

Mark Scheme (Results)

October 2020

Pearson Edexcel GCE A Level In Business (9BS0)

Paper 1: Marketing, people and global businesses

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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	Answer	Mark
Number		
1 (a)	Knowledge 1, Application 3	
	Quantitative skills assessed: QS2: calculate, use and understand percentages and percentage changes QS9: interpret, apply and analyse information in written, graphical and numerical forms	
	 Knowledge: 1 mark for difference in hourly wage between Aldi and Tesco = Aldi - Tesco wage 	
	Application: up to 3 marks for • difference in hourly wage = £8.85 - £8.02 = £0.83	
	• £8.02 with a 10.35% (1.1035) increase = £8.85	
	• calculate percentage change = £0.83/£8.02 X 100 = 10.35%	
	NB: if the answer given is 10.35 award 4 marks, if answer is not rounded to 2 decimal places award 3 marks.	(4)

Question Number	Answer	Mark
1 (b)	Knowledge 1, Application 2, Analysis 1	
	 Knowledge: 1 mark for understanding of what is meant by a business objective, e.g.: a business objective is a specific goal. 	
	 profit maximisation is an example of a business objective. 	
	Application: up to 2 marks for contextualised examples, e.g.:	
	 increase market share by being 'cheapest' sales maximisation by 'When it's Gone, it's Gone' sales offer. 	
	Analysis: 1 mark is available for, e.g.:	
	 Tesco is aiming to increase its market share, by targeting customers who are price sensitive and have been shopping at Lidl and Aldi due to their 	
	budget prices.	(4)

Question Number	Indicative content	Mark
1 (c)	 Knowledge 2, Application 2, Analysis 2, Evaluation 3 Advertising is paid for communication, used by a business to raise customer awareness of its products, services and brands. Advertising locally via leaflets saves Jack's money as there are lower production and distribution costs compared to advertising nationally via media such as TV or national papers. Advertising locally, with offers tailored to the local community is likely to be more effective as it should meet the needs of its customers, for example local tastes and trends in food and drinks. 	
	 Advertising via leaflets might not be particularly effective as they are easily ignored and therefore do not last in customers' memories. Leaflets might be promoting groceries customers aren't interested in, while some of them are selling things they would not buy; they are difficult to target. 	
	 For a business trying to keep its costs to a minimum, a low-cost advertising technique seems sensible. For a new brand and concept for Tesco, this type of advertising may not attract enough customers to the new Jack's store. Jack's could advertise locally via other media, such as billboards, as used by Aldi and Lidl, instead of leaflets. 	
		(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)	 Knowledge 2, Application 2, Analysis 4, Evaluation 4 Working conditions are the physical surroundings and the atmosphere of the workplace, and the way staff are treated by managers. Unhappy staff will lack motivation and therefore productivity and customer service may suffer, leading to higher costs for Aldi, such as more staff being needed. A high number of unhappy staff could lead to them leaving which could add to Aldi's recruitment costs such as advertising new posts such as cashiers or store managers. Potential counterbalance Aldi supermarket staff are likely to be low skilled, and there are therefore enough potential workers in the community to replace those that leave. Aldi supermarkets may not require large numbers of staff in each store, so those leaving may be easily replaced due to the relatively high wages on offer. Staff leaving may provide an opportunity for Aldi to recruit new staff who are willing and able to tolerate the pressure of working long hours. Potential judgement Staff leaving will impose costs on Aldi as they need to be replaced. The Aldi model relies on low costs to be able to offer low prices to customers. Aldi might not have to face increased costs as there is no evidence that workers are actually leaving, even though they might have complaints about the working hours. 	Walk
		(12)

