



Examiners' Report June 2022

GCE Business 9BS0 01

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications come from 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.



Giving you insight to inform next steps

ResultsPlus is Pearson's free online service giving instant and detailed analysis of your students' exam results.

- See students' scores for every exam question.
- Understand how your students' performance compares with class and national averages.
- Identify potential topics, skills and types of question where students may need to develop their learning further.

For more information on ResultsPlus, or to log in, visit www.edexcel.com/resultsplus. Your exams officer will be able to set up your ResultsPlus account in minutes via Edexcel Online.

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.

June 2022

Publications Code 9BS0_01_2206_ER

All the material in this publication is copyright

© Pearson Education Ltd 2022

Introduction

This paper examined content from Theme 1 and Theme 4 of the full A-level Business specification. The paper followed the established format of two sections, A and B, beginning with shorter questions and developing to the longer 20 mark evaluative questions. Each section of the paper included questions where candidates were required to show quantitative skills, as outlined in the course specification.

It is clear that centres and candidates had prepared well for this examination, and that there was a high level of confidence in the main specification concepts examined.

The stronger answers, as in previous years, showed the links between Theme 1: Marketing and People and Theme 4: global business (for example, how Rolex's use of different method of distribution fitted into its global marketing mix).

Application skills continued to improve in answers generally. Candidates were more likely to write specifically in context, when compared to previous series. It is clear that time spent reading extracts carefully, highlighting key features and generally gaining an understanding of the business and its context, is time well spent.

Time management seems to have been mastered by most candidates. There were fewer examples of later questions where candidates had run out of time, with a very high completion rate on most questions.

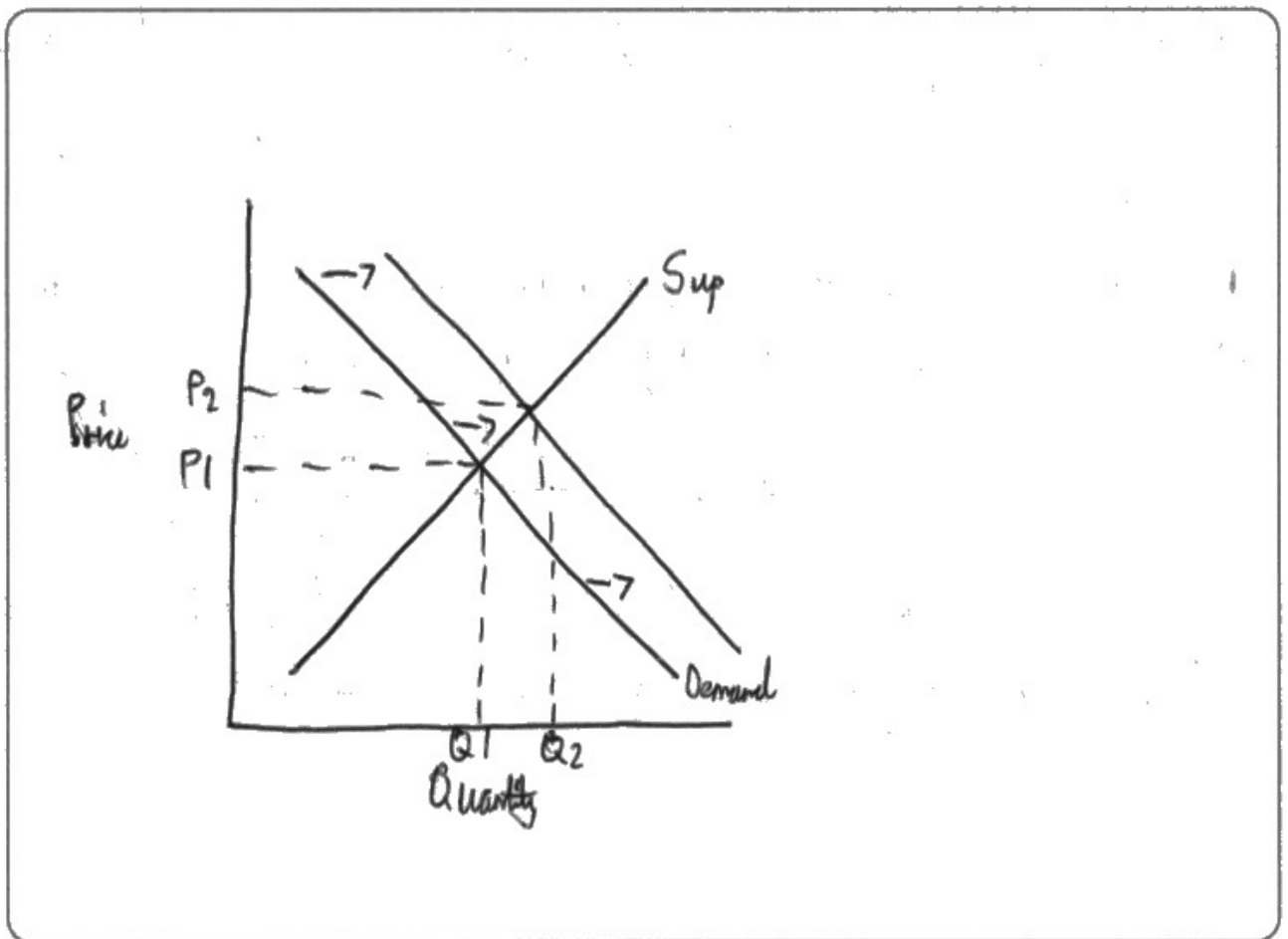
Generally, candidates performed better in section A of the paper, where answers tended to be better structured and more focused on Rolex and the business of watch selling. As some of the extracts for section B were about countries, it proved challenging for some candidates to relate their knowledge of Nike and its operations back to this wider context. However, some of the best answers overall were to questions in section B.

