

Examiners' Report

June 2025

GCE Business 9BS0 03

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Introduction

This report provides feedback on 9BS03 - Investigating business in a competitive environment. This paper tests candidates' knowledge and understanding across themes 1 to 4, as well as their application, analytical and evaluative skills. As with previous years of this paper, candidates and centres receive pre-release information regarding the context of the paper. This year the context was the music recording, distribution, and live performance industries, and the businesses operating in this market. Candidates could prepare for this paper with research, however, as in all previous years of this qualification all questions were accessible without prior research. Extracts for this paper related to this context. This was shared with centres in November 2024 to enable candidates to undertake research on:

- current trends in the consumption of recorded music
- different businesses in the UK music retail market: independents and multinationals
- business growth and objectives in the music retail and distribution sector
- global music recording and distribution businesses
- the roles and qualities of entrepreneurs setting up music events
- live music events in the UK and the business operating in these
- managing resources at live music events

The paper was, on the whole, well answered by candidates, with many able to make use of the contexts provided in order to answer the questions. More successful candidates were able to draw upon their own research findings in order to write balanced arguments with logical chains of reasoning, whilst making effective use of the contexts in the paper.

This report is designed to give feedback and guidance to candidates and centres and exemplify responses from candidates in the 2025 series. The report can be used for general reference and as a teaching and learning aid in the classroom. Comments and tips are designed to help candidates and centres understand our overall assessment approach, as well as identifying tips for improvement.

Question 1(a)

This question regarding SWOT analysis was generally accessible and answered by all candidates. Most candidates demonstrated a good understanding of the potential threats to UMG. Common points referred to current and topical examples such as the rise of artificial intelligence in music production and the impact of platforms like TikTok on how music is discovered and consumed. These responses demonstrated a sound awareness of the changing dynamics within the industry. Stronger candidates linked their counterbalance of the impact of the threats to their initial point, whereas weaker candidates did not mention an alternative viewpoint, or it was not related.

A number of candidates also added a final conclusion or summary for this question, which is not required.

1 (a) Using SWOT analysis, assess **two** threats to Universal Music Group (UMG).

(8)

SWOT stands for strengths, weaknesses, opportunities and threats. The first two are for internal assessment within the business and the last two are for any external influences to the business.

One threat to UMG is the market share of other competitors even if it's not as much as UMG's. This is because the difference between Sony's 26.61% market share is not too far from UMG's 33.90%. This is a threat when applying it to SWOT analysis because it means there is an easy substitute for consumers and if there's an external shock or a change in preference then rivals have the power to gain UMG's market share easily.

Another threat to UMG in relation to SWOT is ~~the internal weaknesses~~ the potential of AI using material owned by them. This means they aren't getting the full credit for their efforts and others are likely making a profit when it's not their original content. This is similar akin to copyrighting without the consequences and not everybody will acknowledge meaning some of Universal's listeners are likely to be taken which means less streams and in turn less revenue.



Level 2 - 4 marks awarded The response demonstrates some accurate knowledge and understanding - competition and AI assessed, looking at the impact of the threats on market share and profit. There is limited use of context (Sony and UMO) and no competing arguments are presented.



Questions of 8 marks or more invite evaluation. The levels descriptors refer to counterbalance, so one sided answers will not access the highest mark levels.

1 (a) Using SWOT analysis, assess **two** threats to Universal Music Group (UMG).

(8)

Universal Music Group (UMG) may face threats from the rising influence of TikTok, because it may mean audiences consume their music content online, rather than buying physical formats. The music industry's consumption model is everchanging: more and more music is ~~per~~ consumed online instead of physical music like CDs (although sales of vinyl are increasing). This is a threat to UMG because they benefit greatly from physical sales of music: its revenue increased by 14.4% because Taylor Swift's most recent album sold 255,515 copies on physical formats. So, ~~the~~ it is clear this is a big source of profitability for UMG so TikTok's global influence on consumption (the rise of online/digital consumption) will be a threat. However, this is a limited threat because the sales of vinyl are increasing due to the nostalgic feel for older consumers. Therefore, the market is constantly changing so UMG may still make sales from ~~the~~ physical formats.

Another threat to UMG is its competitors, specifically Sony Music Entertainment (SME). SME has the

Second-largest market share (26.96%) which means they are a threat to UMG. This means UMG must ensure they act competitively to maintain this market share, as the threat of SME and other competitors could cause a loss of control of the market for UMG. However, the threat of competitors could be a good thing for UMG as it may force them to act more competitively or find ways to add value (for example, sign new artists), which, in turn, will increase their profitability.



Level 3 - 8 marks awarded. Accurate and thorough knowledge demonstrated. Two threats assessed: 'rising influence of Tiktok' and 'competition'. There are some logical chains of reasoning presented looking at the impact of the threats on UMG. Assessment is balanced and well contextualised using data from the source booklet. This shows an awareness of competing arguments, reference to physical formats, adding value by signing new artists.



When presenting two lines of argument always provide balance to each for 8 mark questions.

