Examiners' Report
Principal Examiner Feedback

November 2020

Pearson Edexcel International GCSE
In Commerce (4CM1) Paper 02R

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Grade Boundaries

Grade boundaries for all papers can be found on the website at:
https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html

GENERAL COMMENTS

Candidates appeared to have found the paper accessible and were able to complete the paper in the given time. For the majority of the questions candidates were well prepared and were able to apply their knowledge, analyse and evaluate to answer the questions. However, a significant number of candidates struggled with the 'State' questions and too many lost easily available 1 mark opportunities for a reasonable definition of a business term.

Many candidates had gained a great deal of commercial understanding from studying the course and this was apparent in the answers given. However, there are a number of candidates who are answering the questions detailing their knowledge of the topic without giving any application, analysis or evaluative comments. This does restrict the candidates' access to the full range of marks.

Generally though, the range of scenarios throughout the paper of real life commercial operations appeared to be of interest to the candidates and this enabled them to demonstrate their knowledge and understanding of the questions quite easily. Higher marks were achieved with analysis of that application and then evaluation of their arguments.

The mark scheme includes the Assessment Objectives to help in the preparation of candidates for future examinations. Just to reiterate, that all four of the Assessment Objectives (AO's) are covered throughout the paper and the percentage breakdown of each AO can be seen on page 31 in the Specification. Also on page 44 of the Specification, are examples of the command words used. For example in question 1e(i) and 1e(ii) the command word is 'State' which requires AO2 responses so is looking to find that the answer first demonstrates the knowledge and understanding of the question posed but importantly that this is then applied to the case study. When seeking this application, candidates need to remember that they must avoid just repeating words and phrases in the question. In Q4c, the command word is "Evaluate" and there are marks available for all four of the Assessment Objectives which means this question is very accessible to all students.

It is important that candidates consider the marks allocated for each question. The marks given provide guidance on the amount of detail they need to answer the question.

It is also worth mentioning, that the examination paper is marked using the online 'ePEN' system, therefore candidates must indicate if they have continued their answer somewhere else on the paper or have added additional sheets. Although many candidates did follow this information there were still a number who did not. For those candidates that used additional paper, their response to the questions must be clearly identified on the paper. Sufficient lines are given for candidates to answer questions. It is also important that candidates clearly label the additional pages to show their details and which question they are continuing to answer.

Questions can be taken from any part of the specification, therefore centres should ensure that all sections are covered so that they do not disadvantage any candidates. From the work seen it appeared that some candidates had not covered the full specification.

COMMENTS ON INDIVIDUAL QUESTIONS

SECTION A –

Question 1

In part 1 a – 74% of candidates identified that one function of the Post Office is the payment of bills.

In part 1 b – again well answered. 77% of candidates recognised that the purpose of a night safe is to allow for the depositing of money when the bank is not open.

In part 1 c – candidates had to define the term bank giro. This proved to be a more challenging question with 25% recognising that this was an instruction to a bank to transfer money to another account.

In part 1 d –candidates had to define the term yield. 25% of candidates were able to define this as the annual dividend paid out per share.

In part 1 e(i) – this was the first 'State' question, where candidates must relate their response to the scenario. Candidates had to identify a quotation as the trading document that would be sent to a customer of the Lego Group in response to an enquiry. Few candidates were able to achieve this mark. Although many could identify the trading document as a quotation, too few were able to link this to the Lego group by suggesting that the quotation would provide the price of its toys or construction sets or games. All this was in the stem but not in the question itself so could have been used to provide the necessary context. It is important that students are encouraged in this development.

In part 1 e(ii) - this is the second 'State' question where candidates must relate their response to the scenario. Very few gained the mark available. Although candidates understood reasons why the Lego group uses catalogues, this needed further development with context so, for example, a reference to the wide range of toys it can promote in a catalogue. Again, students need to be encouraged to achieve this application to gain the mark.