Question 1 (a)

The question required candidates to apply QS3 (quantitative skill 3) – construct and interpret a range of graphical forms. In this case, candidates were asked to show the impact of an increase in the price of gold on the luxury watch market, given its increase as shown in extract 1. This section of the specification is 'The market' and it is important for candidates to recognise that this is not just the effect on one business, such as Rolex.

- 1 (a) Using the data in Extract A, draw a supply and demand diagram to show the possible impact of the change in the price of gold, between 6 December 2019 and 5 January 2020, on the luxury watch market.

(4)





This response shows an increase in demand for luxury watches as a response to the increase in the price of gold. This is incorrect as raw materials costs (price paid becomes a business cost), such as gold, are a factor affecting supply and should shift the supply curve. This response scored 2 marks for correctly labelling the quantity and price axes, along with a correctly labelled demand and supply curve.



Check the factors affecting demand, and those affecting supply. Demand factors shift the demand curve, supply factors, the supply curve. These changes lead to a movement along the other curve, and a new equilibrium price and quantity.

Question 1 (b)

Product orientation is where a business focuses on its product's strengths instead of prioritising the wishes and fashions of the market. This question required candidates to show an understanding of this term and its importance to a business such as Rolex. With 2 application marks available, good answers were applied closely to the extracts and wider context.

(b) Explain **one** way in which product orientation is important to Rolex.

(4)

One way product orientation is important to Rolex is it allows them to keep their exclusivity. This is because product orientation focuses on the products ~~and~~ Rolex can offer with their unique skills and style, rather than focusing on what the market want which causes Rolex to lose ~~their~~ exclusivity if they are like other watch companies like Hugo Boss. This leads to Rolex being able to continue to charge prices as high as over £10,000 as customers will be willing to pay for watches they will not find anywhere else.



ResultsPlus
Examiner Comments

This response links product orientation to exclusivity and style – two features of Rolex products. The response identifies the £10,000 price tag as being possible due to this exclusivity – again good application to the extract. The candidate also shows good wider contextual understanding by referring to Hugo Boss as a competitor.



It is good practice to show knowledge of key terms in questions by defining them at the start of a response. However, this is not the only approach to gaining the Knowledge mark. In this case, showing understanding of the way Rolex uses product orientation is also a valid approach.

Question 1 (c)

With the command word 'Assess' and 10 marks available, this question invites a balanced response from candidates. In this case, the importance of 'creativity' as a characteristic of an entrepreneur, balanced by at least one other possible characteristic, for example 'risk-taking'. 'Risk-taking' was the most popular alternative characteristic, but others were valid, such as 'resilience'.

(c) Assess the importance of creativity as a characteristic of the entrepreneur Hans Wilsdorf.