Question 1(b)

This question of Rough Trade Records staying small was generally well understood by candidates, with many providing well-reasoned assessments. Responses commonly identified relevant reasons such as maintaining creative control, customer service, preserving brand identity, and niche markets. Candidates structured this ten-mark question very well generally with many offering two valid points and counterbalance coupled with a final decision/conclusion. A notable number of candidates concluded their answers with a justified judgement, weighing the benefits of staying small against the potential opportunities that growth could bring. This demonstrated a clear ability to form coherent, evaluative arguments.

Overall, most candidates engaged well with the question, showing a sound understanding of the strategic considerations facing a business like Rough Trade Records and providing structured, thoughtful responses that incorporated counterpoints and conclusions.

(b) Assess the reasons why Rough Trade Records may choose to stay small.

(10)

One reason why Rough Trade Records may choose to stay small is that the owners might have different objectives rather than expanding. But one reason could be that they won't have enough money to survive if they expanded and open up more stores. Opening up stores will require a lot of location planning and rents are very expensive. New stores also require new staffs and maintenance which are additional cost, even though their sales revenue was £14 348 884 and gross profit of 5 210 000, it still might not be enough for them to ~~stay~~ survive. However, they might want to expand as the trend of vinyl sales have increased over the years and they've increased their UK market for vinyl to 8.4% which means business can open up new stores as potential customers have also increased.

Another reason that they may choose to stay small is that its owners are happy to remain small, they will have more control of the business since there are less branches to care and manage for, owner will have the flexibility in decision making, for example Rough Trade pay its staff well above the minimum wage, makes sure its staff have a good working environment and have the support they need to give great customer services. They also paid out a profit bonus to all staff. This can lead to motivation in workforce, staff will be valued and therefore customer services will be top quality and provide a positive brand image for Rough Trade Records. However, the business will miss out on opportunities when they can use those money as future investment,

~~The conclusion~~ ~~Rough Trade~~ is retailing in different music as trends are changing over time and the emerging markets and the global music industry.

In conclusion, Rough Trade Record may choose to stay small because the owner ~~to~~ wants it to be an ~~strong~~ independent store and avoid loccity in areas that already have a strong independent record shop, so as not to create competition for their store. The owner's objective is not to maximise revenue and sales ~~because~~ and ~~therefore~~ cares about people's well-being more. However, it could be bad for them as it increases the risk of the business declining if they ~~mean~~ ~~customer~~ needs after changes in markets.



Level 4 - 9 marks awarded The candidate has provided a well-developed response outlining reasons for the business remaining small. There is good use of context throughout the response, providing clear analysis and an awareness of competing arguments (reference to vinyl sales and future music trends). The candidate provides a supported judgement. Further use of context and development of balanced points are required to take the mark to 10.



Use separate paragraphs to provide breadth and balance to your responses. This supports the clarity of your arguments.

(b) Assess the reasons why Rough Trade Records may choose to stay small.

- less risky
- lifestyle (10)

One reason why Rough Trade Records may choose to stay small is due to it being a much less risky option for them. This is due to their being no costs of expansion and promotion, which would be a lot for a small business. It also means they wouldn't have high amounts of debt which could lead to bankruptcy and business failure. However this may not be a valid reason as they have got 7 different successful stores which would decrease the risk as they already have experience of doing it.

Another reason why Rough Trade Records may choose to stay small is due to ~~the reason~~ how they see the business. For example if they see the business as a lifestyle business, then the owner is able to do what they enjoy and live a sustainable

life doing so. Therefore they wouldn't want to become a larger business as they would build up lots of risks they don't need, and may lose the enjoyment out of the business due to the large amounts of work. However if they grew large they would have lots of personal satisfaction as they have built up a large business from where they were.



Level 2 - 4 marks awarded. The candidate has presented reasons for Rough Trade Records remaining small and offers limited chains of reasoning. There is an attempt at evaluation presented (already having 7 successful stores) and very limited use of context throughout the response. Reading the response holistically this matches the level descriptor for top of Level 2.



Use the extracts to support the application of your response and the development of analytical chains of reasoning.

Question 1(c)

This question on Rough Trade Records and their profitability produced a mixed range of responses from candidates.

Those who were able to accurately calculate the Gross Profit Margin and Net Profit Margin typically performed very well and were able to access marks in the higher bands. These candidates not only completed the calculations correctly but also used the figures to support a more detailed and contextual analysis of Rough Trade Records' profitability.

Stronger responses interpreted the profit margins effectively, discussing what the results suggested about cost control, pricing, or overall financial efficiency. Many of these candidates then made realistic and well-justified suggestions for how profitability could be improved, such as reducing overheads, reviewing pricing strategies, or diversifying revenue streams.

However, a substantial number of candidates did not calculate or use the profitability ratios, or manage to explain the impact of these.

This limited the depth of their responses, as they tended to provide more generic suggestions for improving profitability without reference to specific financial data. These responses lacked the analytical depth required for higher marks and often failed to show a clear understanding of Rough Trade Records' financial position, resulting in lower marks being awarded due to the quantitative skills applied to this question.

Overall, while some candidates showed strong numerical and evaluative skills, others missed key opportunities by not engaging with the data provided in the question.