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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)	 Knowledge 4, Application 4, Analysis 6, Evaluation 6 Option 1 Aldi's basic hourly wage (£8.85) is the highest of all supermarkets, as shown by Extract A. Aldi's staff are paid well, which may help to make the long working hours worthwhile. F.W. Taylor explained the importance of money as a motivator, particularly for jobs that can be broken down into a series of simple tasks. Supermarket check-out work could fit with this approach, which could enhance customer satisfaction. Good pay helps to satisfy the basic needs identified in Maslow's hierarchy of needs, so good pay may increase satisfaction of workers, motivation and therefore their level of customer satisfaction. As well as basic pay, Aldi could offer performance bonuses for staff, linked to customer service and feedback, which may help customer satisfaction. As Aldi expands, profit share could be offered to managers at Aldi, so that they have the incentive to promote customer satisfaction. If sales increase due to improved experience of customers, then profit could increase too. 	
	 Working conditions (Herzberg hygiene factor), and particularly working hours are affecting some employees negatively. Improving these working conditions could make staff more motivated and therefore help customers more effectively. Some managers comment on fringe benefits such as company cars, which are valued. Extending such perks to other managers could improve their motivation and therefore effectiveness in managing staff who work directly with customers in store. Working conditions could be improved by flexible working. As Aldi stores are open for long time periods, a wider range of staff could be organised in teams to cover the opening hours. Staff are likely to be more refreshed and therefore able to serve customers effectively. 	

 Greater consultation between store managers and area managers may help store managers to feel more valued leading to improved customer service in Aldi stores and therefore improve customer satisfaction overall.

Potential judgement:

- Aldi staff suggest that non-financial techniques are a priority, because despite the highest hourly wage some are unhappy.
 Using techniques such as job rotation, for example working in different product sections, could improve staff motivation and widen staff experiences in the store. This experience could help to improve customer satisfaction as staff may be more knowledgeable in addressing queries.
- Working for Aldi is likely to be simply a source of income for many workers, so financial incentives such as bonuses or performance related pay might motivate them further. If the performance related pay is linked specifically to customer satisfaction reviews, this could be effective. However, the financial incentives offered will depend on the level of employee. A store manager may respond more favourably to promotion prospects or share options.

Level	Mark	Descriptor
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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 causes(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 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 are 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 quantitative information 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	Aldi offers the highest hourly wage of all it competitors in the grocery
	market. Therefore, it may be that non-financial techniques such as
	employee consultation are more important.
Objectives	Aldi's objective of market growth is likely to be driven by low prices for its
	customers. Non-financial techniques such as job rotation might be more
	appropriate as they add less financial costs compared to financial methods
	of motivation such as bonuses.
Products/	Aldi relies on a small number of employees in each branch, so motivating
services	them more through non-financial techniques such as consultation, may
	help to improve customer satisfaction directly as these staff know how to
	meet the needs of Aldi customers.
Situation	Aldi are a successful and growing business in the UK, so employees might
	respond more positively to financial motivation such as profit share, as this
	might lead them to feel part of the overall success of the business.

Question Number	Answer	Mark
2 (a)	Knowledge 1, Application 3	
	Quantitative skills assessed: QS2: calculate, use and understand percentages and percentage changes QS7: interpret values of price elasticity of demand QS9: interpret, apply and analyse information in written, graphical and numerical forms	
	Knowledge: 1 mark forPED = % Quantity Demanded/%Change in Price	
	Application: up to 3 marks for • 0.9/30 X 100 = 3 • (-)2.75 X 3 • = (-)8.25% change in quantity demanded	
	NB: if the answer given is 8.25 award 4 marks, if answer is not rounded to 2 decimal places award 3 marks.	
	If answer is expressed in alternative units e.g. 8.25m, award 3 marks.	(4)

Question Number	Answer	Mark
2 (b)	 Knowledge 1, Application 2, Analysis 1 Knowledge: 1 mark for understanding, e.g.: Protectionism mean policies used by a government to protect domestic businesses by making foreign owned products less 	
	 attractive Legislation is a collective name for laws and regulations used by governments to restrict certain activities government legislation as a protectionist measure is when it is framed in such a way that can give an advantage to a domestic business. 	
	 Application: up to 2 marks for contextualised examples, e.g.: there were calls to limit the level of foreign investment by foreign multinationals into Indian markets. safety rules specific to the Indian market e.g. those governing auto rickshaws. 	
	 Analysis: 1 mark is available for, e.g.: ridesharing cannot be protected by tariffs or quotas as it is not a traded product, so legislation is a potential option if the Indian government wanted to protect Ola and similar businesses. 	(4)