(10)

An entrepreneur is someone who takes the risk and has the ~~characteristics~~ innovative ideas to create their own business. Creativity is an important characteristic of an entrepreneur such as Hans Wilsdorf as in order to create a product which would be high in demand, it needs to be creative and stand out from all other competitors. For Hans, when he started Rolex, only females wore watches not males and no one thought males would buy the watches. So for Hans to be successful with his Rolex idea he needed to be creative and come up with a watch which would appeal to the male target audience. And then by his creativity and the watch he created - if it became popular Rolex would be the only ~~business~~ brand for the male audience and it would dominate the market meaning no other competitors. So Hans would get all the sales in this market. However, as soon as Hans created this idea, other watch companies may also be creative and also start creating male watches.

creativity may be an important factor for being an entrepreneur, however risk-taking may be more important in order to become one. This is because when becoming an entrepreneur you create a new business idea and you have no previous history or experience in it so you don't know how it is going to end up. So you need to be able to risk your job, ~~and~~ money and time to create and ~~to~~ be successful. For Hans, he had no support from his peers as no one thought it'd be successful as watches were regarded as ~~the~~ women watches. But he risked his current job at the time and his money and created rolex which now is a worldwide watch business. ~~However~~ However, in order to take risks ~~at~~ a large initial sum of money is needed, which many entrepreneurs may not have.

To conclude I ~~think~~ think the importance of creativity is vital to become an entrepreneur as with Hans, if it wasn't for the creativity he wouldn't have made ~~the~~ rolex or made watches and probably wouldn't have been as successful. However risk taking is also an important characteristic ~~and~~ as risks are needed in order to differentiate from other businesses.



This response achieved 10 marks. It clearly analyses the importance of creativity, doing so with strong links to the context. Chains of reasoning are well-developed to explain how and why Hans Wilsdorf was creative. There was plenty in the extract to support this. The risk-taking characteristic, although implied in being an entrepreneur, is exemplified with reference to Wilsdorf selling watches to men, where previously they were viewed as women's jewellery.



With 'Assess' questions, make sure you are contrasting the concept in the question, so that the assessment is comparative. Sometimes, as in this case with creativity, the extract will support your knowledge. In other parts of your answer, you will need to use your knowledge and draw your own examples from the extract that could be relevant.

Question 1 (d)

This question requires candidates to assess the importance of distribution (place) in the marketing mix of Rolex. There was detailed information in the extracts about the methods of distribution used by Rolex and other watch businesses and how their products are distributed. The best answers identified that place in the marketing mix is about how the product (watches in this case) is purchased by the consumer. It is not just about location of retail outlets, for example. In order for an assessment of place's importance, it needed to be compared to at least one other aspect of the marketing mix. The most common responses compared place to either product, with quality and uniqueness highlighted, or price, with the £10,000 tag often mentioned. All of this information is taken from the extract.

(d) Assess the likely importance of distribution (place) in Rolex's marketing mix.

(12)

Distribution is the process of getting the product to the consumer.

During the start of Rolex, place would be hugely important due to the brand not being established within the market. This would mean that only people passing a physical store would be stakeholders. The convenience of retail shopping through browsing would allow potential customers to have large amounts of choice. Being within London would have allowed heavy foot traffic ~~to~~ past Rolex stores, potentially causing an increase in sales, revenue and thus market share.

Place may also be important to Rolex now as stores are seen regularly in areas that are flush with cash. This is because areas with more disposable income are able to buy a Rolex at such a high price and may also be looking for a luxury retail experience as they can try on watches and enjoy champagne while having an inviting interaction with a sales

representative. This provides increased value which could lead to a consumer surplus as they believe they are gaining a lot from the experience of buying such a luxury item.

However, place may not be important for Rolex as high prices mean that their market is niche. This means that consumers are less likely to enter a store spontaneously to buy a watch. A more important component may be the price and the product as high priced for a well designed watch along with 'restricting its' product range, they generate exclusivity. This means that those buying a Rolex with a £10,000 price may plan this purchase no matter location. Consumers are no longer interested in the process of buying a Rolex as the item itself shows luxury, furthering the point that place may not be important.

To conclude, place may be the least important factor as even Widdowson states that promotion was a way a communicating brand reputation. Rolex are clearly focused on exclusivity and luxury, showing how product is their most important element of the marketing mix.



This response achieves full marks. It clearly explains and analyses the importance of place, related closely to Rolex and its use of retail outlets. Chains of reasoning explain the importance and benefits of this approach, among others, drawing links to footfall and other benefits of such places. The balance in the argument is achieved by reference to price and how, with a product such as Rolex, this is more likely to be important. The exclusivity of the product part of the mix is also analysed. The answer includes a final judgement of importance, clearly linked to the question and the wider context of Rolex.