(c) Using the data in Extract B, and profitability ratios, assess the ways in which Rough Trade Records could improve its profitability.

(12)

$$\text{Gross profit margin: } \frac{5,210,500}{14,348,884} \times 100 = 36.31\%$$

$$\text{Operating profit margin: } \frac{528,330}{14,348,884} \times 100 = 3.68\%$$

One way that Rough Trade Records could improve its profitability could be by reducing ~~the~~ the wages they currently pay their staff. This is because their current operating profit margin is 3.68%, which can be increased if operating costs such as wages are decreased. Rough Trade records currently pay well above the national minimum wage, which means that they can cut wages ~~to~~ whilst avoiding fines. Therefore, operating costs will decrease, decreasing their average cost per unit, leading to an increase in profit margins and therefore ~~costs~~ profitability.

However, decreasing wages could lead to a fall in staff motivation, as

wages are a ~~financial~~ ^{hygiene factor} financial ~~motivator~~ for workers as expressed by Herzberg. A fall in wages could reduce motivation, leading to staff choosing not to come into the store, increasing absenteeism. Therefore, Rough Trade records could lose out on their currently great customer service, leading to long queues in their stores and lack of expertise of vinyl's in store. This can lead to a loss of revenue as customers go to listen to music via streaming instead, therefore a reduction in profits and profitability.

Overall, Rough Trade records have a ~~good market share~~ market share of 8.4%, which could mean that they have some market power to ~~a possibly~~ increase prices to increase ^{profits} revenue. However, this is risky as ~~the~~ ^{substitutes} of online streaming is on the rise leading to a greater price elasticity of demand. Rough Trade records should decrease wages in order to improve operating profit margins, but should be cautious in the amount they

do so as it could lead to staff
turnovers and ~~absent's~~ absenteeism increasing
which will negatively impact profits.



Level 4 - 11 marks awarded The candidate has correctly calculated both the GPM and the OPM. The response provides a balanced argument about reducing wages to improve profitability, using context in their response. The candidate includes a judgement but this could have been more developed to achieve the top of Level 4.



Use paragraphs in responses to make it clear that you are making a new point, especially if it is a contrasting argument. 12 mark 'assess' questions require candidates to provide a supported judgement.

(c) Using the data in Extract B, and profitability ratios, assess the ways in which Rough Trade Records could improve its profitability.

(12)

One way Rough Trade Records could improve its profitability is by decreasing staff pay. They currently pay 'well above minimum wage' and cost of sales and operating expenses have increased significantly during 2022. Decreasing staff pay could allow them to still pay them a reasonable amount while saving money. The decreased costs of the business could lead to profitability increasing. However, decreased pay could also cause staff to feel less motivated and produce less quality customer service.

Another way they could improve profitability is through expansion. This could be through opening new stores 'in the 5 or 6 cities available'. This could lead to increased sales and recognition. As a result improving their profit margins.

In conclusion, the best way to improve profitability is by decreasing staff pay.



Level 2 - 4 marks awarded The candidate has not calculated either of the ratios but has provided some analysis of how Rough Trade Records could improve its profitability via reducing wages. There is some balance provided in their argument. They go on to discuss 'expansion' which is a possible chain of reasoning if fully developed and clearly linked to profitability, which this response does not.



When using information from the extract, aim to explain the significance of that information and how it supports the point you are making.

Question 1(d)

Profit maximisation as an objective, using either polycentric or ethnocentric methods for UMG, proved to be a challenging question for many candidates.

Many had a reasonable understanding of the concept of global marketing, but a large proportion of candidates confused the terms ethnocentric and polycentric.

Some responses showed a lack of clarity on what each approach entails, resulting in vague or inaccurate explanations. This significantly weakened the analysis and often led to misunderstandings about how these strategies would impact a business like Rough Trade Records.

In addition to definitional errors, many candidates did not fully engage with the specific focus of the question—evaluating how each approach could help the business achieve the goal of profit maximisation. While some discussed the general features of each strategy, they failed to clearly link their evaluation to financial outcomes or the implications for maximising profit. As a result, responses often lacked relevance and missed the opportunity to demonstrate higher level thinking.

Stronger responses were able to differentiate between the two approaches, assess their potential costs and benefits, and link these back to the business's aim of increasing profits. However, such responses were in the minority.

Overall, the question required both a secure understanding of global marketing strategies and a focused evaluation of their effectiveness in achieving profit maximisation — something many candidates struggled to deliver. The overall structure of the responses was very good, with MOPS forming a basis for developed summaries and conclusions.

Universal Music Group has the business objective of profit maximisation. To achieve this, it is considering following either an ethnocentric or polycentric approach to its global marketing strategy.

(d) Evaluate these **two** options and recommend which one is most likely to achieve profit maximisation for UMG.

ethno → ↓ costs of promotion / changes → ^{however} × meet needs (20)

An ethnocentric approach ~~is~~ would involve UMG ~~valuing their treating of the global market similarly to the way it was the local market~~, not changing their music or promotional activity to suit the global market ~~and assuming~~. By using this approach, this could allow UMG to meet its objective of profit maximisation, ~~which is how UMG~~.