Question Number	Indicative content	Mark
2 (c)	Knowledge 2, Application 2, Analysis 2, Evaluation 3	
	Marks for application and analysis include up to two marks for quantitative skills	
	QS9: interpret, apply and analyse information in written, graphical and numerical forms	
	 GDP per capita in India is growing quickly and therefore consumers may have increased disposable income to spend on ridesharing. Literacy rates are rising, so customers can use the ridesharing apps on their phones easily to connect to these services. Ridesharing markets in developed economies may be saturated, so emerging economies such as India provide businesses like Ola and Uber with an opportunity to grow quickly. The number of customers is forecast to be 539.49m in 2021, so much of this growth is likely to be in emerging markets such as India. 	
	 Large parts of India, especially rural areas still have high levels of poverty, this can limit the growth of businesses such as ridesharing. Although literacy rates are growing, there is still a huge range of languages in India, which can provide barriers to communication in service business such as ridesharing. Infrastructure, such as the road network and mobile communication/mobile internet, may not be reliable enough to support the growth of ridesharing. 	

	Potential j	udgement	
	Income dis	desharing is likely to continue to grow in a market such as dia because it provides a cheap alternative to car mership for consumers who might have limited sposable income. Ther growth in India depends on incomes and demand travel in urban areas to continue to grow. If substitute eans of transport such as car ownership or public insport grow, then ridesharing may be limited in growth.	(10)
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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 of incomplete. A generic or superficial assessment is presented.	or
Level 3	5-6	Accurate and thorough knowledge and understanding, support throughout by relevant and effective use of the business behaviour/context. Analytical perspectives are presented, with developed chains 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.	of
Level 4	7–10	Accurate and thorough knowledge and understanding, support throughout by relevant and effective use of the business behaviour/context. A coherent and logical chain of reasoning, showing cause(s) at effect(s). Assessment is balanced, wide ranging and well contextualised using quantitative and/or qualitative information, and shows awareness of competing arguments/factors leading to a supported judgement.	nd/or

Question Number	Indicative content	Mark
2 (d)	 Knowledge 2, Application 2, Analysis 4, Evaluation 4 A joint venture may be a one-off or temporary arrangement, or a lasting collaboration in a specific market. In this case, the Ford-Mahindra deal is for three years. There is no change of ownership and the relationship between the two businesses will be controlled by legal agreement. Ford is likely to gain increased sales from its joint venture with Mahindra as they are likely to know the specific needs of the Indian market and have access to workers familiar with this market. Ford may gain economies of scale and a lower cost structure from Mahindra's existing manufacturing plants, Mahindra will get access to Ford engineering knowledge and expertise in Sports Utility Vehicles. As an American brand, Ford may be seen as desirable for aspirational consumers in an emerging market such as India. This is because Ford is associated with the USA and 'Western lifestyles', that are desirable by some consumers in India. 	
	 Ford and Mahindra may have different visions for how the joint venture will work, which can lead to disagreements over business strategy such as pricing and marketing. Indian consumers may be confused by the two businesses working together, which could limit sales. Mahindra is an established brand in the Indian market, Ford less so and their brand strength may be diluted by this arrangement. As the joint venture develops, the aims of Mahindra and Ford might diverge: Mahindra may want to focus on budget sales, while Ford may want to target higher socio-economic groups. Mahindra might benefit from transfer of knowledge of new technology and techniques, so once joint venture ends, it can use this knowledge to compete with Ford. 	

