



Examiners' Report June 2024

GCE Business 9BS0 01

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Introduction

This report is designed to provide feedback and guidance to teachers and candidates by providing exemplified responses from candidates in the 2024 series. This report can be used for general reference and as a teaching and learning aid in the classroom. Comments are designed to help candidates and centres understand our overall assessment approach, as well as identifying tips for improvement.

Question 1 (a)

This question was generally well answered by candidates with many scoring full marks. However, some candidates were unable to recall the correct formula and either transposed the formula or omitted $\times 100$, therefore calculations were inaccurate. Some candidates did not present their final answer to 2 decimal places, which limited the marks awarded. A number of candidates simply calculated the market share for each year and did not calculate the difference.

- 1 (a) Using the information in Extract A, calculate the difference in Samsung's global market share of smartphone shipments between Q4 2021 and Q4 2022. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$\text{Market share} = \frac{\text{sales of a business}}{\text{total market sales}} \times 100$$

$$2021 = 81.5 \div 371.6 \times 100 = 21.93\%$$

$$2022 = 70 \div 303.9 \times 100 = 23.03\%$$

$$23.03 - 21.93 = 1.10$$

1.10% difference



ResultsPlus
Examiner Comments

This response scored 1 knowledge mark for stating the definition. Market share calculations are incorrect for both years, therefore no further marks are awarded.



ResultsPlus
Examiner Tip

Candidates should always write the formula out in full.

- 1 (a) Using the information in Extract A, calculate the difference in Samsung's global market share of smartphone shipments between Q4 2021 and Q4 2022. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$MS = \frac{\text{Sales of business}}{\text{sales total sales in market}} \times 100$$

$$\frac{69.2}{371.6} \times 100 = 18.62\% \text{ (2dp)}$$

$$\frac{58.3}{303.9} \times 100 = 19.18\% \text{ (2dp)}$$

$$19.18 - 18.62 = 0.56\%$$

$$18.62 - 19.18 = -0.56\%$$

19

$$0.56\%$$



ResultsPlus
Examiner Comments

This response scored full marks (4 marks). The candidate shows good examination technique by stating the formula, followed by each stage of the calculations. The final answer is written to 2 decimal places as requested in the question paper.



For calculation questions, candidates are advised to show each stage of their workings. This allows knowledge and application marks to be awarded even if the final answer is incorrect.

Question 1 (b)

This question proved to be accessible for the vast majority of candidates, who demonstrated an understanding of market mapping by defining what a market map was or identified its use to spot a gap in the market. Many candidates made good use of the case study to gain two application marks, however some candidates struggled to include the required two pieces of application in their response.

A small number of candidates confused market mapping with geographical maps or the boston matrix and therefore scored 0 marks.

(b) Explain **one** way Samsung could use market mapping.

(4)

Samsung could use market mapping to find where competitors ^{such as apple} base themselves in the mobile business, this would allow for them to see if there focus on the premium sector of the mobile business



ResultsPlus
Examiner Comments

This response scores 0 marks as it is not clear the candidate has any knowledge/understanding of market mapping.




ResultsPlus
Examiner Tip

It is important that candidates have a clear understanding of the topic areas of the specification being examined and ensure that their responses are clearly focused on the demands of the question.

(b) Explain one way Samsung could use market mapping.

(4)

Market mapping is categorising businesses in the same market into extreme ends of price and quality, into a matrix .

Samsung ^{could} use mapping to identify where their competitors such as Huawei and Apple, ^{stand} in the market. For example, Apple focuses on premium models of smart phones, on the higher end of the price range, targeting customers who can afford ^{to} pay the premium price for advanced features. Samsung will then know that the biggest competitor for their S23 model would be Apple, and may consider developing products where there is a gap in the market (e.g. low price, high quality) to gain more market share.



ResultsPlus
Examiner Comments

This response scores full marks (4 marks) and offers a perfect response to the question. The candidate starts with a definition of market mapping and then applies their knowledge to the case study material for Samsung, achieving the 2 application marks. They provide analysis in their response by referring to the impact of market mapping on the market share of Samsung.



ResultsPlus
Examiner Tip

Remember that there are 2 marks for application for 4 mark 'explain' questions. The application must be applied to the candidate's response and not merely lifted from the case study material as a standalone statement.

Question 1 (c)

The concept of design mix was generally well understood by candidates and many gave an initial definition as part of their response. There was much evidence to suggest that function was essential and that information in the extract was well used. Not all candidates provided any counterbalance but those that did focused more on aesthetics as an alternative factor. Some candidates are still using cost as price and not linking to economic manufacture. Many candidates offered a conclusion, but many were merely a summary, rather than offering anything new to their response. A small number of candidates did not read the question fully and only talked about the design mix generally, rather than focusing on the importance of function as stated in the question.

(c) Assess the importance of function in the design mix of Samsung's smartphones.