Pay careful attention to what you are being asked to assess. If it is 'importance' as is the case here, then your chains of reasoning need to support why this factor (place) is or is not important. This is most effectively achieved through comparison to another factor or feature, in this case price and product.

Question 1 (e)

Question 1(e) is the first of two 20 mark questions on the paper. In this case it was focused on the decision as to whether Rolex should remain a Private Limited Company or become a Public Limited Company (PLC), in order to maintain its competitiveness. This point about competitiveness is key to success and higher marks. The question itself is accessible and many candidates were able to give a strong answer, comparing the two legal types of ownership.

In order to remain competitive in the luxury watch market, Rolex could become a public limited company or remain a private limited company.

(e) Evaluate these **two** options and recommend which one is more likely to support Rolex remaining competitive in the luxury watch market.

(20)

A private limited company (Ltd) is an incorporated business that only sells shares to friends, family and business associates. In order for Rolex to remain competitive they should remain as an Ltd. This is because, they do not have any pressure to maximise sales revenue and profits so that shareholders can get receive high dividends. This means they can control ^{their} growth and ~~limit~~ create limited edition watch lines to increase brand exclusivity. Remaining pressure from shareholders, allows Rolex to invest in high-quality craftsmen and engineers to create new watches that are unique and one-of-a-kind at a slower pace so that they do not rush their creativity. This leads to specialised hand crafted watches that communicate the brand's reputation as stated by Wilsdorf himself. Therefore, leads to a differentiation focus approach (Porter's generic strategy) targeted at a small percentage of high-income buyers. Having said this, as an Ltd, Rolex will still have to publish all their financial accounts online for other high-end ~~ent~~ ^{watchmakers} to see. This could endanger their differentiation strategy if rivals were to attempt to imitate their operations. (e.g. their sourcing of watch materials)

A public limited company (PLC) sells its stocks on the

stock exchange and is owned by shareholders. Rolex should become a PLC to remain competitive. This is because they would be able to raise large amounts of capital to expand overseas into European markets, or even Asian markets. As a European-based watchmaker, Rolex could use this raised capital to sell its luxury watches to ^{the} upper-class ~~class~~ in Asia who are interested in Western ^{made} jewellery and handcrafted luxuries. They could lose this as a USP to grow their customer base especially as due to the pricing range starting at £10,000, their sales volume are likely to be low. Having said that, trading as a PLC increases Rolex's chances of being taken over by rival watchmakers such as Swatch. This would reduce Rolex's reputation as an exclusive brand as ~~the new~~ ^{shareholders} ~~may decide to increase~~ ~~take~~ aim to maximise shareholder returns through increasing the Rolex's availability.

To conclude, Rolex should remain as an Ltd to remain competitive in the luxury watch market. This is because, they will ~~have~~ be able to maintain their long-standing reputation created by Hans Wilsdorf (1881) which they can use as their USP to demonstrate the rich history behind the Rolex watches. Therefore, elevating and maintaining their luxury image as a high-end watchmaker. However, in the long term, ~~Rolex may have reached~~ due to the high price tag of their watches.

(£10,000) Rolex may reach a maturity stage in their Rolex watches as it would not get many repeat purchases as it is more of a one-off ~~or special~~ purchase. Therefore, to open their target market to more middle-class individuals Rolex may want to become a PLC to invest in selling middle range Rolex watches (e.g. £500) to maximise sales especially with ~~the~~ enough online sales. They could take advantage of the growth in online watch sales to ~~do~~ use the capital raised to invest in developing their website and producing a lower range watch range.



ResultsPlus
Examiner Comments

The best responses were from candidates that clearly linked the ownership decision on maintaining competitiveness. Either option can support this outcome. For example, those in favour of remaining a Private Limited Company justified this with reference to the Wilsdorf foundation and how the current ownership model has delivered Rolex competitive success. Those in favour of flotation and becoming a PLC did so based on access to fresh capital to invest in new product development, explaining that this ownership model is favoured by competitors in the watch market.



It is not always necessary to write lots and fill all lines available. This answer is clearly focused on the question, links each sentence and paragraph back to the question, and makes extensive use of the extract and context. Of particular note is the care and detail given to the recommendation, which should be (as is the case here) a significant proportion of your answer. This response links the capital raising potential of becoming a PLC, to the maturity phase of the product life cycle of their most popular watches.

Question 2 (a)

The second question testing quantitative skills on the paper, was Q2(a). This required Q2 – percentages and percentage change, and Q3 – interpreting, applying, and analysing information in written, graphical, and numerical forms. Candidates were required to use the information on the diagram to calculate Nike's market share in 2018. Before the calculation could be made, the appropriate data needed to be carefully selected from the extract.

