



Mark Scheme (Results)

Summer 2022

Pearson Edexcel GCE A Level
In Business (9BS0)
Paper 01 Marketing, people and global
businesses

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Summer 2022

Question Paper Log Number P70784A

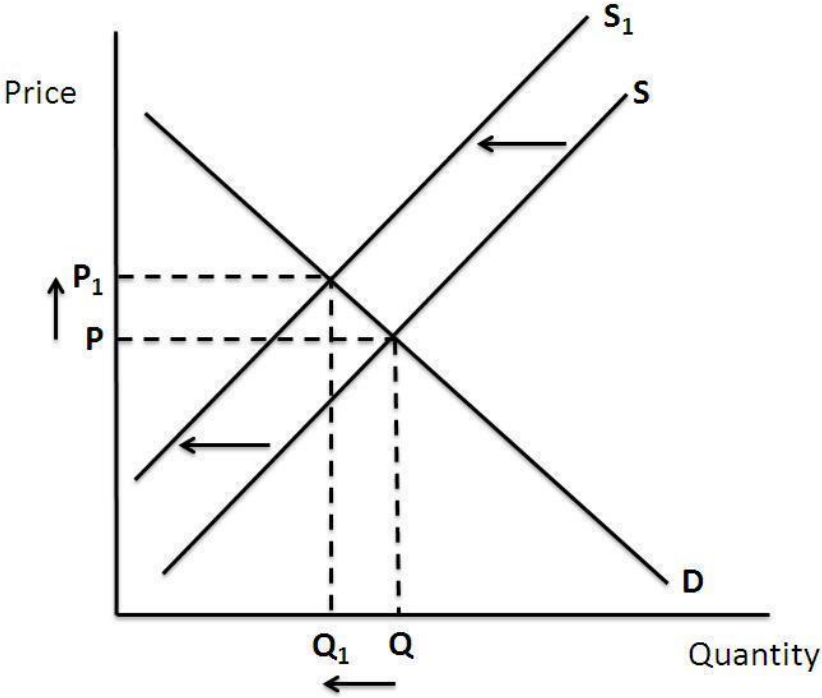
Publications Code 9BS0_01_2206_MS

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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.

Question Number	Answer	Mark
1(a)	<p style="text-align: center;">Knowledge 2, Application 1, Analysis 1</p> <p>QS3: construct and interpret a range of standard graphical forms</p> <p>Knowledge/understanding: up to 2 marks 1 mark for correctly constructing supply and demand curves 1 mark for correctly labelling axes, price and quantity</p> <p>Application: 1 mark for</p> <ul style="list-style-type: none"> Correctly interpreting the shift in supply curve to the left <p>Analysis: 1 mark for drawing the original and new equilibrium on the quantity and price axes</p> 	(4)

Question Number	Answer	Mark
1(b)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge/understanding: 1 mark for understanding what is meant by product orientation, or one way product orientation is important</p> <ul style="list-style-type: none"> • The business concentrates on the production process and designing the product, then trying to sell it to the customer • Product orientation is important as it reduces the need for a business to carry out market research <p>Application: up to 2 marks for e.g.</p> <ul style="list-style-type: none"> • Rolex focuses on quality in marketing • Products made by skilled craftspeople • Rolex has built a global reputation for luxury <p>Analysis: 1 mark for e.g. This approach is important because customers purchase on the basis of this quality and brand image, rather than Rolex adapting to customers' needs.</p>	(4)

Question Number	Indicative content	Mark
1(c)	<p>Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • Creativity is essential as entrepreneurs need to come up with new ideas in order to create and/or maintain a competitive advantage • Wilsdorf did this by designing a man's watch, when no other business provided these. This gave Wilsdorf the opportunity to sell to a market that was new, without competitors in the first instance • Creativity also helped Wilsdorf to come up with the name of the brand, which was easy to pronounce in any language, and could therefore make a quick impact in different markets around the world <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> • Risk-taking might be considered more important as a characteristic, as there may have been good commercial reasons for men's watches being uncommon. Therefore it was a risk to launch a Rolex watch targeted at men • Initiative might be more important. For example, Wilsdorf decided to hire craftsmen and focus on quality, rather than trying to mass produce a cheaper, mass-market product <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> • Creativity was likely to be most important as an entrepreneurial characteristic when Wilsdorf was developing the first Rolex watches and devising its key design features as he his products had not been devised or marketed before • As Wilsdorf became clear on his luxury design, and the watches began to sell, it is likely that other characteristics and skills, such as perseverance in the face of experienced jewellers and possible competitor entrepreneurs, wishing to offer similar products, would be more important. 	(10)