(10)

Samsung's importance of function in the design mix can be ~~a~~ important to an extent. The extract states that Dr. Lee wants to focus on the Premium segments in developed as it turns out that Samsung had already been struggling with lower priced Chinese rivals in the low-to-mid range market, hence this calls for a major change as if Samsung wants to enter the Premium segment it will need a ~~good~~ ^{Premium} function as well as design mix, the extract tells us that the new S23 models feature advanced camera improvements and a longer battery life this means that Samsung wants to improve the quality of its smartphones ~~they~~ they have taken note that 'Premium' focused Apple has record revenues due to its app ~~appearance~~ appearance. However to an extent this may not be as important as ~~the~~ dominating firms in a market such as Apple will be

difficult to overtake as it is a major competitor the extract also states that the selling price of the S23 will be higher than its competitors which means that the function in the design mix must be better than its competitors in order to convince ~~the~~ consumers to buy.



ResultsPlus
Examiner Comments

This response scores Level 2 – 4 marks. The candidate demonstrates only elements of knowledge/understanding of function, which they attempt to link to Samsung. They have attempted to use the extract information by quoting from it (new S23 models ...) but they do not develop any chains of reasoning as to why this is important to Samsung. Overall a generic assessment is provided, matching the level descriptors at Level 2.



ResultsPlus
Examiner Tip

'Assess' questions always require candidates to provide a balanced response with arguments both for and against. So in this question, arguments are required to explain why function is important and counterbalance of why it may not be so important, possibly due to other elements of the design mix being as/more important.

(c) Assess the importance of function in the design mix of Samsung's smartphones.

(10)

The design mix consists of function, costs, and aesthetics considered when ~~des~~ developing a product.

Function is especially important for Samsung's smartphones as they are aiming to regain market share by the specially designed foldable phone. This means that Samsung is aiming to compete with their competitors ~~by~~^{by} differentiating themselves through the function of their phone. The S23 has advanced camera improvements and longer battery life, and 1 terabyte of storage, on the other foldable design, it's function is to be folded, and Samsung has had a first mover advantage in the niche market, and has a technology advantage over competitors. This suggests that Samsung should continue to focus on the function of their smartphones, given their previous success ~~seen~~^{slam} in S23 and foldable phone.

It would give them an advantage in gaining market share.

However, Apple's market share in 2021 Q4 and 2022 Q4

was larger than Samsung's, and this could be due to Apple's

placing importance on aesthetics ~~or~~ on its design mix, as they

~~has~~^{has} a great appearance of its apps. This suggests that

Samsung may have to reconsider what they are putting

emphasis on, and should ~~also~~ further develop their

aesthetics to compete with rivals like Apple, to gain market

share of customers ~~who~~^{who} ~~care~~^{care} for aesthetics.

In conclusion, I think function is ~~more~~^{most} important in the ~~which~~ which allows them to stand out from their competitors such as Apple and Huawei.

current era of ^{mostly} everyone having a smartphone, the market would be saturated. Customers will not be willing to upgrade and buy a new phone unless the function has been massively improved. Hence Samsung would win more market share if their function is the best in the market.



ResultsPlus
Examiner Comments

This response scores Level 4 – 9 marks. The candidate demonstrates knowledge by defining the design mix. There is good understanding of the importance of function with good use of context throughout the response. There is counterbalance provided by the argument that aesthetics could be of higher importance to Samsung, although this argument is not as strong and therefore the final mark is 9 rather than 10. The conclusion makes use of 'MOPS' and links the importance of function to the saturated smartphone market.



ResultsPlus
Examiner Tip

To reach the higher marks in Level 4, candidates could make use of 'MOPS' to justify the overall recommendation.

Question 1 (d)

This question proved to be mixed, with some candidates demonstrating a good understanding of price skimming in their response whilst others found it challenging. Some candidates focused solely on the initial high price, whilst others discussed the impact of the price reducing over time. Candidates who understood price skimming were able to provide clear chains of reasoning and a balanced response making good use of the context provided. A number of candidates confused price skimming with penetration pricing and therefore the chains of reasoning were incorrect for the question asked.

product of 'competitor'

(d) Assess the likely usefulness of price skimming to Samsung's pricing strategy.

(12)

Price skimming is where the business tries to lower the costs on production and material costs of their products for Samsung this can mean offshoring production of their technology, for example the assembly of their devices. However with partaking in price skimming there is the possibility of loose of quality.

This cut in production process and the materials used allows Samsung to produce the same products as its competitors at a lower price while selling it for the same price, meaning Samsung gain larger profits than its competitors which can be reinvested into the business, like further improving 'longer Battery life' or 'advanced camera improvements' (extract B) which with the extra re-investment from profit it allows Samsung to differentiate itself in the Dynamic market, that is rapidly and constantly changing.

