

Please check the examination details below before entering your candidate information

Candidate surname		Other names	
<b>Pearson Edexcel</b>		Centre Number	Candidate Number
<b>Level 3 GCE</b>		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
<b>Friday 24 May 2019</b>			
Morning (Time: 2 hours)		Paper Reference <b>9BS0/01</b>	
<b>Business</b>			
<b>Advanced</b>			
<b>Paper 1: Marketing, people and global businesses</b>			
You do not need any other materials.			Total Marks

### Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*

### Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- You may use a calculator.

### Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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**Pearson**

Answer ALL questions.

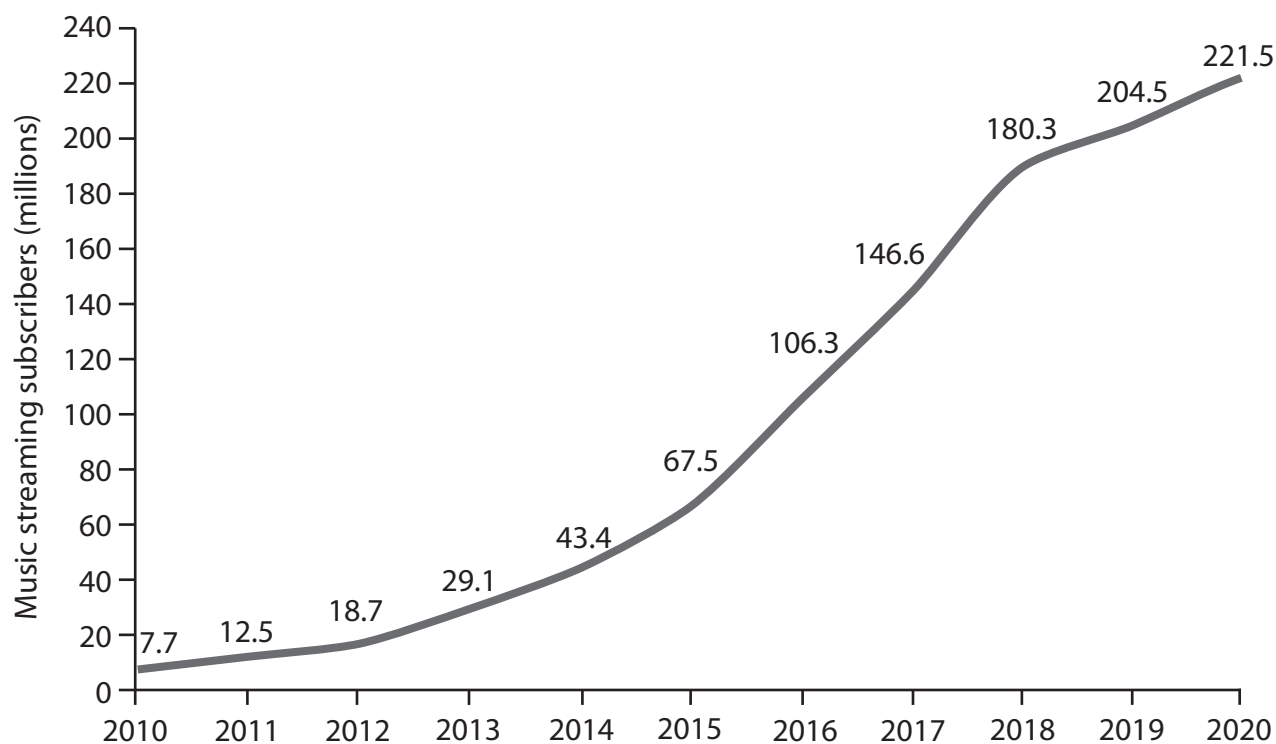
SECTION A

Read the following extracts (A to C) before answering Question 1.

Write your answers in the spaces provided.

Extract A

Music streaming subscribers 2010–2020



Between 2010 and 2011, the number of music streaming subscribers grew by 62.34%.

- The data between 2018–2020 is forecast/projected.

(Source adapted from: © 2018 Midia Ltd)

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**Extract B****The music subscription market in Europe and North America 2017**

Habits of music consumers have changed, as they are streaming music now instead of downloading it. Consumers are increasingly listening to music at home, by using Amazon Echo or Google Home, rather than through smartphones or laptops.

Five music subscription services were launched between 2015 and 2017, but none of these made a profit. However, businesses such as Apple, Google and Amazon can afford to operate music services at a loss.

Product development is a feature of the market. Music acts such as Coldplay and Deadmau5 have already embraced virtual reality (VR) with immersive music videos, where viewers can be part of the video.

Spotify, the largest music streaming service by number of users in the US and Europe, was launched in 2008. Its latest strategy is to add short video clips to its playlists. The clips are aimed at tempting listeners to purchase Spotify's new subscription video service. This is crucial because its existing streaming service continues to make losses.

A typical music streaming business pays over 70% of its subscription revenue to record labels and publishers. Video streaming enables Spotify to gain additional revenue from advertising. In 2018, Spotify needed to make profits as it planned to be a public limited company, through a stock market flotation.

Spotify's rival, Apple Music, has taken a different approach to video streaming, signing artists such as U2 for millions of dollars to stream exclusively for its 27 million subscribers.

(Sources based on: © 2018 Billboard and © 2018 Mansueto Ventures, LLC)



**Extract C****Music streaming in the Asian market**

Music streaming has been adopted more quickly in the USA and Europe, compared to the Asian market. The Asian market only generates 14% of total world digital music revenues, but is growing. Mobile phone network operators in Asia are including music streaming services as part of their price plans, but some consumers in Asian markets may not be prepared to pay high prices for streaming music.

Copyright infringement can also make operating in some Asian markets difficult. In 2016, one of the three biggest music streaming websites in Vietnam ceased trading.

