



Mark Scheme (Results)

Summer 2022

Pearson Edexcel GCSE In Business (1BS0)
Paper 02 Building a business

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question number	Answer	Mark
1(a)	The only correct answer is C – 600 units A is not correct because it is not the minimum stock level. B is not correct because it is not the minimum stock level. D is not correct because it is not the minimum stock level.	(1) AO1a

Question number	Answer	Mark
1(b)	The only correct answer is C – Jargon A is not correct because this is not a barrier to effective communication. B is not correct because this is not a barrier to effective communication. D is not correct because this is not a barrier to effective communication.	(1) AO1a

Question number	Answer	Mark
1(c)	Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks. This may make the business a more desirable place to work (1) because workers will now be able to fit work in around other commitments such as childcare (1). Therefore, the business may be able to attract better quality employees (1). This may allow the business to increase its efficiency (1). This is because workers may be more motivated to work for an employer that provides this level of flexibility (1). Thus, the business could find that total variable costs decrease (1). Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
1(d)	Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining this disadvantage up to a total of 3 marks. Suppliers of raw materials may not be reliable (1). As a result, production could stop if deliveries are late (1). Therefore, the business may not be able to meet customer orders (1). The business will not be able to buy in bulk (1) because JIT results in frequent, smaller orders being placed for raw materials (1). Therefore, the average variable cost of raw materials could be higher (1). Accept any other appropriate response. Answers that list more than one disadvantage with no explanation will be awarded a maximum of 1 mark.	(3) A01=1 A01b=2

Question number	Answer	Mark
2(a)	The only correct answer is C – Decline and D – Growth A is not correct because it is not a stage of the product life cycle B is not correct because it is not a stage of the product life cycle E is not correct because it is not a stage of the product life cycle	(2) AO1a

Question number	Answer	Mark
2(b)	The only correct answer is A – Cost and B – Function C is not correct because it is not an element of the design mix D is not correct because it is not an element of the design mix E is not correct because it is not an element of the design mix	(2) AO1a

Question number	Answer	Additional guidance	Mark
2(c)	Substitution into correct formula: $(£200\,000 \div £200\,000) \times 100$ (1) Answer: 100% (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
2(d)	Award 1 mark for identification of an advantage, plus 2 further marks for explaining this advantage up to a total of 3 marks. Employees will enjoy working in the business (1). Therefore, they may be less likely to leave the business (1). As a result, the business will not have to incur the costs of recruiting new staff (1). This should increase the productivity of the employees (1). Therefore, the cost of producing each product should fall (1). As a result, the profit margin on each product should rise (1). Accept any other appropriate response. Answers that list more than one advantage with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
2(e)	Award 1 mark for identification of an impact, plus 2 further marks for explaining this impact up to a total of 3 marks. This may make the product more expensive in the foreign market (1). Therefore, demand for the product abroad could decrease (1). Therefore, the business may experience falling sales revenue (1). The business may have to reduce prices to reduce the effects of the tariff (1). Therefore, the contribution made per product may decrease (1). This will increase the break even point of the business (1). Accept any other appropriate response. Answers that list more than one impact with no explanation will be awarded a maximum of 1 mark.	(3) A01a=1 A01b=2

Question number	Answer	Mark
3(a)	The only correct answer is B – Customer engagement A is not correct because it is not a stage in the sales process C is not correct because it is not a stage in the sales process D is not correct because it is not a stage in the sales process	(1) AO1a

Question number	Answer	Additional guidance	Mark
3(b)	Substitution into correct formula: $(£10\,000 + £70\,000 + £30\,000 + £90\,000) \div 4$ (1) Answer: £50 000 (1)	Award full marks for correct numerical answer without working.	(2) AO2

Question number	Answer	Mark
3(c)	Award 1 mark for identification of a method, plus 2 further marks for explaining this method, up to a total of 3 marks. It could reduce the amount of packaging used (1). Therefore, less resources such as plastic are used (1). As a result, preserving non-renewable resources such as oil (1). It could make greater use of renewable energy (1). Therefore, fewer fossil fuels are burnt to create electricity (1). This could therefore reduce global warming (1). Accept any other appropriate response. Answers that list more than one method with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Answer	Mark
3(d)	Award 1 mark for identification of a method, plus 2 further marks for explaining this method up to a total of 3 marks. The business could reduce the price (1). Therefore, the product now appears better value for money than rival products (1). Thus, sales of the product should start to rise (1). The business could target a new market segment (1). As a result, the product may now become attractive to a new category of consumers (1). Therefore, preventing the product from going into decline (1). Accept any other appropriate response. Answers that list more than one method with no explanation will be awarded a maximum of 1 mark.	(3) AO1a=1 AO1b=2

Question number	Indicative content		Mark
3(e)	- Retained profit is often not large enough to be able to fund the expansion plans of a business (AO1b). - This may mean that the business does not have to use other sources of finances such as share capital (AO1b). - Therefore, other sources of finance will also need to be used to fund the expansion plans which will either increase fixed costs (bank loans) or dilute the ownership of existing shareholders (share capital) (AO3a). - Therefore, by using retained profit there would be no need to dilute the ownership of existing shareholders (AO3a).		(6) AO1b=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	- Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).	
Level 2	3–4	- Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).	
Level 3	5–6	- Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).	