However with Samsung price skimming on their products there can be a compromise for the company positively established

quality. This will have Negative impact on Samsung's Reputation, which will not be useful to Samsung in obtaining new customers especially within the premium segment' (about 0) that Samsung are intending to focus on. This market requires high quality products for their high prices.

In conclusion price skimming may be useful to Samsung in the respect they will see larger profit returns than previously but it is not sustainable, due to the possible Negative reputation Samsung can experience.



ResultsPlus
Examiner Comments

This response scores 0 marks as it does not assess the likely usefulness of price skimming to Samsung's pricing strategy. The candidate has focused on the idea of trying to lower costs rather than price skimming so no knowledge/understanding demonstrated.



ResultsPlus
Examiner Tip

Candidates need to pay attention to what they are being asked to assess. As in the case of this question, if it is 'usefulness', then the chains of reasoning need to support the assessment of whether price skimming is useful or not to Samsung's pricing strategy. This could be achieved through comparison to another factor/feature, in this case it could be alternative pricing strategies or the market the business is operating in.

(d) Assess the likely usefulness of price skimming to Samsung's pricing strategy.

(12)

Price skimming is ~~likely to be~~ a pricing strategy involving where products are initially priced high, but over-time come to market level. This strategy is likely to be useful to Samsung as they have a strong brand. This means consumers will likely be more willing to spend more on Samsung's phones, due to their level of differentiation, for example in quality high quality displays and cameras. Charging a high price initially would enable Samsung to recoup a lot of cost in research and development for their products. This allows them to make break even and make profits much sooner on this specific project. ~~The high~~ Development costs for Samsung are likely to be very high for Samsung. ~~So price~~ due to their advanced features, which means ~~recovery~~ recovering ~~the~~ these costs would be ~~easy~~ ~~to~~ ~~they~~ through a price skimming strategy would be ~~even~~ especially beneficial.

However, the competitive nature of the smart phone industry, may limit how useful price skimming may be to Samsung. Exhibit 11 highlights the competitive nature of the industry with the being many firms such as Apple, Xiaomi and Oppo who also have significant market share. This ~~the~~ could limit the effectiveness of price skimming as there ~~are~~ ~~are~~ many alternatives for consumers to ~~choose from~~ purchase from. So this may be unwilling customers may not be willing to pay higher prices due to the number of alternative smart phone producers. However Samsung's ~~products~~ ~~are~~ ~~highly~~ ~~differentiated~~ ~~as~~ ~~products~~ are highly differentiated, meaning consumers may not mind paying a premium price.

Overall, price skimming is likely to be useful strategy for Samsung. The ~~differentiated~~ ~~nature~~ ~~of~~ ~~s~~ differentiation of Samsung's devices is likely to incur high costs in research and development, ~~but~~ therefore, price skimming is ~~more~~ useful in making up for this. Through, the willingness of consumers to pay high initial prices ~~determines~~ is determined by the level of competition. Apple ~~the~~ ~~has~~ ~~a~~ ~~stronger~~

~~brand like Samsung, which are just as~~
large of a brand as Samsung if not bigger,
~~which are~~ customers who are not loyal to
Samsung may choose to purchase an iPhone
instead.



ResultsPlus
Examiner Comments

This was a strong response that scores L4 – 10 marks. It shows a good understanding of price skimming by referencing the high initial price and linking this to the nature of the market Samsung are operating in. Arguments are well developed with coherent chains of reasoning and consistently supported by context from the extracts provided.

The response is balanced with a well developed argument in relation to the competitive nature of the industry Samsung operate in. The conclusion is merely a repeat of points already made and brings nothing new to the response, therefore the response does not present the supported judgement required to achieve the higher marks in Level 4.



ResultsPlus
Examiner Tip

To reach the higher marks in Level 4, candidates could use 'MOPS' to justify the overall recommendation.

Question 1 (e)

This question proved to be accessible for the vast majority of candidates, who were able to provide an understanding of leadership styles. A common error on this question was for candidates to confuse the individuals from the companies listed in the extract and discuss the wrong leadership style linked to them. In addition some candidates confused 'democratic' and 'paternalistic' and therefore described the wrong style. Many candidates did understand the difference between the leadership styles and offered some developed chains of reasoning to evaluate the two options. Paternalistic leadership style was often the weaker of the two styles in terms of subject knowledge and some candidates went off track and focused on motivation theories instead of leadership styles. Candidates did not always correctly state the leadership style being used by Apple and Huawei so the context was not used as fully as it could have been.

* motivational

The head of Samsung's mobile business, Dr Kye, has considered the leadership styles used at Apple and Huawei. Dr Kye is deciding the best approach in order to drive Samsung's future success, and is considering a broadly democratic or broadly paternalistic leadership style.

(e) Evaluate these **two** options and recommend which one is the most suitable to ensure Samsung's future success.