↳ The ethnocentric approach allows UMG to profit maximise as they will not have increased costs due to ~~them~~ UMG not adapting their ~~product~~ music or physical music to suit local needs in the global market. This will mean that they will not have to invest in research and development. This could be successful in helping UMG to meet its objective ~~as it has~~ as UMG had 'brought western influences' into emerging markets, which shows how the global ~~music~~ music

market, specifically emerging markets which are those that have a low market size, has previously been effective.

therefore, the use of an ethnocentric approach could be the best option for UMG to use to reach its objective of profit maximisation, as the ~~glob~~ global markets have previously responded well to UMG's western music as they successfully ~~as~~ brought it into the markets, therefore using 'international marketing'.

As therefore UMG could increase their sales by using the same international marketing for various music markets, ~~leading to a decrease in~~ → meaning that they will not have to specialise the promotion to different markets, leading to profit maximisation. However, a disadvantage is that local markets may feel that their needs are not being met, as especially countries that are non-English speaking and therefore may not be interested in purchasing UMG's albums of western music which is in English.

on the other hand, the polycentric approach to UMG's global marketing strategy may be the most effective at helping them to achieve their objective. This the polycentric

approach ~~is when~~ would involve UMG tailoring its music such as albums or songs to the local needs of different music markets. The impact of this could be that there may be a larger interest in the UMG's music in ~~internal~~ global markets, ~~espeia~~ especially as it is more common that artists ~~look~~ ^{turn} to 'local sounds and cultures to differentiate their music'. This could mean that if UMG invests in research and development to tailor songs to local markets, such as having a western artist to collaborate with an artist such as 'Tiara Andini in Indonesia' who's sales is expected to grow, this could lead to an increase in brand awareness, as local needs will be met and this would result in a growth in sales if UMG release a collaboration such as with Andini, which would increase their profit margin and allow UMG to achieve its objective of profit maximisation. However, the increase of competition ~~is the~~ caused by the increase in local streaming services also using a polycentric approach, such as 'JioSaavn' in India, means that they may be able to satisfy

local needs as they will have a better understanding of the market than UMG. Therefore this may not be effective.

Overall, the ethnocentric approach is likely to be the most effective in helping UMG to achieve its ~~growth~~ ^{objective} target of profit maximisation. This depends on UMG's ability to release promotional activity that is general to meet all global markets needs.

In the long term, this is likely to keep UMG's costs lower, however their sales may not be as high compared to if they used polycentric. Overall, ethnocentric is likely to be the most effective to profit maximise.



Level 4 - 17 marks awarded. The candidate has demonstrated accurate and thorough knowledge of both an ethnocentric and polycentric approach. This answer shows well developed arguments with good use of context throughout. A balanced response, although the competing arguments could have been more developed and the supported judgement needs extending to achieve higher marks in Level 4.



To achieve Level 4 in a 20 mark evaluation question, candidates should go beyond the points that have already been made. Use the MOPS framework to add arguments to support your decision.

Universal Music Group has the business objective of profit maximisation. To achieve this, it is considering following either an ethnocentric or polycentric approach to its global marketing strategy.

(d) Evaluate these **two** options and recommend which one is most likely to achieve profit maximisation for UMG.

(20)

To achieve profit maximisation UMG they would need to consider both approaches as they both have their advantages and disadvantages this is because UMG has brought western music influences into these markets through international marketing which ties into the ethnocentric approach in maximising its profits. Ettaal states that emerging markets are vital for ~~sell~~ streaming services and major labels which ties to the polycentric approach.

Overall I believe that the UMG should consider both ethnocentric and polycentric and then this can depend on market size,

Share and overall business position
both can result in profit maximisation
depending on how its implanted and
strategised but the business needs
to also consider and weigh
both the advantages and disadvantages



Level 2 - 5 marks awarded. The candidate suggests both approaches should be used to achieve profit maximisation. Although there is an attempt to answer the question by talking about bringing Western music into international markets there is no clear understanding demonstrated of either approach. Overall there are isolated elements of knowledge and understanding with an attempt at an argument but fails to answer the question in any detail. Some use of context is evident in the response.



Be clear about key terms within the specification. In this case the difference between ethnocentric and polycentric.

Question 2(a)

Generally, a poorly answered question, with few candidates having a good understanding of entrepreneurial motives. A significant number misinterpreted the focus of the question, responding with descriptions of the characteristics or traits of an entrepreneur—such as being innovative, determined, or risk-taking—rather than addressing the specific motives for setting up a business. As a result, many responses veered off-topic and did not directly answer the question as intended. Where candidates did attempt to discuss motives, their answers often lacked depth and balance. While some candidates correctly identified motives such as profit, independence, or pursuing a passion, they frequently failed to provide a counterpoint or alternative perspective. For example, if a candidate argued that profit was a key motive, they did not consider or evaluate non-financial motives, such as social impact or lifestyle goals, which could have strengthened their analysis.

Additionally, responses tended to be descriptive rather than analytical. There was limited development of points, and few candidates made clear links between the motives discussed and their potential implications for the success or direction of the business. Overall, the question required greater focus on evaluating different motives and providing a balanced argument, which was not well demonstrated across most responses.