In part 1 e(iii) – candidates were required to calculate, to two decimal places, The Lego Group's total expenses as a percentage of $5bn turnover. This required students to add up all the expenses listed which proved challenging for 36% of candidates but 64% were able to arrive at the correct answer by doing this calculation and then multiplying 0.67 x 100. It is worth reminding students to show their workings and to correctly round a figure to two decimal places.

In part 1 f – an explain question where candidates are required to offer a reason why a business might issue a credit note. It is important that candidates understand that this is asking for a reason which then needs to be developed to explain more details of why the credit note is issued. 45% of candidates were able to identify a reason such as a customer has returned some goods and this was often developed well to the fact that keeps a clear record of how much the customer owes to the business.

In part 1 g – candidates were asked to explain one reason why a business may use factoring. Sadly only 30% were able to offer a valid reason such as to improve cashflow. This was developed by a few to explain that this would reduce to the cost of borrowing money to cover bad debts and thus increase the profitability of a business.

In part 1 h – this is the first question in the paper which is marked by levels.
To gain the marks available candidates needed to apply the information and then analyse it. The question required a response analysing the benefit to The Lego Group of using its own fleet of vehicles or DHL to deliver its goods. 84% of candidates gained marks on this question with 30% achieving Level 3 so 5 or 6 of the total 6 marks available. Over 37% of candidates were able to gain level 2 so 3 or 4 marks with some analysis of both methods. As application was a problem on occasion it may be useful to note that limited application could easily have been achieved by recognising DHL as third party distribution and own delivery vehicles as application for the other transport method.

Question 2

In part 2 a – a multiple choice question where over 60% of candidates were able to identify the formula for mark-up.

In part 2 b – a multiple choice question where candidates had to identify a role of warehousing as protecting supply. Almost80% of candidates were able to do this.

In part 2 c(i) – over 95% of candidates identified the fruit infuser as the cheapest product.

In part 2 c(ii) – again candidates had to refer to figure 2 and identify which product had sold the most. 100% were able to identify this as the baseball hat.

In part 2 d – a define question where candidates were asked to define the term invoice. 63% of candidates were able to do this.

In part 2 e – this question was 'explain' hence candidates did not need to put it in context. This was answered well. More than 90% of candidates were able to gain 2 or 3 marks and give a reason why a customer might use a credit card to purchase goods. A significant number of candidates offered the response that this might be due to not having enough money to pay cash for the goods but the card allows immediate purchase and the opportunity to pay for it at a later date.

In part 2 f – Over 93% of the cohort gained one to three marks on this question. As it was another 'explain' question candidates did not have to put it in context. Many candidates understood that a possible reason why a business might use social media was to reach its target customers and show them the attractiveness of its products which would persuade them to buy.

In part 2 g – again this is a question that is marked by levels so candidates are required to apply, analyse and evaluate in their responses and will be rewarded holistically on how well they do this. No marks are available just for knowledge. Candidates had to choose between
two export support options, a trade organisation or an overseas agent, to help Gymshark decide where to promote its products in China after receiving an increase in enquiries from that country.
Many candidates were able to offer chains of reasoning for the choice of an overseas agent. It is important to note that this question does not have any marks for knowledge AO1 so candidates need to be able to apply these chains of reasoning to the particular situation of how they may help Gymshark find the best places to promote their products. This was achieved by 60% of candidates with references to the fitness industry and how the agents may know the most popular types of fitness services in China such as the availability of personal trainers in particular locations perhaps so that these could be included in the advertising. Evaluation was strong for some candidates and over 22% achieved 6 or 7 marks and 10% achieved 8 or 9 marks as a result of this combination of applied chains of reasoning followed by applied evaluation e.g. where there is a commission charge by these agents even if they are not fully aware of the fitness industry specifics in China which could prove expensive.

Question 3

In part 3 a – the majority of the candidates gained the mark for identifying an ATM as a service offered by a bank.

In part 3b – Again over 95% of candidates were able to identify a freight plane as a mode of transport to distribute products overseas.