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1(d)	<p>Knowledge 2, Application 2, Analysis 4, Evaluation 4</p> <ul style="list-style-type: none"> • Distribution is concerned with getting products to the right place for customers and at the right time <p>Distribution is important</p> <ul style="list-style-type: none"> • Distribution gives customers choice, for example buying directly from the manufacturer, or through an intermediary such as an authorised stockist • Retailers attempt to tempt customers to purchase, using in-store offers such as champagne at launch events • Rolex might need to use a range of channels to compete with other luxury watch brands, that have been expanding rapidly into online sales <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> • Distribution is less important than product design in the marketing mix. Rolex is associated with quality and it is suggested that customers feel the purchase itself is a big enough experience, without additional efforts to attract them in store • Distribution is less important than brand reputation (promotion) for Rolex. It and its founder have built this image of precision and luxury, so as long as customers continue to trust this, sales will continue • Distribution is less important than price, as the high price of Rolex watches suggests high quality to its customers <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> • The luxury watch market is competitive, with Omega and Tiffany offering online sales and authorized watch dealers also using this channel. Rolex may need to focus on these channels in order to succeed in the future. • Rolex has built a reputation for quality and luxury over 140 years. Customers who relate to the brand and reputation will find a way to purchase this product, being more concerned with the status and exclusivity. Therefore, distribution is of limited importance. 	(12)

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	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which is applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information, though unlikely to show the significance of competing arguments.
Level 4	9–12	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
1(e)	<p style="text-align: center;">Knowledge 4, Application 4, Analysis 6, Evaluation 6</p> <p>Option 1</p> <ul style="list-style-type: none"> • A public limited company is a business with limited liability whose shares are publicly traded on the stock market • The main benefit of becoming a PLC is the increased access to capital. This additional finance could allow Rolex to grow into new markets and invest more in online sales • Becoming a PLC can also raise the public profile of the business, providing reassurance of success for customers and investors. Since Hans Wilsdorf's death, this raised profile could help challenge competitors such as Swatch • New product development is expensive in the luxury watch market, with research and development and consideration of different raw materials, and the new share capital can be used to finance this. <p>Option 2</p> <ul style="list-style-type: none"> • Hans Wilsdorf set up the Foundation to keep ownership limited and controlled and prevent Rolex from ever being owned by another business, so it seems a private limited company is best • Private limited companies can still raise finance through share capital, it is just that new shareholders have to be approved by existing owners, in this case the Wilsdorf Foundation • Being a private limited company means that Rolex does not have to please public shareholders by growing, therefore focusing on exclusivity and quality to compete • Rolex has been successful on the basis of classic designs and features that customers trust. New product development is less important, and there is therefore less need for the finance becoming a PLC can bring <p><i>Potential judgement:</i></p> <ul style="list-style-type: none"> • The luxury watch market is rapidly changing and some of the fastest growing businesses are public limited companies. Hans Wilsdorf wanted to maintain control, but since his death becoming a PLC is now more likely. Becoming a PLC would help to raise the capital for Rolex to remain competitive in the growing luxury watch market • Rolex has always been a business close to the values of its founder, Hans Wilsdorf. He set up the Foundation with the main intention of 	

	keeping the business private, with ownership controlled. This gives Rolex control to focus on design and quality, meaning that it can continue to differentiate on these factors without the pressure of increasing profitability as often required by shareholders of PLCs.	(20)
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Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect cause(s) and/or consequence(s)/effect(s).
Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
Level 3	9–14	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that cause(s) and/or consequence(s)/effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative or qualitative information is introduced in an attempt to support judgements, a partial awareness of the validity and/or significance of competing arguments and may lead to a conclusion.
Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

Market	Rolex focuses on quality and individual design, therefore it does not require additional share capital from being a PLC
Objectives	It aims to maintain its position in the market, while being owned by the Wilsdorf Foundation.
Products/ services	The luxury watch market is changing, particularly with online sales growing and allowing discounters to access customers. Omega and other competitors have developed products that compete with Rolex and require capital to develop.
Situation	Rolex has moved on since Hans Wilsdorf's death in 1960. This may be a good point to reconsider its ownership situation, so becoming a PLC may be the best decision.