(20)

Samsung should use Apple's broadly democratic leadership style as it would increase employee satisfaction within the workplace. This is because Tim Cook, Apple's, approach allows a civilised working environment, through encouraging motivation through well-being and involvement, being heard. This means that Samsung would save on ^{business} * costs, such as piece rate, while increasing productivity. This is because theorists, such as Maslow, encourage the importance of the hierarchy of needs. As a result of this, Samsung would have motivated workers in the workplace, which would boost brand reputation, due to happier employees providing better ^{customer} * services. However, Apple's broadly democratic leadership style may not be appropriate for Samsung, as it may

shift the company's attention ^{and} focus on improve profitability, products and entering new markets. This is because a broadly democratic leadership style allows every employee to be involved in decision-making, which would slow down and affect decision as everyone may not agree on the same thing.

Samsung should use Ren Zhengfei's Huawei, the paternalistic leadership style as it would allow Samsung's operations to run smoothly and all in order, due to the military reference to leadership. This is because it allows each employee to have devotion and obedience to their job. This means that employees will stay motivated through piece rate, competitive pay and high uptake on share options. As a result of this, financial motivating employees to stay loyal and productive, which is the most time effective way to motivate.

employees and boost productivity. However, financial motivational tactics can be costly to a business, which ~~too~~ may impact Samsung's future success. This is because any future exit strategy for Samsung in case of any external or internal influence would be hard to accomplish due to less liquidity. This means that, a partnership leadership style may cause potential business failure. ~~xx~~

Overall, I think that Samsung should use Apple's leadership style, as it would boost motivation in a more effective and longterm manner. This is because Huawei's way of leadership may make Samsung less competitive due to potential cause in liquidity problems as a result of financial motivation tactics. As a result of this, a broadly democratic leadership style would benefit Samsung more, due to employees being more

motivated to come to work, and boosting their well being. Therefore, ~~to~~ improve Samsung's operations to much more significantly due to increased productivity.



ResultsPlus
Examiner Comments

This response scores Level 2 – 8 marks. The candidate demonstrates elements of knowledge and understanding and has some chains of reasoning but they are not always developed (increase employee satisfaction, improve profitability). The candidate has quoted context from the extract but has not used it to help develop their arguments. There is an attempt at a conclusion but it focuses on liquidity problems rather than addressing the question of Samsung's future success.



ResultsPlus
Examiner Tip

Read all of the data in the extract(s) provided and try to use the material to support the arguments in your response. Do not merely quote the data/information, without explaining it, as this will not be rewarded.

The head of Samsung's mobile business, Dr Kye, has considered the leadership styles used at Apple and Huawei. Dr Kye is deciding the best approach in order to drive Samsung's future success, and is considering a broadly democratic or broadly paternalistic leadership style.

(e) Evaluate these **two** options and recommend which one is the most suitable to ensure Samsung's future success.

(20)

A democratic leadership style is one where employees are consulted in decisions by managers and an outcome agreed by majority, can be persuasive or consultative. Tim Cook at Apple adopts a democratic leadership style, letting the talents of employees contribute to company success and keeping an open mind considering options. Democratic leadership can make employees feel valued by their employer - improving the relationship - and empowered by consultation in decision making. This is a motivating factor as suggested by Mayo's social relations theory and will lead to higher labour productivity for Samsung, lowering their average costs and allowing them to be more profitable, whilst also benefitting from the creative innovations^{and skills} of employees, further bettering the design and quality of their products making it more attractive to consumers.

There may be issues with using a democratic leadership, such as a long decision making process, which can adversely ^{reduce} ~~slow~~ productivity having a negative impact of higher average costs and potentially lower quality of products if conflict between

employees are decisions leads to dissatisfaction in the workplace and reduces motivation and efficiency. This may roll over into reduced satisfaction of customers and a lowered brand reputation decreasing sales.

A paternalistic leadership is when the CEO/ manager makes all the decisions, but has a caring and motivating approach to ~~taking~~ looking after employees and guiding them. Ren Zhengfei's creation of a devoted and obedient culture at ~~Huawei~~ Huawei may be ~~the~~ a factor to their increasing competitiveness in the market. Employees are paid well and offered shares in the business leading to motivated, productive and loyal employees. This aligns with Maslow's esteem needs and motivators in Herzberg's theory suggesting that employees feel valued by their employer and there is opportunity for advancements. Using a paternalistic style there is faster decision making due to the manager only making decisions which increases efficiency in the workplace, but without the demanding dictator style of an autocratic leadership meaning employees still feel valued and guided even though they aren't part of the decision process.

The effectiveness of a paternalistic leadership depends on the nature of employees at Samsung, if they have a large number of employees a paternalistic approach

will help to organise decisions ~~and control~~ effectively and have an overall increase in productivity and motivation, ^{and loyalty,} benefiting Samsung with lower cost of ^{reduced} staff turnover ~~reducing~~ ~~more staff~~ so less recruitment and training costs.