Potential judgement

- The joint venture is likely to benefit Ford as it could reduce its manufacturing costs as Mahindra provides the chassis for the new SUV enabling Ford to be more price competitive in the Indian market where incomes are relatively low so making the cars more affordable so sales may increase.
- The main consequence of the joint venture is likely to be positive for Mahindra, rather than Ford as it gain sales from the support of the Ford brand and their expertise in selling Sports Utility Vehicles in other markets. This success will depend on the degree to which Mahindra and Ford can agree on the overall strategy for the three years.

(12)

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Question Number	Indicative content	Mark
2 (e)	 Knowledge 4, Application 4, Analysis 6, Evaluation 6 Decision for adapting its products to India India is the second biggest country in the world by population and therefore home to a diverse range of language groups, customs and tastes. By adapting its service to local needs, such as by recruiting staff that speak each local language fluently, they will reach a wide market and compete effectively with Ola and other Indian businesses. Uber has been involved in disputes in some developed markets such as the US. Adapting their service to the specific features of Indian cities, such as using appropriate pricing strategies, which are likely to attract customers The ridesharing market around the world does not differ between markets. Therefore, Uber can continue to use the strategies that they have used in the US and UK to grow, including adaptive pricing and up to date customer interaction through an app. Ola has already gained success from adapting by accepting cash, employing drivers that speak different languages and offering auto rickshaw journeys. Uber may need to differentiate themselves in other ways, such as being the most reliable, to differentiate their service in India. Decision for focusing on improving its business ethics Business ethics are the moral principles that may or may not be used as a basis for decision-making. Uber has faced criticisms for its treatment of staff and customers in some markets. Getting this aspect right, could help to differentiate itself from India competitors such as Ola, who may have lower ethical standards. Customers who use ridesharing will want to be confident of the safety of the service they are using. This means that drivers are well-rested and paid fairly, rather than simply completing as many jobs as possible. <td></td>	

- Offering good pay to Uber's drivers in India will allow them to choose from a better calibre of employee and should help to improve the quality of the service. Uber can benefit from more productive drivers, that make fewer mistakes and therefore offer a better service to Indian customers.
- Being ethical may lead to lower costs than adapting its strategy to the Indian market. Indian labour standards and rights may be lower than other markets, so the costs of compliance may be lower too.
- India may have lower labour standards than Uber's other markets, so this may not be a big issue. Customers may be more concerned with the service being cheap and reliable, as the customers themselves may have limited disposable income or work in areas with questionable business ethics.

Potential judgement:

- The primary concern of customers in the Indian ridesharing market is likely to be a cheap and reliable ridesharing, so adapting the service is likely to be the most successful. This adaption could be in terms of making the app and service as reliable and accessible as possible, perhaps by designing an app that works on a less reliable phone network infrastructure.
 Matching Ola by offering drivers who speak local languages and accepting cash payments may be a good place to begin.
- Ethics affects the perception of customers and in a competitive market, Uber might lose more customers to Ola if it does not improve its ethical position. It might also be that as a 'Western' brand, it can use an ethical stance as a way of differentiating itself from Ola, whose ethical standards may be lower. Ridesharing is more environmentally friendly than car ownership, for example, so a focus on this may help to attract customers with environmental concerns.

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Market	The Indian market is still potentially massive due to its population, and as a result, very diverse. Adapting the Uber service to the different income
	levels of Indian consumers might therefore be seen as more important.
Objectives	If Uber want to increase market share in India, adapting to the needs of
	Indian consumers, such as different language groups could be a way of
	attracting new customers quickly.
Products/	Ridesharing is a service that requires a high degree of trust between the
services	customer and the driver. Therefore, improving its business ethics may
	help to attract new customers in the Indian market, who want to feel safe
	when paying for a ride.
Situation	Uber is a business operating in a range of different markets. Therefore,
	they are likely to have experience in adapting their service to the specific
	market and can bring this experience to India. Most of the ethical
	questions raised about Uber's approach were in the US and may be less
	applicable in India.