- 2 (a) Using the data in Extract D, calculate Nike's market share of worldwide sports footwear in 2018. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$\begin{array}{r} 22.3 \\ 14.6 \\ 2.9 \\ 2.5 \\ 1.1 \\ 16.7 \\ \hline \text{Total} = 60.1 \\ 2018. \end{array}$$

Nike = 22.3 bn.

$$\frac{22.3 \text{ bn}}{60.1 \text{ bn}} = 0.37104 \times 100 = 37.10$$

$$= 37.10\%$$



This candidate clearly selects the market shares of all manufacturers, adds them together and calculates the total market value. From there, Nike's market share can be used to complete the market share calculation. The candidate includes all market shares of competitors, including those brands named, and 'others' that are too small to be named individually.



Read all the data in an extract, including any footnotes or additional information. This is usually included to make the information as accurate as possible.

Question 2 (b)

Question 2(b) is the first question that shifted the focus towards global markets and international business. The question requires candidates to explain an impact of Foreign Direct Investment on businesses in Indonesia. Indonesia was selected as a major economy within the ASEAN trading bloc.

Question 2 (c)

ASEAN is an example of a trade bloc. Nike is located in Indonesia, one of the members of ASEAN. This means that Nike, and any other businesses in Indonesia have access to the benefits of being a trading bloc member. This question required candidates to assess these benefits, by explaining them in the context of a sportswear business, and also questioning these benefits or suggesting some potential problems for Nike.

Question 2 (d)

This question was completed well across a large number of candidates. The broadness of the question invited a range of responses to the impact of multinationals, such as Nike, on an economy. Once more, these impacts are both positive and negative, with the balance in response being achieved by identifying and developing at least one positive and one negative impact.

(d) Assess the possible impact of multinationals, such as Nike, on the economy of Indonesia.

(12)

Multinationals such as Nike may have a positive impact on the economy of Indonesia. This is because Nike are likely to increase the overall number of employed workers in Indonesia. This may contribute to the growing middle class sector in Indonesia as more people become employed and contribute to the economy through their spending. Furthermore, ~~the~~ an multinational such as Nike may contribute to the overall GDP of Indonesia by paying wages to workers. Workers are likely to increase their spending boosting the Indonesian economy. On the otherhand, ~~the~~ workers are paid very little so the majority of Nike's profits may be sent back to the USA and not having a large impact on the Indonesian economy.

Multinationals such as Nike may have a ^{negative} ~~positive~~ impact on the economy of Indonesia. This is because, Nike could ~~also~~ exploit workers with extremely low ^{labour} ~~labour~~ costs. If Nike don't pay workers a good enough wage, employees of Nike in Indonesia may not have the same levels of disposable income to spend. Further more, Nike may send all profits back to the USA and not spend this money in Indonesia. Both these factors lead to a ~~lack~~ lack of money entering the Indonesian market and therefore damaging the economy.

Growing urbanisation is easing the costs of businesses such as Nike producing in Indonesia and may attract other businesses such as Samsung to remove profits from the country and send them back home. This may decrease the overall GDP of Indonesia ~~being~~ damaging Indonesia's economy.

On ~~the~~ ^{the} other hand, workers are benefiting from having more skills and could use those skills to contribute to the economy in the future.

Overall, I think ~~businesses~~ multinationals such as Nike benefit ~~economies~~ the Indonesian economy as they create more opportunity for retailers to emerge to sell Nike products. These retailers are likely to contribute to the economy. It depends on what Nike decide to do with profits made in Indonesia.



ResultsPlus
Examiner Comments

This question invites a range of possible impacts. Although not specifically required, a broadly stakeholder approach could be used to explore the different impacts – on consumers, employees, the government and so on. As a business specification, it is not necessary for candidates to have knowledge of economic concepts such as the balance of payments, in order to achieve the higher marks. However, there were examples of such responses.

This response is particularly strong because it focused on Nike and the type of business Nike is. It avoids the generic 'any business' approach which could happen with less focused answers.



Although there may not be an extract that directly supports your answer, look for evidence that could still be relevant. For example, worldwide market share information supports the idea that Indonesia is one of many markets that Nike operate in. Therefore, there is likely to be less dependence on Indonesia for Nike's success.