Samsung's business is technological therefore is likely to have highly skilled employees which ~~as~~ may find a paternalistic style ~~destructive~~ patronising and demotivating as their creative outlet is limited.

Due to the nature of Samsung's business being in the technological sector, highly skilled employees are more likely to benefit from a democratic leadership as they will be able to creatively express ideas about improving product design and innovation whilst feeling like their opinion is valued by the business and their motivation and satisfaction will be increased if their ideas are implemented, further incentivising Samsung as a whole to be more innovative which in a dynamic market is essential in order to stay above competitors like Apple and Huawei.



This response scores Level 4 – 18 marks. Overall the candidate has provided a balanced argument, showing accurate and thorough knowledge of both leadership styles. Use of the context starts off weak in the first section but this improves as the candidate starts to discuss the issues associated with democratic leadership in the second paragraph. There are developed chains of reasoning throughout (links to higher/reduced productivity, average costs, speed of decision making, staff turnover) and the candidate provides a detailed conclusion, offering judgements using MOPS (market). Further use of application in the earlier part of this response would have allowed this response to be awarded top of Level 4 – 20 marks.



Candidates need to show use of context from the extracts throughout their response to achieve the higher level descriptors.

Question 2 (a)

This question was generally well answered by candidates. Many candidates were able to make the initial steps and extrapolate the exchange rate effectively in order to calculate £5.03 and calculate the new subscription cost. Many candidates did not complete the final calculation to calculate the increase in subscription cost, limiting the marks awarded. Some candidates did not present their response to 2 decimal places and some did not include a £ sign, which limited marks.

- 2 (a) Using the information in Extract D, calculate the increase in the monthly subscription, in pounds (£), for UK customers watching both BT Sport and Eurosport after the joint venture. State your answer to 2 decimal places. You are advised to show your working. (4)

$$\frac{5.99}{1.19} = \pounds 5.03$$

before

(4)

$$\pounds 18 + \pounds 5.03 = \pounds 23.03$$

After: $\pounds 29.99$.

$$\therefore \text{Change in price} = \frac{\text{new} - \text{original}}{\text{original}} \times 100$$

$$\therefore \Delta P = \frac{29.99 - 23.03}{23.03} \times 100 = \underline{\underline{30.22\% \text{ increase}}}$$



ResultsPlus
Examiner Comments

This response scored 3 marks for using the information in Extract D to correctly calculate the new monthly subscription (£5.03 and £23.03). The candidate has demonstrated implied knowledge of exchange rates in the calculations presented. The candidate has not correctly calculated the increase in monthly subscription, so cannot achieve 4 marks.



ResultsPlus
Examiner Tip

Remember to always show workings for all questions that require a calculation.

- 2 (a) Using the information in Extract D, calculate the increase in the monthly subscription, in pounds (£), for UK customers watching both BT Sport and Eurosport after the joint venture. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$£5.99 - £1.19 = £5.0336$$

$$£29.99 - £18 = £11.99$$

$$£29.99 - £5.0336 = £24.9564$$

$$£18 + £5.0336 = £23.0336$$

$$£24.9564 - £23.0336 = £1.9228$$



ResultsPlus
Examiner Comments

This response scores 3 marks as the final answer has not been stated to 2 decimal places.



ResultsPlus
Examiner Tip

Always complete calculations to 2 decimal places if the question states that this is required.

Question 2 (b)

There was a mixed response to this question with some candidates fully understanding how to calculate price elasticity of demand for Netflix, whilst others stated an incorrect formula, often transposing price and quantity demanded. Some candidates incorrectly stated PED as a % and were limited to 3 marks.

- (b) Using the information in Extract E, calculate the price elasticity of demand for Netflix in India between 2019 and 2022. State your answer to 2 decimal places. You are advised to show your working.

(4)

$\frac{\% \text{ in demand}}{\% \text{ in price}}$

$$\frac{52.175\%}{\left(\frac{200 - 149}{200} \times 100 \right)}$$

$$\frac{175\%}{25.5\%} = 6.86\%$$



ResultsPlus
Examiner Comments

This response scores 3 marks as the candidate has stated their PED as a %.



ResultsPlus
Examiner Tip

Price elasticity of demand is a concept that many candidates struggle with. It is important that candidates prepare well by thoroughly revising each topic in the specification.

(b) Using the information in Extract E, calculate the price elasticity of demand for Netflix in India between 2019 and 2022. State your answer to 2 decimal places. You are advised to show your working.

(4)

$$\begin{aligned}
 \text{PED} &= \frac{\% \text{ Demand}}{\% \text{ Price}} \\
 200R - 149R &= 51R \\
 51 / 200 &= 25.5\% \text{ decrease} \\
 &\quad \text{Price} \\
 \text{5.5M} - 2M &= 3.5M \\
 3.5M / 2M &= 175\% \text{ increase} \\
 &\quad \text{Demand} \\
 175\% \div 25.5\% &= 6.86 \\
 \text{PED} &= -6.86
 \end{aligned}$$



ResultsPlus
Examiner Comments

This response scores 4 marks. The candidate has stated the correct formula for calculating PED, followed by the correct calculation to achieve the correct PED of - 6.86.