Section B

Question number	Answer	Mark
4(a)	Award up to 2 marks for linked points outlining a drawback to <i>Greggs</i>. Award a maximum of 1 mark if points are not linked. <i>Greggs'</i> may have to clean the sausage roll machine every time they produce a batch of vegan sausage rolls (1). Therefore, the productivity of the production line may be lower (1). Batch production is less efficient than flow production (1). Therefore, the cost of making a Vegan sausage roll may be higher than it could be (1). Award any other valid answer. To award 2 marks there must linked development and evidence of application.	(2) A02

Question number	Indicative content	Mark
4(b)	- New technology, such as food manufacturing equipment is expensive (A02). - This should allow productivity of its sausage roll production line to increase (A02). - As a result, <i>Greggs</i> fixed costs are likely to increase. Therefore, it will need a greater level of contribution to pay off the greater fixed cost burden. As a result, the break-even point may rise (A03a). - Therefore, the average variable cost of making a sausage roll should fall. As a result, profit margins on each item should rise (A03a).	(6) A02=3 A03a=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	- Limited application of knowledge and understanding of business concepts and issues to the business context (A02). - Attempts to deconstruct business information and/or issues, finding limited connections between points (A03a).
Level 2	3–4	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (A02). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (A03a).
Level 3	5–6	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (A02). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (A03a).

Question number	Answer	Additional guidance	Mark
5(a)	Substitution into correct formula: $\pounds 1\,029\,347\,000 - \pounds 373\,487\,000$ (1) Answer: $\pounds 655\,860\,000$ (1) Accept any answers and workings that do not include 000.	Award full marks for correct numerical answer without working.	(2) A02

Question number	Answer	Additional guidance	Mark
5(b)	Substitution into correct formula: $(\pounds 82\,568\,000 \div \pounds 1\,029\,347\,000) \times 100$ (1) Answer: 8.02% (1)	Award full marks for correct numerical answer without working.	(2) A02

Question number	Indicative content		Mark
5(c)	• <i>Greggs'</i> 1,900 shops are less likely to run out of food such as pizza and cakes (AO2). • <i>Greggs</i> may now be able to use a just in time (JIT) stock management system since baked goods like cakes can quickly become out of date (AO2). • As a result, <i>Greggs</i> will always have a full range of products to sell in its shops, allowing it to gain a competitive advantage over its rivals (AO3a). • This may allow <i>Greggs</i> to reduce waste and improve efficiency. As a result, the cost of manufacturing a product may fall allowing a higher profit margin to be obtained (AO3a).		(6) AO2=3 AO3a=3
Level	Mark	Descriptor	
	0	No rewardable material.	
Level 1	1–2	• Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).	
Level 2	3–4	• Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).	
Level 3	5–6	• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a).	

Question number	Answer	Mark
6(a)	Award 1 mark for stating one good that <i>Greggs</i> produce in its factories. Cakes (1). Pizza (1). Sausage roll (1). Sandwiches (1). Soup (1). Vegan sausage roll (1). To award 1 mark there must be evidence of application.	(1) A02

Question number	Answer	Mark
6(b)	Award up to 2 marks for linked points outlining a benefit to <i>Greggs</i>. Award a maximum of 1 mark if points are not linked. <i>Greggs</i> could issue shares (1). Therefore, making it easier to raise capital to fund a 130 shop expansion (1). <i>Greggs</i> will now have a greater public profile (1). As a result, it could attract the best managers from rivals such as Costa (1). Award any other valid answer. To award 2 marks there must linked development and evidence of application.	(2) A02