Question Number	Answer	Mark
2(a)	<p style="text-align: center;">Knowledge 1, Application 3</p> <p>Quantitative skills assessed:</p> <p>QS2: Calculate, use and understand percentages and percentage change</p> <p>QS9: Interpret, apply and analyse information in written, graphical and numerical forms</p> <p>Knowledge: 1 mark for</p> <ul style="list-style-type: none"> Market share = value of sales of business (Nike)/total value of whole market x 100 <p>Application: up to 3 marks</p> <ul style="list-style-type: none"> Nike sales = \$22.3bn in 2018 Total worldwide sports footwear sales = \$60.1bn (\$22.3+\$14.6+\$2.9+\$2.5+\$1.1+\$16.7) $22.3/60.1 \times 100 = 37.10\%$ If the answer given is 37.10% award 4 marks If answer is not rounded to 2 decimal places (3 marks) If answer does not indicate % (3 marks) 	(4)

Question Number	Answer	Mark
2(b)	<p style="text-align: center;">Knowledge 1, Application 2, Analysis 1</p> <p>Knowledge/understanding: up to 1 mark for</p> <ul style="list-style-type: none"> • Foreign Direct Investment (FDI) is when a business with head office in one country, sets up factories, offices etc in another country • Knowledge of the way businesses are affected: e.g. increased demand; increased land prices; technology transfer; increased sales <p>Application: up to 2 marks for</p> <ul style="list-style-type: none"> • Indonesian textile and rubber businesses will benefit from an increase in demand • Lower costs for Indonesian retailers of sportswear/cars/electrical goods • Increased land prices as FDI buys local land • Increased competition for other sportswear brands in Indonesia • Technology transfer to Indonesian businesses <p>Analysis: 1 mark for</p> <ul style="list-style-type: none"> • Indonesian retailers/suppliers will see increased sales, which may lead to higher profit due to lower costs. 	(4)

Question Number	Indicative content	Mark
2(c)	<p>Knowledge 2, Application 2, Analysis 3, Evaluation 3</p> <ul style="list-style-type: none"> • A trading bloc is a group of economies that agree to reduce trade barriers, such as regulation, tariffs and quotas on trade between its members • By locating in Indonesia, Nike enjoys free trade with other markets that have a total population of over 600million people. This removal of trade barriers lowers costs and increases the opportunity to increase revenues. • Suppliers to Nike in Indonesia from other ASEAN member states e.g. rubber from Malaysia will face lower costs due to the free trade agreement, which in turn can lower the costs of importing for Indonesian businesses • The ASEAN-China free trade area also opens up the potential for easier and cheaper sales to China, the second largest economy in the world, which has a growing middle class and provides opportunities for Nike to sell to <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> • Competitors to Nike, such as Adidas, located in other ASEAN countries gain the same benefits in the Indonesian market. This increased competition could threaten the profits and competitiveness of Nike selling in Indonesia and the rest of ASEAN • Consumers in other ASEAN countries might not have sufficiently high disposable income for Nike to increase sales in these countries • It may not matter that Indonesia is a member of ASEAN since Nike's main objective might be to focus on lower production costs in Indonesia, sending manufactured sports shoes back to its main markets in Europe and North America <p><i>Potential judgement</i></p> <p>The degree of benefit to Nike depends on the intended destination of completed products:</p> <ul style="list-style-type: none"> • If some are to be sold in other ASEAN markets, which are growing fast in terms of income and size, then Nike will benefit from Indonesia's ASEAN membership 	

	<ul style="list-style-type: none"> If Nike's competitors use free trade to sell cheaply in Indonesia, or if Nike transports finished shoes back to its established markets, then the benefits of ASEAN membership will be slim for Nike. 	(10)
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	0	A completely inaccurate response.
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Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. A generic or superficial assessment is presented.
Level 3	5–6	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). An attempt at an assessment is presented, using quantitative and/or qualitative information though unlikely to show the significance of competing arguments.
Level 4	7–10	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, wide ranging and well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors leading to a supported judgement.

Question Number	Indicative content	Mark
2(d)	<p style="text-align: center;">Knowledge 2, Application 2, Analysis 4, Evaluation 4</p> <p>Positive impacts</p> <ul style="list-style-type: none"> • The purchase of land and building of factories in Indonesia may generate jobs in construction and linked businesses in the supply chain that could cause positive multiplier effects • Workers at the Nike factory may receive wages that may be above or the same as the average wage, and their employment could increase spending on local businesses • Suppliers to Nike, such as those making textiles or rubber could benefit from Nike's business • Increases in employment in the factories and supply chains may also lead to increases in tax revenue for the local and national governments. This could be spent beneficially on things such as healthcare and education • The production techniques that Nike uses, along with its machinery and equipment can lead to technology and skills transfer to Indonesia. This means local firms may learn from Nike, improving productivity and quality as a result <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> • Multinationals such as Nike can make land shortages in urban Indonesia worse, driving up costs for local businesses that may want to expand operations • The degree to which the suppliers to Nike benefit depends on the extent to which Nike use local suppliers and not import from other countries • Health and Safety and employment laws may be lower in Indonesia than other more developed countries, and Nike's operation there is taking advantage of this. Nike's presence could keep local wage levels low as a result • If Nike use local suppliers of textiles, this might limit supply and drive up the price for other Indonesian businesses that use these products • The industrialisation that a new Nike factory brings could damage the local environment, perhaps causing increased pollution <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> • The impact of a business such as Nike locating in Indonesia is likely to be positive if it respects the local economy, pays a fair wage to workers and upholds or exceeds local laws avoiding 'sweatshop labour'. It is also 	