ResultsPlus
Examiner Tip

Before attempting the question read all of the data from the Extract noted in the question.

Question 2 (c)

There were mixed responses to this question as some candidates confused joint ventures with mergers and did not demonstrate accurate and thorough knowledge/understanding of the term. Most candidates were able to identify various aspects of a joint venture and make use of the context provided to assess the likely impact on BT Sports. In many responses chains of reasoning were underdeveloped and some candidates went off track in terms of answering the actual question. Fewer candidates were able to provide a balanced assessment on this question. Price of subscriptions and culture clash were the most common arguments used in providing a balanced argument.

(c) Assess the likely impact on BT Sport of its joint venture with Discovery Eurosport. (10)

A joint venture is when two businesses join together to create a larger business, however both entities remain separate.

BT sport benefits from the joint venture as not only do both workforces join together, meaning productivity will be increased, new people with new skillsets and ideas will be introduced, meaning they will have a competitive advantage, as well as BT having an additional 157 million subscribers across Europe subscribing to their ~~product~~ ^{service}. The joint venture allows BT to go worldwide, instead of being limited to just the UK, meaning more potential customers and an increase in sales.

However, this also means BT will now have much higher costs than they did before, ~~and~~ which may cause them to struggle with liquidity issues as they aren't used to this many consumers whereas Euro Sport are. BT may also suffer from technology issues, as they again, they aren't used to a customer

base on such a big scale.

Overall, it was a good decision for BT to ~~just~~ do a joint venture with Euro Sport as the ^{positive} benefits outweigh the negatives mainly due to the £29.99 subscription, maximising profit for BT.



ResultsPlus
Examiner Comments

This response scores Level 2 – 4 marks. The response demonstrates elements of knowledge and understanding in the second paragraph but none are developed. The attempt at assessment in the third paragraph regarding costs/liquidity are assertions and do not add the required balance to the response. Overall a one-sided argument which addresses the level descriptors at Level 2.



ResultsPlus
Examiner Tip

The use of 'scaffolding' is a great technique to show candidates how to structure their responses for 10, 12 and 20 mark questions. Fewer arguments that are well developed and supported by the context throughout will enable candidates to access the higher level of the mark scheme.

(c) Assess the likely impact on BT Sport of its joint venture with Discovery Eurosport.

(10)

A joint venture is when businesses join together for a project and share ideas and resources.

BT sports customers gain rights to new Eurosport content meaning they can be a strong competitor to sky sports. As customers can view more such as tennis grand slams and English premier league they will be more likely to choose BT sport and Discovery Eurosport as a streaming channel. With the addition of Eurosport's 157 million subscribers BT can begin to compete with sky sports leading to a potential increase of market share for BT sport.

However by joining with Discovery Europe for their 50:50 joint venture the price has increased from £18 a month for BT sport to a price of £29.99 a month for both channels. Therefore BT sports original consumers may not justify the increase in price and no longer use BT sport. This could result in consumers switching to competition such as sky sport meaning BT lose out on sales and potentially profit.

Overall BT sport can gain a positive impact as the

Joint venture makes sense for both business. Therefore BT are gaining just as much as Eurosport ~~is~~ and they're benefiting from the spread of risk and a ~~more~~ wider catalogue of sports broadcasts. This could result in BT Sport being able to better rival Sky Sports and increasing market share.



ResultsPlus
Examiner Comments

This response scores full marks – Level 4 – 10 marks. The candidate demonstrates accurate and thorough knowledge/understanding of joint ventures and has developed chains of reasoning showing cause/effect. Assessment is balanced as they have focused on the increase in price and the impact of customers switching. They have made use of the context throughout their response and have provided a supported judgement, discussing spreading risk/market share, which is adding value to their response and not just repeating previous points made.



ResultsPlus
Examiner Tip

Candidates do not need to write on every line to be able to achieve full marks. This candidate has provided a clear structure to their response and is clearly focused on answering the question.

Question 2 (d)

This question provided a variety of responses and overall was not well answered. Some candidates answered the question from a PESTLE point of view and offered a very generic response by only stating the factors. Candidates who did demonstrate accurate knowledge/understanding of political influence often produced a one-sided argument and in many responses the context was quoted rather than used to develop an argument. Although some candidates demonstrated knowledge of political influence, some struggled to apply their knowledge to the impact of controlling MNCs. Other candidates grouped political and legal together to answer the question.