- 2 (a) Assess **two** entrepreneurial motives that Simon Taffe might have had when setting up the End of the Road festival.

(8)

One ~~ent~~ entrepreneurial motive that Taffe might have used is ambition as he went to a music festival he thought he could do it and spent weeks researching and trying to find out how it could be done. This entrepreneurial motive allowed Taffe to open his business with caution as he carried out extensive research on how it could be done. However, having ambition may not lead to the success of the business as it took Taffe over 18 years to become profitable.

Another entrepreneurial motive is Resilience that he demonstrated after making a loss 4 times before he became just about profitable. This showed Taffe's resilience as he kept finding ways that could lead to the success of his business which occurred in the 2024 where 15,000 people attended and had 6 stages. Therefore, allowing Taffe to learn from past mistakes as he ~~de~~ further develops his business to be successful. However, this resulted in a huge loss for Taffe and even lost him his home and has loans to repay ~~but~~ which could affect long-term cash flow.



0 marks awarded. The candidate has discussed ambition and resilience which are entrepreneurial characteristics, therefore not answering the question.



Learn the specification terminology, specifically entrepreneurial motives.

- 2 (a) Assess two entrepreneurial motives that Simon Taffe might have had when setting up the End of the Road festival.

(8)

Simon Taffe may have had the entrepreneurial motive of profit maximisation when setting up the End of the Road Festival. This is ~~at~~ trying to make as much profit as possible. It involves reducing costs to their minimum and increasing sales revenue to its maximum. This is because Simon made a lot of effort in order for the Festival to succeed such as dropping off leaflets at different festivals by hiring a van. Therefore it's clear that Simon had the ~~the~~ financial motive of profit maximisation as the effort he put into the festival shows that he clearly wanted it to succeed so that he could achieve profit maximisation. However this may depend on how good the festival is as certain individuals may not like rock and folk music, meaning profit maximisation may not be possible.

He may have also had the ~~the~~ motive of independence when setting up the festival. This is because Simon went home and spent 2 weeks doing research in order for him to be having off a festival of his own after previously running a music festival. This shows that Simon was extremely dedicated and independent as he

worked hard by calling security firms and portable toilet companies. ~~For~~ He did this himself. Therefore Simon may have created the independence that setting up his own business ~~might~~ could bring. However this may have not been possible if Simon ~~wasn't~~ didn't have the creative mind set or the risk taking skills in order to work independently.



Level 3 - 6 marks awarded. The candidate has stated two motives: 'profit maximisation' and 'independence'. There are relevant chains of reasoning, using the business context. The candidate has attempted a counter argument, but it does not offer an argument as they have looked at risk taking, therefore unable to achieve at the top of Level 3.



To be fully balanced, a response needs to have complete chains of reasoning for both sides of an argument.

Question 2(b)

This question was generally answered well, with many candidates demonstrating a solid understanding of Corporate Social Responsibility (CSR) and its relevance to the End of the Road festival. Strong responses clearly defined CSR and provided relevant examples from the context, such as environmentally friendly practices, waste reduction, supporting local communities, or promoting sustainability within the festival's operations. These candidates successfully explained why CSR is important for a business like End of the Road, linking it to enhanced brand reputation, customer loyalty, and long-term profitability.

Many responses also showed the ability to evaluate the importance of CSR by weighing the potential costs involved against the benefits, such as attracting ethically conscious consumers and building positive public relations. A good number of candidates offered a balanced argument and finished with a reasoned conclusion, showing effective evaluative skills.

However, a minority of candidates focused more on issues such as health and safety or consumer legislation which, while related to business responsibility, did not fully address the core focus of CSR—particularly ethical and environmental concerns. These responses tended to be more descriptive and less well aligned with the demands of the question. Some candidates simply listed information from the case study, eg instances of where the company had shown examples of social decisions that had positive impact, but did not fully explain or differentiate the importance of this to the company versus cost/profit, etc.

Overall, most candidates engaged well with the topic, and many demonstrated thoughtful analysis and contextual understanding.

Again, the structure of the ten mark questions was very well organised across most of the candidates, although a greater number developed and improved a conclusion, not just a summary where significance could be discussed. This would always be beneficial for candidates to improve their performance.

(b) Assess the likely importance of Corporate Social Responsibility to the organisers of the End of the Road festival.

(10)

Corporate social responsibility is important to the organisers as it promotes that the festival is organised to help charities and is environmentally friendly. As the End of the Road festival is now becoming popular, the festivalgoers would mostly pay for a cup and help the environment for it. By having organisers and CSR people may recommend the festival to others which would increase profits easily knowing that whilst it is a festival, ~~they are doing~~ the business is doing it for a good cause.



Level 1 - 2 marks awarded. The candidate demonstrates isolated knowledge and understanding of the importance of CSR. Some application to the business context is shown but there are limited chains of reasoning in terms of answering the question.

(b) Assess the likely importance of Corporate Social Responsibility to the organisers of the End of the Road festival.