	<p>important that it uses local suppliers if the economy is to benefit from its presence in the country</p> <ul style="list-style-type: none"> • If Nike locates in Indonesia with a focus on low wages and low regulation, whilst using suppliers outside Indonesia, it is likely that the impact is likely to be more negative. Therefore, a key role is to be played by the Indonesian Government in supporting Nike's (and other multinational) investment, whilst ensuring compliance with laws and collecting appropriate taxes. 	(12)
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Question Number	Indicative content	Mark
2(e)	<p style="text-align: center;">Knowledge 4, Application 4, Analysis 6, Evaluation 6</p> <p>Focus on cost competitiveness</p> <ul style="list-style-type: none"> • By locating in countries such as Indonesia, Nike is able to reduce its operating costs, such as rent and labour costs • These cost benefits can be passed on to customers in the form of lower prices, or kept by Nike in order to improve its profit margins • Nike is a market leader, with \$22.3bn of sales globally in 2018, and it may wish to maintain this leadership by having the ability to reduce prices for its products compared to Adidas and Asics. This could particularly be the case if Nike wishes to expand into less developed economies, where disposable incomes are lower and customers may be more price sensitive • Cost competitiveness provides the opportunity for higher profits, which may provide higher dividends for its shareholders and also give confidence for future shareholder investment if required <p>Focus on differentiation</p> <ul style="list-style-type: none"> • Nike Flex gives the business the opportunity to differentiate its brand through customers being able to customise their shoes and receive them promptly afterwards. This feature could be something that competitors such as Under Armour do not offer, therefore increasing sales for Nike • The differentiation achieved through Nike Flex may help to build the brand image of the business. Customers may appreciate the ability to customise their shoes and therefore could be prepared to pay a premium price • Nike's brand is already strong, being the global leader in sports footwear, so differentiation gives it the ability to boost image and sales through innovation, which in turn can add value to sales of all its products whether produced by the Flex system or not • Customers around the world may be used to the ID ability to customise, so differentiation through Flex gives Nike the opportunity to develop and expand this competitive advantage <p><i>Potential judgement:</i></p> <ul style="list-style-type: none"> • Cost competitiveness could be particularly beneficial in markets with lower average incomes, but it is not likely to be a strategy that Nike 	

	<p>would pursue globally. This is because its strong brand is built on quality and overall image, particularly in developed markets in North American and Europe. However, these markets may be saturated, whereas in ASEAN countries customers may have lower disposable incomes. This enables them to buy Nike's products at lower prices. Therefore, any policy of cost leadership is more likely to succeed if it is related to a low price strategy in developing markets like Indonesia.</p> <ul style="list-style-type: none">• Differentiation has been a part of Nike's brand image from the inception. Therefore, concepts such as Flex are likely to build on this further, allowing Nike to build brand loyalty with customers who like the personal nature of the designs and the shortened lead time. Competitors such as Adidas may not have adopted such an approach. Again, though, it might be that Nike focus Flex and further differentiation on established markets, with more familiar standard products being sold in emerging markets.	(20)
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Level 2	5–8	Elements of knowledge and understanding, which are applied to the business example. Arguments and chains of reasoning are presented, but connections between cause(s) and/or consequence(s)/ effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted, but it will not successfully show an awareness of the key features of business behaviour or business situation.
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Level 4	15–20	Accurate and thorough knowledge and understanding, supported throughout by use of relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause(s) and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/are used well to support judgements. A full awareness of the validity and significance of competing arguments/factors, leading to balanced comparisons, judgements and an effective conclusion that proposes a solution and/or recommendations.

Market	Nike is the global leader in sports footwear, and it has gained this from its branding and differentiated approach. Flex is an extension of this.
Objectives	Shareholders may expect Nike to continue to grow and the greatest opportunity could be in developing markets. Incomes tend to be lower in these countries. Consequently, cost competitiveness may be more important to enable Nike to charge competitive prices.
Products/ services	Sports footwear is a huge market globally, and one with many multinational brands. Differentiating itself through concepts such as Flex,

	allows Nike to continue to grow sales and keep the loyalty of existing customers at the same time.
Situation	Nike's investment in Indonesia and other developing markets in ASEAN is likely to be driven by cost considerations. However, this is unlikely to be in order to reduce prices, and more likely to help Nike to be more profitable in order to satisfy its shareholders.