In part 3 c – a state question where candidates had to give a benefit to Monin of using videoconferencing when discussing new products with distributors. This requires an applied response which some students achieved with reference to reducing the cost of overseas travel to meet distributors.

In part 3 d – candidates were asked to complete the comprehensive income statement by calculating the missing amounts. The majority of candidates achieved either one or two marks.

In part 3 e – candidates were asked to analyse the impact on Monin of not being able to complete orders. This has 3 AO2 marks and 3AO3 marks so responses need to be in context. Over 40% of candidates achieved level 2 marks with interconnected points and chains of reasoning. Most responses focused on the impact of the reduction in sales turnover and reduced profit margin.

In part 3 f – again another option question where candidates had to justify which one of the two options would be more suitable for Monin to use to provide $90m finance for the building of another production facility in South America. The choices were either to either use its retained profits or to use a debenture. Application could be achieved with reference to the size of Monin meaning it was likely to have significant retained profits or the debenture allows capital to be used in other production facilities. The majority of candidates were able to gain some marks with most of those gaining level 1 marks of 2 or 3 offering a little application and analysis of why Monin might use retained profit. Another 34% were able to develop this further more interconnected points and chains of reasoning and some sound evaluation. 21% gained level 3 marks with detailed interconnection and logical chains of reasoning together with thorough evaluation. A pleasing number of students were able to offer evaluation that the level of retained profit may not be enough and that may mean Monin has to also raise some capital elsewhere or that if using all the retained profit Monin may not be able to cover the risk of future demand dropping suddenly and may then have to take alternative loans or reduce production.

SECTION C

Question 4

In part 4 a – candidates are required to outline why Samsung would offer a 100 day change of mind guarantee. The command outline requires that the response is applied. Two marks are available. Many achieved 2 marks by recognising that the 100 day guarantee would allow customers to feel more confident in their online purchases and so buy more expensive products leading to an increase in sales turnover. Application can be achieved with reference to the range of expensive products or purchasing online. Too many students were unable to gain full marks because they did not extract this application.

In part 4 b – 98% of candidates were able to gain some marks on this question.   An analysis question requires application and analysis, in this case of the positive impact on Samsung of using its own website rather than a retailer to sell its products. This was clearly a very accessible question for students with 32% achieving Level 3 and 5 or 6 marks. Many candidates recognised that higher profits were potentially achievable online as operating costs are often cheaper than distributing to retailers and losing some of the selling price to the retailers profits.

In part 4 c – It is worth pointing out to candidates that this question does carry the most marks and they should allow sufficient time to answer it with all four of the Assessment Objectives being covered.

Candidates were asked to evaluate how using persuasive advertising could improve Samsung's sales turnover. The case study offered lots of pointers and opportunities for application with a range of electronic devices listed that would all make a connected living range to make family life easier and enjoyable. The candidates that achieve the highest marks extracted this application and used it to support their analysis of how persuasive advertising might help Samsung achieve this by , for example, showing how a particular family were able to gain valuable time to relax together to watch their favourite TV programs which were recorded via remote settings and that this experience led them to buy other products such as the vacuum cleaner which when linked into the Wi – Fi can be operated remotely so the families can return home to a clean house. This type of persuasive advertising then encourages other families to buy a range of products to achieve the same benefit and increase sales turnover and customer loyalty. However, this range is likely to also become part of Samsung's competitors ranges in the near future so the benefit of improved sales turnover may be short term. Almost 10% of students were able to offer these detailed chains of reasoning together with thorough evaluation and a judgement to achieve the level 3 marks. However, the majority of 42% of candidates were able to achieve level 2 marks of 4, 5 or 6 marks with a sound application and chains of reasoning together with a judgement based on sound evaluation. Some candidates offered lengthy responses continued on additional paper, which is perfectly acceptable, please ensure that all candidates do included the centres details and the candidates name and their number on these additional sheets.