(10)

Corporate Social Responsibility is a method to increase ethics, via different approaches to support various stakeholders. One importance of Corporate Social Responsibility (CSR) to organisers of the End of the Road festival is that it may increase their brand image. In Extract E, it says they 'promotes War Child ... aims to secure a safe future for every child affected by war', meaning that their business ethics can be improved as they would be ~~the~~ considering the wider community. This would bring a sense of competitive advantage to the organisers of the End of the Road festival, as they focus on morality and values of other people. This would increase their culture, linking to Handr's organisational culture of role culture, as organisers would feel motivated due to the good cause associated with it. However, it depends on the amount of money they make as focusing on CSR would be expensive, and as they already made a 'loss of £50,000' in the second-year, CSR may not be their main objective.

However, CSR may not be as important to the organisers of the End of the Road festival as it would increase their total costs, as focusing on ethics may be expensive, reducing their ~~cost~~ expenditure elsewhere. This may lead

to an opportunity cost. In addition in Extract D, it says Simon 'order-hired a van and drove around the country, dropping leaflets', meaning this goes against CSR, as it increases negative externalities to the environment, such as pollution. Hence,

CSR may not be as important to the organisers, and hence should have cost focus (Porter's generic strategies) and increase sales volume. However, a CSR may increase their sales and tickets as it may mean that it would attract more visitors. This would increase profits as customers may feel more eco-friendly, due to change in social trends of the design mix, such as resource depletion.

In conclusion, CSR may not be as important because it would be an increase in additional cost for the organisers of the End of the Road Festival. Hence, as it is a new festival, they should focus on growing the business via increasing market share. However, it depends in the short-term, it may be more expensive, but in the long-term, it may be more efficient as it would improve brand image.



Level 4 - 8 marks. Good understanding of CSR is demonstrated. The candidate provides a counter argument as to why CSR may not be important to the business but it is less developed than the argument for CSR being important. There is use of context throughout.

A conclusion is present and it offers a basic supported judgement: 'focus on growing'.



The command word 'assess' invites a balanced response from the candidate. In this case, the importance of CSR. Make sure you are contrasting the concept in the question so that assessment is comparative. Always use the extract of information to support your knowledge.

Question 2(c)

This question of the competitive environment was generally answered well, with many candidates demonstrating a clear understanding of what it means for a business to operate in a competitive environment. Most responses showed awareness of the challenges and pressures competition can create, such as the need to attract customers, differentiate offerings, and maintain pricing strategies—all of which displayed positive examples of use of the context provided with many references to other festivals, their prices, and also to develop this further, eg comments on the elasticity and branding across the different festivals available to the context of the End of the Road festival.

Many recognised that being in a competitive environment can encourage innovation and improvement but also comes with risks such as reduced profit margins and increased marketing costs.

Stronger responses provided a balanced evaluation, weighing the positive and negative effects of competition, and linked their arguments back to the performance and objectives of the festival. A significant number of candidates also reached justified conclusions, with some of the higher scoring candidates introducing concepts such as Porter, demonstrating clear evaluative skills.

Overall, this question was well understood, and the quality of answers suggested that candidates were confident in applying business theory to a familiar and relevant context. Many responses were well structured, analytical, and clearly focused on the demands of the question.

(c) Assess the likely impact of the competitive environment on the End of the Road festival.

(12)

The End of the Road festival is an annual music festival in England which focuses on independent rock and folk music. In 2024, after years of making losses, 15,000 people attended the End of the Road festival which was set in fields, woodland and Victorian gardens and had six stages.

Something that ~~may~~ differentiates The end of the Road to other festivals is their charity and environment contributions. FreeFill is a reusable cup scheme which charges festivalgoers £1 per cup to reduce single-use plastic consumption. The reusable aspect of this scheme has also helped them in reducing recyclable waste. They also donate some of their income to fund various clean water projects across the globe.

Not only this but they also promote War Child, a charity which aims to secure a safe future for every child affected by war, and support it financially. War Child works with local communities and governments to

to help protect and educate children and support them to heal and learn.

Doing all this charity work will benefit them massively as it will improve their brand reputation, and will make advertising easier as they're linked with the charity. People may also be more likely to attend knowing the price is going to charity as well.

The most important thing they do to differentiate themselves as a business is being environmentally friendly. This will make them more competitive as land owners are more likely to agree to them using it for their festivals meaning they can operate all over the country rather than in just one location. The government may also be more likely to agree and promote them if they're doing things for a good cause.

Overall, End of the Road festival aren't likely to be affected by the competitive environment as they're doing lots to differentiate themselves from other festivals and donating some of their income to fund

charities. Festivals ~~are~~ are usually known for creating mess and damaging the natural environment of land so given the fact they're environmentally friendly they're likely to succeed long term in this very competitive environment.



Level 2 - 3 marks awarded. There is a lot of generic writing in this response that is not answering the question asked about assessing the likely impact of the competitive environment. The candidate has copied the context rather than used it to answer the questions. Credit is awarded for the idea of having to compete and they have chosen environmental focus to do this—see final paragraph.



Do not just quote from the extracts provided; the context needs to be 'used'.

(c) Assess the likely impact of the competitive environment on the End of the Road festival.