Question 2 (e)

The second 20 mark question in the paper requires candidates to take Porter's generic strategies, a theory also in Theme 2 of the course, and apply it to global competitiveness, a Theme 4 topic. There is a range of information in the extracts that candidates could use to address this question. Some of this is specific context, such as Nike's partnership with Flex supports the option of differentiation to achieve competitive advantage, while cost competitiveness is more generally supported by information about Indonesia and Vietnam and business costs of operations. Candidates can choose either option and fully support this, however the best answers are those that are clear about the focus on the global competitiveness of Nike.

Nike is aiming to achieve competitive advantage in the global sports footwear market. In order to do this Nike could focus on cost competitiveness or differentiation.

(e) Evaluate these **two** options and recommend which one is most suitable for Nike to maintain its global competitiveness.

(20)

Cost competitiveness is when a business undercuts competition by having lower cost products.

Differentiation is when a business gains customers by having a unique selling point that other businesses don't offer.

Cost competitiveness would be good for Nike as they ~~are~~ have a high market share so they ~~can~~ can gain cheap supply. This allows for Nike to offer lower costs compared to competitors such as Adidas. As Nike have recently set up in Asia it is closer to textiles which means supply costs are lower, and lower wages due to different legislation. As they can make their products for cheaper then they can lower prices which gains more customers in global markets that have lower incomes. However, Nike may sacrifice quality due to lower wage workers who aren't as highly skilled. This may force Nike to lose customers from

Middle income nations as they are getting a worse product than they are used to. This may lead to loss of competitiveness as consumers are buying from competition such as Adidas that still have the same high quality.

Differentiation would be good for Nike to maintain global competitiveness as they can offer more unique products than their competition. This is due to the development of their NikeiD factory which can now make custom shoes in days rather than weeks that it used to. If the customer can now customize shoes to fit their tastes then they will be willing to pay more for the product. This will take customers from brands such as Adidas, who don't offer personalisation. However, this may not benefit Nike in the global market as custom trainers will cost more and may price out customers from low income nations. This may lead them to choose products from Adidas, who are Nike's nearest competitor as they can get designer trainers for much cheaper and

may not care as much about customising for a higher price.

In conclusion, I think Nike should use cost competitiveness as they can use economies of scale to gain cheaper supply in order to offer lower prices. This will allow Nike to stay competitive on a global scale rather than pricing out lower income nations due to high cost from differentiation. It will allow Nike to continue the growth they have already made from 2016 to 2018.



ResultsPlus
Examiner Comments

This response is very clear about the difference between cost and price. Porter's theory of competitive advantage states that businesses gain from being low cost, or through differentiating. Low cost gives businesses the option of reducing prices, or increasing profit margins. Many candidates used cost competitiveness as the same as price competitiveness, which is inaccurate. This response also applies Porter's framework to a global context and links competitiveness to locating in economies such as Indonesia – exactly what the question requires. The differentiation option is made possible by Nike Flex and the potential for customisation of footwear. The judgement brings developing markets and market growth as the other factors that support the option of cost competitiveness that is supported and argued for.



Simple, but important: costs are what businesses pay, prices are what businesses charge. This distinction is particularly important when discussing competitive advantage because price is not a term that Porter used in this model. Also remember that in paper 1 there is a global context. To write the best answers possible, link theoretical knowledge to the global context, in this case international footwear sales, to maximise your marks.

Paper Summary

Based on their performance on this paper, candidates should:

- read all quantitative data very carefully, including labels to axes and any additional information. This will ensure calculations are accurate and fully informed.
- remember that some of the content in Theme 4 is Theme 1 and 2 content that is applied to a global context. This is the case with global cost competitiveness and differentiation. Candidates should make sure that the use of concepts are applied to the international aspect of a business' operations – for example, Nike's low cost focus in economies such as Vietnam, and its differentiation approach through its partnership with Flex in the USA.
- focus on the basics, which are crucial. The difference between price and cost is fundamental, for example.
- understand that the best responses to question 1(e) and 2(e) contain extended recommendations. These are more than short conclusions; they justify a course of action the business should take, supported by the context of the business.
- read questions carefully, so that responses are linked to the business, if this is what is required.
- use the extracts to support answers and understanding and refer to line numbers (which are present in the extracts). Avoid copying large chunks of the extract to support an answer. Concise, clear answers are the best way to manage time.

Grade boundaries

Grade boundaries for this, and all other papers, can be found on the website on this link:

<https://qualifications.pearson.com/en/support/support-topics/results-certification/grade-boundaries.html>

