effectively used concepts such as Ansoff's Matrix, Porter's five forces and the Boston Matrix to inform their arguments, with many recognising the key factors relevant to whether Cadbury Schweppes were likely to impact on Wrigley's UK market dominance. A few candidates provided interesting evaluation based on Cadbury Schweppes' objectives, arguing that it was more likely that Cadbury Schweppes could capture some of Wrigley's UK market share, but unlikely that the company would dominate the UK chewing gum market in the same way it does the UK confectionery market. Good answers used the information relating to Cadbury Schweppes' existing market position to argue that the company could make progress in this sector. For instance, a popular and successful line of argument was one that balanced the distribution and brand power of Cadbury Schweppes against the market power of Wrigley. Those that remained focused on the UK market achieved higher marks. Some effectively balanced Cadbury Schweppes' dominance in confectionery with Wrigley's dominance in chewing gum to produce some very good evaluation.

Candidates who wrote general answers that merely described how Cadbury Schweppes could market Trident achieved fewer marks. Some provided too much detail about Trident, to no analytical benefit, and commented on the success of a product based entirely on personal preference, and unsupported by business theory is unlikely to gain high analysis or evaluation marks.

A small number of candidates omitted this question altogether, suggesting that they did not recognise the term 'product development'.

Question Four

A significant proportion of candidates did not know what an emerging market was, electing to answer the question from the point of view of a new market.

The candidates who did understand the term often produced analytical responses which drew together the main issues such as relating to an undeveloped market with other issues such as culture, distribution and a lack of knowledge of the market. Application was comparatively rare and often undeveloped.

Good evaluation in this question was rare. Of the few successful attempts at evaluation seen two approaches stood out: some assessment of the relative importance of different difficulties and an assessment of Cadbury's strengths and weaknesses in relation to the difficulties. Candidates' poor application and evaluation may partly be the result of a poor understanding of how multinationals operate (and a failure to pick up from the text that Cadbury were already in emerging markets). Many candidates raised ethical issues in relation to multinationals in developing countries, especially low wages and the associated image problems for firms.

Answers to this question revealed continuing, widespread misunderstanding of the way exchange rates operate, and the impact of exchange rate fluctuations on businesses such as Cadbury Schweppes.

Question Five

It is pleasing to report a continued improvement in the way candidates approach this type of strategic question, with many providing well argued responses drawing synoptically on a range of concepts. However, it remains the case that very few candidates plan answers. Many candidates recognised that the central theme to the question was the balance between the possible loss of economies of scale and the benefits of focus. Some, however, showed confused logic when arguing that a loss of economies of scale and diseconomies of scale were the same thing. Better responses drew on the information in the case study to construct analytical arguments that recognised that separated confectionery and drinks businesses might meet the challenges of their different sectors more effectively, whilst acknowledging that they might be smaller and more vulnerable to external shocks. There was good use of the case study, with a small number of candidates bringing in more contemporary knowledge of Cadbury Schweppes situation since the separation.

In general, the data in the appendices was used effectively, although a minority of candidates did not understand the significance of a change in share valuation.

Weaker responses merely retold the information in the case study, without analysing its relevance. This was particularly true of the appendices, with some candidates wasting valuable time re-writing the data.

Problems of time management affected a small minority of candidates, meaning they had little time to attempt this question fully.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the [Results statistics](#) page of the AQA Website.