(12)

The competitive environment refers to the market and the volume of businesses that provide similar products or services that operate within it. One Negative impact of the competitive Environment on the End of the Road Festival is that they may experience less ticket sales. This is because Festivals usually happen around similar times in the summer. If Festivals with more recognition are operating at the same time as the End of the Road Festival, consumers are most likely to go to festivals that are more recognised and have a bigger brand image e.g. Festivals like Wireless. Many consumers would choose to go there rather than a new start up Festival such as Simon Tapp's one. It doesn't help that The End of the Road Festival is set in fields such as woodland and victoria gardens as this may mean that it isn't accessible or at a commutable distance to all individuals whereas wireless is located in an area that is easier to get to. The End of the Road Festival only having six stages also puts them at a disadvantage as consumers like to be able to move around and view different types of music compared to wireless that has more stages which will give them a competitive advantage. This means that The End of the Road Festival will be less profitable compared to other festivals as they are a newer festival. This may impact sales of the business. The fact that Festivals such as wireless allow for individuals to camp overnight gives them an advantage and more sales as people don't have to go home they can enjoy their experience fully. However it could be said that the End of the Road Festival has a USP as the festival isn't like others. It focuses on independent rock and folk music. This means that the festival operates in a somewhat niche market.

This allows them to differentiate from competitors as their target markets are completely different. Meaning that the segment of people that go to the End of the Road Festival are completely different to individuals that may go to festivals such as Wireless. This therefore then doesn't stop the Festival from not being profitable which is seen in 2024 where 15,000 people attended the End of the Road Festival.



Level 4 - 10 marks awarded. The candidate has provided a good response. They have demonstrated sound knowledge (less ticket sales, USP) and have well developed balanced arguments, supported by use of the business context. No supported judgement hence why the response is not at the top of Level 4.



Use paragraphs in responses to make it clear that you are making a new point, especially if it is a contrasting argument. 12 mark 'assess' questions require candidates to provide a supported judgement.

Question 2(d)

This final question on the paper was generally answered well, with many candidates demonstrating a solid understanding of the two options presented: increasing ticket prices or increasing the capacity of the End of the Road festival. Most responses showed an ability to evaluate both options in context, often discussing factors such as customer loyalty, pricing sensitivity, brand image, and logistical challenges associated with expanding capacity.

Stronger responses stood out by making effective use of the data provided. These candidates carried out calculations to compare the potential financial impact of each option, which strengthened the quality of their analysis and helped justify their conclusions. For example, some calculated the potential increase in revenue under each scenario and considered associated costs, such as infrastructure improvements or the risk of reduced customer satisfaction.

However, not all candidates used the data available, and some missed the opportunity to enhance their arguments through using quantitative and qualitative information. These responses were generally more descriptive and less evaluative, limiting their ability to access the top marks.

Overall, candidates showed a good level of contextual understanding and many produced balanced responses with justified conclusions. The question allowed for clear application of business decision-making, and the best answers demonstrated strong analytical and evaluative skills.

In 2024, the End of the Road festival sold all available tickets. To improve the sales revenue of the festival in 2025, the organisers are considering either increasing ticket prices or increasing the capacity of the festival.

- (d) Using the data in Extract D, F and G, evaluate these **two** options and recommend which one is most likely to improve sales revenue.

(20)

In order to improve sales revenue, the organisers should increase ticket prices. This is because of rising costs, suggesting that festivals are left with little choice but to increase ticket prices in order to generate a profit. Furthermore, festivals are seen to be price inelastic, despite not being a luxury. This means that customers may be willing to buy tickets ~~prices~~ and there will always be a demand for it, despite fluctuations in price. Additionally, a general boom in summer events indicates that consumers are willing to spend on memorable experiences. As a result, due to festivals being price inelastic in nature, demand won't be affected as much by a change in price. Therefore, increasing ticket prices will lead to a higher sales revenue.

However, increasing ticket prices may lead to customers turning to rivals and going to other UK music festivals. This could damage the end of the Road's sales revenue as they may face a decrease in demand due to the intensity of competition in the saturated market. As a result, increasing ticket price may decrease demand and sales revenue as customers switch to competitors.

On the other hand, in order to improve sales revenue, organisers could increase the capacity of the festival. For instance, the Leeds and Reading festivals attract almost 200,000 fans, therefore showing that the End of the Road has the potential to reach full capacity and make use of all its resources. This will lead to a decrease in costs which improves sales revenue.

However, in order to increase the capacity of the festival, promotional methods such as sponsorships may

be used. Although this increases awareness and promotes the festival it could be seen as costly. This could lead to a decrease in sales revenue.

In conclusion, in order to improve sales revenue, the end of the road should increase ticket prices, as this will cover up the high costs and will generate profit margins. However, this is seen as difficult especially in a competitive market because it means that the festival would have to commit to a price and a budget. Thus, meaning that there is potential for the festival to overspend on its resources, leading to tight profit margins.