Political influence is important in controlling MNCs. This is because in ~~developing~~ countries like India MNCs may offend ~~or~~ ~~irritate~~ consumers. ~~MNCs may ~~decide to ~~leave~~~~~~ Through political influence governments can ensure MNCs consider the norms and values of the country. ~~Netflix provide streaming services and~~ For example, ~~the~~ the Indian government are protecting ~~and~~ the Indian population by drafting a code of ethics for MNCs like Netflix. Through ~~the~~ setting expectations about parental controls, and ~~impacts of content~~ regarding caste and other characteristics the government are restricting ~~the~~ TV streaming services from abusing their power, whilst still giving MNCs the opportunity to operate in the country.

However, political influence depends on the context of the ~~country~~ ^{culture}. In high context cultures politicians may accept bribes from MNCs to ~~make~~ make policies which benefit specific businesses.

~~It~~ is an important factor in controlling MNCs



This response scores Level 2 – 3 marks. The candidate demonstrates elements of knowledge/understanding. They have quoted the context from the extract rather than applied it within their response therefore a generic/superficial assessment is presented.



Context should be applied and not simply copied from the extracts.

(d) Assess the importance of political influence as a factor in controlling multinational TV streaming services in India.

(12)

Political influence could include legislation or fines towards an MNC ~~as they set the level of control~~ to prevent them from exploiting the market.

Political influence could be most important in controlling MNC's as it allows them to regulate behaviour. Indian government has set a code of ~~conduct~~ ^{ethics} for businesses when showing content that may threaten India's security. Introducing legislations will allow the government a degree of control over an MNC as they can threaten fines to increase the cost of a business. This will allow ^{MNC's} ~~them~~ to respect boundaries and cultures, ~~as~~ especially as the price elasticity of demand for ~~Netflix~~ Netflix is very responsive at -6.86, ~~therefore~~ a fine would majority impact their demand. Therefore, fines would enable a government control over Netflix services as they can influence their costs, and therefore prices. However, MNCs ~~are~~, like Netflix are able to operate at a low cost anyway due to ^{their basic} ~~the~~ service and high margins, as well as global ~~growth~~ spreading across markets. This means that they could ~~up~~ absorb the fine ~~and~~ and their costs would not increase as much.

Although, social media may be a more important influence on controlling MNCs as reputation is very important. As multinationals

are expected to consider the impact of content on matters of social class, race, gender, religion, or sexuality. Releasing a content that offends these groups could damage their reputation. As the TV shows and films are becoming more of a discussion topic through the use of social media, Netflix Video Streaming Platforms may receive an abundance of negative media about their content and brand values if they release inappropriate videos. This would impact their brand image and reduce their demand significantly as - causing the platforms to reconsider their content before releasing it as the cost of losing brand reputation is crucial. Although Netflix is a major brand like Netflix can afford this backlash as they can publicly apologize or donate to local charities and eventually demand will come back as the brand is so large and relies on many markets. Therefore, social media may not impact the control of MNCs for a long period of time as

Ultimately, social media has more of an influence on controlling MNCs as the cost of damaging a brand name, is more than a fine that can be spread out over countries. The impact of the social media depends on streaming services' abilities to respond quickly to backlash and apologize.



This response scores Level 3 – 8 marks. The candidate has some accurate knowledge/understanding of political factors and although there are some inaccuracies in their response (price elasticity of demand), overall they provide some developed chains of reasoning and offer a balanced argument stating that social media may be a more important factor in controlling multinational TV streaming services in India.

Question 2 (e)

This question proved to be accessible in terms of quality and provided a wide variety of responses. The candidates appeared to fully understand its reference to the marketing mix and knowledge of the economic situation. Average wages in India were commonly used in candidate responses. Many responses demonstrated accurate knowledge and understanding, with strong chains of reasoning and balance evident in their writing. The candidates that did not achieve Level 4 either ran out of time or they lacked chains of reasoning or application to the context in their response.

~~Adapting a product~~

Netflix adapting its product to the Indian Market will ~~improve~~ improve market share. This is because by taking a polycentric approach like its competitors Netflix will be able to ~~adapt~~ meet the needs of ~~the~~ Indian consumers. ~~For example~~ and ~~that~~ this will potentially increase the subscriptions ~~and therefore~~ as they will be tailoring their service to the Indian market. ~~and~~ ~~that~~ For example offering ~~more~~ services in regional language such as Tamil will broaden Netflix's ~~and~~ potential audience and increase revenues which in turn increases market share.

However, ~~as~~ ~~it may be~~ as Netflix's competitors already offer this to the market it may not be as effective for Netflix ~~as~~ as consumers may already have loyalty to competitors such as Amazon Prime Video.

Adapting pricing can be effective in increasing Netflix's market share in India as Netflix's services ~~are~~ ~~most~~ ~~likely~~ disposable

incomes in India aren't likely to be similar
are likely to be lower than those in developed
economies. Factoring the incomes available in
India ~~and~~ by decreasing prices may allow Netflix to
~~access~~ gain consumers ^{with} ~~at~~ lower incomes in
India, especially if prices are lower than their
competitors. This could potentially encourage
consumers to substitute competing streaming
services with Netflix's services which will in
~~turn~~ increase sales and revenue. ~~at~~ These
increases will have a positive ~~of~~ impact on
increasing Netflix's market share in the
Indian market.