Question number	Indicative content	Mark
6(c)	- New products, such as vegan sausage rolls, can attract national publicity (AO2). - Lower prices for items like coffee and bacon rolls should attract more customers considering the market is so competitive (AO2). - Therefore, potential customers could become aware of the fact that <i>Greggs</i> now sell new and exciting products. As a result, more <i>Greggs</i> may experience an increase in demand which could lead to rising sales (AO3a). - This is because, the value for money offered by <i>Greggs</i> is now better than rival providers of products such as Costa and Starbucks. As a result, customers may switch loyalties to <i>Greggs</i> allowing it to build a larger customer base which then allows for further sales growth (AO3a). - However, vegan sausage rolls are a niche product since only a small percentage of the population are vegan. Therefore, the impact on sales growth may be quite small. It depends if the national publicity generated makes non-vegans interested in <i>Greggs</i>' differentiated product line (AO3b). - However, the reduction in price could be matched by <i>Greggs</i>' rivals. This would remove any competitive advantage that <i>Greggs</i> would have from lowering prices in the first place. Therefore, the success of this strategy depends on the likely reaction of rival firms in the competitive market (AO3b).	(9) A02=3 A03a=3 A03b=3
Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	- Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). - Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). - Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). - Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Section C

Question number	Answer	Mark
7(a)	Award 1 mark for a correct definition of multinational. These are businesses that produce goods and services in more than one country (1).	(1) A01a

Question number	Answer	Mark
7(b)	Vkontakte	(1) A02

Question number	Answer	Mark
7(c)	Award up to 2 marks for linked points outlining a benefit to <i>JD Sports</i> . Award a maximum of 1 mark if points are not linked. The business will now be able to sell sportswear to a global market (1). As a result, sales revenue should increase (1). The business may no longer need as many bricks and mortar/high street stores (1). Therefore, reducing the rent paid by the Manchester-based clothing business (1). Award any other valid answer. To award 2 marks there must linked development and evidence of application.	(2) A02

Question number	Indicative content	Mark
7(d)	• This could allow <i>JD Sports</i> to focus on its key market segment of 16-24 year olds who are much more likely to see online advertising (AO2). • Sponsorship could make customers of trainers more loyal to the <i>JD Sports</i> brand and reinforce their brand of 'king of trainers' (AO2). • This could influence this market segment into believing that certain products are highly fashionable and are more of a necessity. As a result, <i>JD Sports</i> may be able to charge a premium for these products (AO3a). • By sponsoring Bournemouth football club this may generate more publicity for the brand and attract more customers to <i>JD Sports</i> stores increasing its market share compared to Sports Direct (AO3a). • However, these products are not manufactured by <i>JD Sports</i> and they are available at a lot of other retail outlets such as Sports Direct. Since the market is highly competitive, it is possible that <i>JD Sports</i> can only charge a slightly higher price. It depends on the degree to which the targeted market value the experience of buying a product from this company over another. It maybe that the targeted market segment prefers to purchase from the 'King of trainers' (AO3b). • However, sponsorship is risky. Many potential customers may not be interested in football and, if they are, they may support other more popular or local teams. Sponsorship of sports teams may also prevent <i>JD Sports</i> from becoming a general fashion retailer as opposed to a sporting goods store. Therefore, it ultimately depends on who <i>JD Sports</i> sponsor as to whether this will allow them to improve their competitive advantage (AO3b).	(9) A02=3 A03a=3 A03b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-3	- Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). - Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). - Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made (AO3b).
Level 2	4-6	- Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). - Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). - Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
Level 3	7-9	- Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). - Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). - Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made (AO3b).

Question number	Indicative content	Mark
7(e)	• It would give <i>JD Sports</i> a larger market share (AO1b). • It would eliminate a main competitor (AO1b). • This is because Footasylum target a similar market segment to that of <i>JD Sports</i> by focusing on 16-24 year olds and the 'athleisure' market (AO2). • This would reduce the level of competition in the 16-24 year olds trainer market since it is likely <i>that JD Sports</i> would close down Footasylum shops in duplicate locations. (AO2). • This would allow <i>JD Sports</i> to place larger orders for trainers from suppliers such as Nike and Adidas. This may then generate a bulk-buying discount. This could enable <i>JD Sports</i> to make a higher profit margin on each pair of trainers sold or lower prices to effectively compete with Sports Direct (AO3a). • As a result, consumers would now face less choice as to where they can buy trainers from and are more likely to purchase from <i>JD Sports</i>. As a result, due to the lack of competition, the price of a pair of trainers could rise, allowing <i>JD Sports</i> to benefit through a higher profit margin (AO3a). • However, the Competition and Markets Authority (CMA) have launched an investigation, so it is possible that the takeover could be blocked, considering <i>JD Sports</i> already own Footpatrol and Kukri. This could result in lower profits. The change in profit depends on what, if anything, the CMA decide to do (AO3b). • However, Footasylum was loss making and there is still significant competition in the market from Sports Direct. Therefore, it is possible that the takeover of Footasylum only has a minimal impact on <i>JD Sports'</i> profit. The £90.1m spent acquiring the rival could have been better used to improve the shopping experience in store which may have had a greater effect on profit.	(12) A01b=3 A02=3 A03a=3 A03b=3

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1-4	• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5-8	• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a) • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9-12	• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).

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