Level 3 - 10 marks. The candidate demonstrates some accurate knowledge by discussing increased ticket prices to cover the increased costs of running a festival and has development linked to inelastic demand. There is an attempt at balance by looking at the issues of increasing prices, although chains are not fully developed. The argument relating to increasing capacity is limited. There is no real use of any quantitative data in the response, but some use of business context throughout the response. Supported

judgement is attempted but lacks the required detail.



When writing judgements, aim to refer back to the question and address it directly.

In 2024, the End of the Road festival sold all available tickets. To improve the sales revenue of the festival in 2025, the organisers are considering either increasing ticket prices or increasing the capacity of the festival.

(d) Using the data in Extract D, F and G, evaluate these **two** options and recommend which one is most likely to improve sales revenue.

(20)

Sales revenue is the quantity sold $\times$ selling price.

One benefit of increasing ticket prices to improve sales revenue is higher profitability. The end of the road festival sold all available tickets which shows there was a high demand for tickets to this festival therefore, increasing ticket prices may be beneficial to the end of the road festival as it increases their profitability. Additionally, the end of the road festival charges the lowest price ^{at £240} which means if they increase their price there should be little impact on sales and this means the end of the road can achieve their objective of improving the sales revenue of their festival in 2025.

However, one drawback of increasing ticket prices is probably losing their competitiveness in a very competitive market as the End of the Road festival ~~one~~ is currently the cheapest of festivals to attend.

which attracts ~~customers~~ ^{consumers} on a budget therefore increasing prices means they will no longer be the cheapest festival in the UK festival market. as the likes of reading may be cheaper after the price increase of the end of road. ~~Thus~~ As a result, sales may decrease for the end of road festival as prices have increased which will mean the end of road festival can't achieve their objective of improving sales revenue in 2025.

On the other hand, one benefit to the end of the road festival of increasing their capacity is that they can remain competitive whilst increasing sales revenue due to higher capacity which means higher sales thus higher sales revenue. The end of the road festival is currently the cheapest UK festival at £240 but has the lowest capacity at 15,000. Therefore increasing capacity means Organizers can keep prices competitive but also sell more tickets as capacity increases. ~~As 2022~~ Additionally, since the end of the road festival sold all available tickets, increasing capacity will help increase sales thus increasing sales revenue in 2025.

However, one drawback of increasing capacity is higher costs for the end of road festival as smaller UK festivals have faced many problems including rising costs. Therefore, increasing capacity will increase costs for the end of the road festival which may reduce profitability as the capacity is not guaranteed to sell out if they increase it which means their return on investment may be negative. Additionally, increasing capacity may mean that those high costs may be passed on to consumers which may result in decreased sales revenue and profitability for the end of road festival. ~~as that~~ As a result, increasing capacity ~~may mean that it could lead to~~ poses a risk to the end of the road festival objective of higher sales revenue in 2025 as higher capacity may either mean higher prices or lower utilisation of capacity.

Overall, I believe the best decision for the end of the road festival is to increase their capacity because they sold out all available tickets and the only way for them to keep prices ^{if they} competitive at their current low of £240 (the cheapest in the market) whilst also increasing sales revenue in 2025. ~~They~~ Increasing prices is not the best decision due to the ^{competitive} market. The end of road festival is currently in. They charge the lowest price at £240 but have the lowest capacity of 15,000 so if they increase their capacity it is almost inevitable that the end of road festival tickets can sell out. However, it depends on external influences such as PESTLE factors which can impact consumer confidence negatively and decrease festival sales revenue. Economic factors such as higher inflation need to be considered as it directly impacts consumer spending and confidence. In the long run, ~~the best~~ ^{the best way} for the end of the road festival to reduce risk of decreased sales revenue whilst remaining competitive in the UK music festival market, the best ~~way~~ option is to increase their ~~current~~ capacity.



Level 4 -16 marks. A good response demonstrating accurate and thorough knowledge of actions to improve the sales revenue. Chains of reasoning are presented but are not always fully developed. The candidate attempts to focus on increasing sales revenue throughout the response. There is a detailed judgement provided which provides good knowledge of the

business context and is enhanced by the use of phrases such as 'it depends on ...' and 'in the long term'. The candidate has attempted to use some of the numerical data from the context and apply it in their chains of reasoning where appropriate. Better developed chains of reasoning and further use of quantitative and qualitative data to support judgements are required to move to the top of Level 4.



To achieve level 4 in a 20 mark evaluation question, candidates should go beyond the points that have already been made. Use the MOPS framework to add arguments to support your decision.

Paper Summary

Based on their performance on this paper, candidates are offered the following advice:

Read the questions carefully and stick closely to the requirements of the question and apply these to the relevant business in the extracts.

Manage your time effectively across the paper. Do not write overly long answers to the 8 mark questions at the expense of the 12 mark and 20 mark questions.

Pay attention to the command words and the respective mark allocations to be able to write appropriate and succinct responses.

Do not write generic answers without context.

Do not just quote from the extracts provided. The context needs to be 'used'.

Remember that a conclusion needs to add something new, not just repeat what has already been said.

Learn the specification terminology, specifically entrepreneurial motives and ethnocentric and polycentric approaches.

Make every effort to write legibly.

Use extra paper if the space is not big enough for your response. Do not write the response on another question page of the booklet.

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>