However, this may not be effective if Netflix
fails ~~to find~~ has to decrease their prices
significantly as their profit margins will lower.

Overall, Netflix should opt to adapt their product
as this allows them to compete with other
businesses operating in the Indian market. ^{It} However
this is dependent on the loyalty consumers have
to Netflix's competition. The most important
factor is ensuring their market share isn't too
far below competitors.

*for market share



This response scores Level 3 – 10 marks. The candidate demonstrates accurate knowledge and understanding of both product and price elements of the marketing mix. There is an attempt at chains of reasoning but not all are fully developed throughout the response. The candidate does attempt to address the focus of the question, which is about improving market share, but overall the response 'runs out of steam' in terms of the developed arguments required to achieve higher Level 3 marks.



It is important that candidates plan their time carefully to ensure that they allow sufficient time to complete the final 20 mark question. Candidates may wish to consider completing these questions earlier.

To increase its market share in India, Netflix could adapt its marketing mix. It could do this either by adapting its pricing policy or adapting its product to the Indian market.

(e) Evaluate these **two** options and recommend which one Netflix should choose in order to improve its market share in India.

(20)

Netflix should adapt its marketing mix by adapting its pricing policy. Netflix ^{current} ~~has the~~ subscription costs are 146 Rs, which is much higher than Amazon Prime and Disney Plus. By changing their pricing to competitive pricing ~~or~~ ~~at~~ Netflix will be able to gain more market share as they would have attracted more consumers with lower prices. Lower prices could lead to more subscriptions therefore more revenue and profit*. This profit can be used for commissioning more shows in regional languages which would further give the competitive advantage. With this Netflix could increase its market share in India. However, if prices are lowered, due to the high costs of content made in India, their breakeven point may decrease and lose ability to reinvest profits into Netflix. With that Netflix will lose subscribers ~~and~~ lose market share in India, not reaching their objective.

Instead, Netflix should take on a geocentric approach by adapting its product to the Indian Market. Netflix has spent \$400 million on content created in India, however only ~~5%~~ ^{this only} ~~of~~ ~~streaming~~ equates for 5% ~~makeout~~ of 46% streamed on Disney+. By adapting Netflix to the Indian Market, it will allow Netflix to find its target market whilst attracting customers. It should adapt by offering more regional languages to its content which will allow them to be competitive with other streaming platforms like Amazon prime who already offer this. By adapting products, revenues will increase as more relevant content will increase Netflix's attraction ~~for~~ ^{to} consumers, leading to increased market share.

However, by adapting ~~these~~ ^{its} product, Netflix's costs will significantly increase leading to a ~~fall~~ ^{rise} in break-even point. This means there would be less profit to reinvest into the adaptation of these products. As Disney+ and Amazon prime video have already carried out these approaches, Netflix will ~~still~~ have to invest a lot of money in order to remain competitive with

these already established business.

To conclude, Netflix should change its marketing mix by adapting its product in India. This is due to more culturally significant content will help increase subscriptions which helps them towards their objective of increased market share in India. As their product is generalised, Netflix doesn't appeal to the mass-market in India. By adapting their streaming content, Netflix will be able to compete in the mass-market of India more effectively. As India has ~~a~~ a high population, Netflix is adapting their product will be able to grow in India and ~~adapt~~ gain more market share the more they release relevant content to the Indian culture.

*as well as more consumers as it is an emerging country there is high growth but wages are still low therefore lower costs would mean reach more of the market in India.



This response scores Level 4 – 18 marks. An excellent response to the question where the candidate has provided a balanced assessment of whether pricing or adapting products should be used to improve market share. The candidate has used the context throughout their response to help justify their decision. There are logical, coherent chains of reasoning throughout and arguments are fully developed. There is an effective conclusion with the recommendation that Netflix should adapt its product, with appropriate justifications linked to market share. There are a few inaccuracies in the assessment (subscription cost 146Rs, break-even point decreasing, geocentric approach) and for this reason the mark awarded is 18 rather than 20.



Candidates should always link their assessment back to the question set, in this case improving the market share in India.

Paper Summary

Based on performance on this paper, candidates should:

- Show each stage of your workings for the calculate questions and record answers to 2 decimal places
- Plan time carefully and do not spend too much time on certain questions, as this may result in running out of time for other questions
- Structure their response according to the demands of each question
- Use the context from the extracts and apply it within the response. Do not simply quote the information/data.
- Remember that there are 2 marks for application for the 4 mark 'explain' questions
- Write concise responses that address the question asked
- Make sure they have a clear understanding of the topic being examined
- Use 'MOPS' to help justify the overall recommendation.

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>