(Source from: © 2018 Insider Inc.)

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1 Between 2010 and 2011, the number of music streaming subscribers grew by 62.34%.

- (a) Using the data from Extract A, calculate, to 2 decimal places, the difference between percentage growth in 2010 to 2011 and that in 2019 to 2020.  
You are advised to show your working.

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- (b) Using the data from Extract A and your knowledge of the product life cycle, explain **one** way in which the marketing of music streaming might be different in 2010 compared to 2019.

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(c) Assess the likely consequences of stock market flotation for a business, such as Spotify.

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(12)



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Spotify is aiming to extend the product life cycle of its music streaming business. Spotify could either focus on marketing strategies in existing markets, such as Europe and the USA, or expand into emerging markets, such as those in Asia.

- (e) Evaluate these two options and recommend which **one** is most suitable for Spotify to extend the product life cycle of its music streaming business.

(20)



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**(Total for Question 1 = 50 marks)**

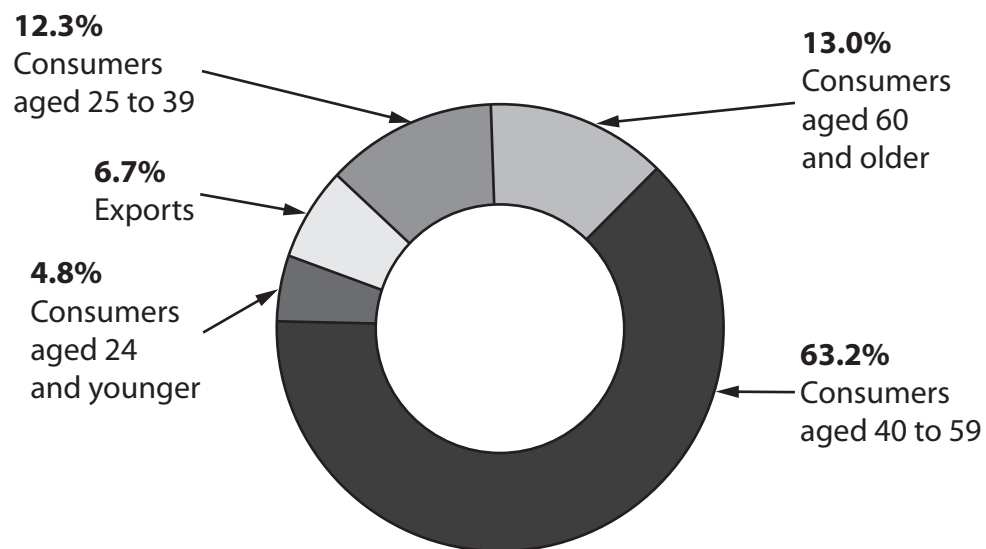
**TOTAL FOR SECTION A = 50 MARKS**



**SECTION B**

Read the following extracts (D to G) before answering Question 2.

Write your answers in the spaces provided.

**Extract D****The US coffee market 2016**

(Source adapted from: Industry Insider Copyright © 2018)

**Extract E****Estimated change in USA population by age group**

Age (years)	Change (%) between 2020 and 2040
Under 24	-2.4
25 to 39	-1.3
40 to 59	-1.2
60 and over	4.9

(Source adapted from: <https://www.census.gov/>)

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**Extract F****Canadian coffee roaster sold to Lavazza**

For more than 120 years, Lavazza has been a major business in Europe's coffee market. It focuses on selling coffee through small specialised outlets. Lavazza has recently bought an 80% stake in Canada's Kicking Horse Coffee. Lavazza stated 'we are interested in NAFTA. Kicking Horse has a strong presence in the fast-growing organic and fairtrade segments of the Canadian coffee market. It fits well in Lavazza's brand portfolio'.

Under NAFTA, member states must treat each other's goods, services, and investors as they treat their own. Foreign investors can purchase any company incorporated in Canada, knowing they have secure access to markets in the USA and Mexico.

(Source based on: ©2018 CBC/Radio-Canada)

**Extract G****Staffing approaches at Starbucks**

North Star is a Starbucks initiative created to focus its North American employees on what makes a good Starbucks' customer experience.

Some employees are unhappy about how North Star has affected them. Their concerns include: workers struggling with high workloads; less support and reduced management; understaffing because organisational structures in stores and regions have been made flatter. One employee said: "They cut our labour in half last year, and often there'd only be one coffee server on at a time. Staff are simply treated as a cost".

Kris Engskov, new Head of US Retail, said: "Staff are our biggest asset; how we staff our stores is the most important thing we do. Our managers have great autonomy".

In the USA, Starbucks' baristas are paid \$9.50 an hour on average, compared to McDonald's employees who are paid \$8.49 an hour. Other Starbucks staff benefits include university tuition assistance, flexible working hours and Starbucks shares at a discounted price.

(Source adapted from: © 2018 Insider Inc)





- 2 (a) Explain **one** limitation of secondary market research data, such as that presented in Extract D.

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Consumers aged 40–59 years old are the largest age group in the USA coffee market.

- (b) Using the data in Extract E, draw a demand and supply diagram to show the likely effects of the estimated change in population for the 40–59 age group on the USA coffee market.

(4)



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(c) Assess the likely benefits to Lavazza of operating in the NAFTA trading bloc.

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(d) Assess the likely importance to a business, such as Lavazza, of adapting its marketing mix to global markets.

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Starbucks aims to improve employer-employee relations in its USA stores. To do this, Starbucks could either focus on changing its organisational structure, or extend its flexible working practices for employees.

- (e) Evaluate these two options and recommend which **one** is the most suitable for Starbucks to improve its employer-employee relations.

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(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS  
TOTAL FOR PAPER = 100 MARKS

