

Mark Scheme (WBS03/01) (Results)

Pearson Edexcel International
Advanced Level in Business Studies

Unit 3: Strategic Business Decisions

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Question Number	Question	Mark
1 (a)	What is meant by the term 'brand'? (Evidence B, line 6)	2 marks
	Answer	Mark
	<p>Knowledge – up to 2 marks:</p> <ul style="list-style-type: none">• A name, symbol or logo (1) that identifies/differentiates the product/business in the eyes of the consumer. (1) <p>1 mark for partial or vague definition but a valid example lifts to 2 marks.</p> <p>Any other suitable alternative.</p>	1-2

Question Number	Question	Mark
1 (b)	What is meant by the term 'mergers'? (Evidence B, line 9)	2 marks
	Answer	Mark
	<p>Knowledge – up to 2 marks:</p> <ul style="list-style-type: none"> A mutual agreement (1) between the managements and shareholders of two companies to bring both organisations together (1) <p>1 mark for partial or vague definition but a valid example lifts to 2 marks.</p> <p>Any other suitable alternative.</p>	1-2

Question Number	Question	Mark
2	Explain how <i>Kraft's</i> management team could have used a SWOT analysis of <i>Cadbury</i> before deciding to take it over.	6 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 2)</p> <p>Knowledge/understanding: up to 2 marks are available for what is meant by a SWOT e.g. <i>Kraft</i> would compare the Strengths against the Weaknesses and the Opportunities against the Threats (1) this would enable them to decide whether it was worthwhile to take over <i>Cadbury</i> (1)</p> <p>Application: up to 2 marks are available for contextualised answers that illustrate the elements of SWOT with regard to <i>Cadbury</i> e.g. <i>Cadbury's</i> Strengths, such as its history, heritage, well known brands, its dominance in the confectionery market (1); its Opportunities such as growth in Asian markets (1)</p> <p>Analysis: up to 2 marks are available for the consequences of carrying out a SWOT analysis e.g. <i>Kraft</i> would weigh up internal/external factors (1) and would use it to consider any net benefits they may gain from the takeover (1)</p>	<p>1-2</p> <p>1-2</p> <p>1-2</p>

Question Number	Question	Mark
3	Analyse why the takeover of <i>Cadbury</i> might have led to a 'culture clash'. (Evidence B)	8 marks
	Answer	Mark
	<p>(Knowledge 2, Application 2, Analysis 4)</p> <p>Knowledge/understanding: up to 2 marks are available for showing understanding of what is meant by 'culture clash' e.g. <i>Kraft</i>, being a large multinational conglomerate, used to taking over and merging with other businesses could completely overwhelm <i>Cadbury's</i> culture (1) the US culture as exhibited by <i>Kraft</i> could clash with the 'Britishness' of <i>Cadbury's</i> (1)</p> <p>Application: up to 2 marks are available for contextualised answers, e.g. For example, <i>Cadbury's</i> corporate culture is based on historical values/being socially aware/supporting the aims and principles of Fairtrade (1) whereas <i>Kraft's</i> corporate culture is one based on profit driven mergers and demergers/historically holding the values of the tobacco industry (1)</p> <p>Analysis: Candidate analyses using reasons/causes/consequences/costs of what might have led to a culture clash. e.g <i>Cadbury's</i> culture is 'values led', <i>Kraft</i> is 'profit-driven' (1) this may lead to clashes when making strategic decisions (1) all the positive associations of <i>Cadbury's</i> history may count for nothing (1) as <i>Kraft</i> just wants <i>Cadbury's</i> business/distribution and once they have that, it will run <i>Cadbury's</i> as it does its other brands/products (1)</p>	<p>1-2</p> <p>1-2</p> <p>1-4</p>

Question Number	Question			Mark
4	Assess the extent to which the takeover of <i>Cadbury</i> has contributed to <i>Kraft</i> 's growth in the UK. (Evidence A & D)			10 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of basic terms.	For example, what is meant by company growth e.g. the expansion of a business through increased sales/market share/distribution/product range/customer base etc	
2	3-4	Application: basic points developed to show awareness of the growth in UK business achieved by <i>Kraft</i>	For example, <i>Kraft</i> 's inorganic growth is designed to support increased market share as shown by figures in Evidence D e.g share of chocolate market increased from 37.1% to 37.5%	
3	5-7	Analysis in context must be present, i.e. the extent to which UK growth has been achieved by taking over <i>Cadbury</i> 's N.B. if analysis is not in context, limit to Level 2.	For example, <i>Kraft</i> 's chocolate business generates two-thirds of its UK turnover since taking over <i>Cadbury</i> For example, that <i>Cadbury</i> 's is giving <i>Kraft</i> growth in the UK faster than might be expected given the nature of the slow-growing UK chocolate market.	
4	8-10	Evaluation must be present and in context, i.e. a candidate balances their answer. N.B. if evaluation is not in context, limit to Level 3.	<i>Kraft</i> has achieved company growth in the UK: For example, that in addition to any growth as a result of the <i>Cadbury</i> 's take over, <i>Kraft</i> also saw greater growth in its cheese and biscuit UK sales For example, if <i>Kraft</i> had invested £11.7bn into its own portfolio, it may have grown the same amount or more through organic growth.	

Question Number	Question			Mark
5	Assess the impact on <i>Kraft</i> of the loss of senior <i>Cadbury</i> executives. (Evidence C)			12 marks
Level	Mark	Descriptor	Possible content	
1	1-2	<p>Knowledge/understanding that losing senior executives equates to a loss of human resource competitiveness</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	<p>For example, senior executives are a human resource, human resources refers to the people employed within an organisation</p> <p>For example, that senior executives leaving the business is an aspect of labour turnover</p> <p>For example, a business needs the right mix/balance of human resources</p>	
2	3-4	<p>Application must be present, i.e. the answer must be contextualised and applied to show awareness of 'senior executives' as part of human resources.</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>For example, that senior <i>Cadbury</i> executives are a valuable part of its human resources, possessing valuable commercial knowledge such as the Head of Chocolates.</p>	
3	5-7	<p>Analysis in context must be present, i.e. the candidate must</p> <p>Give reasons/causes/costs/consequences of the senior executives leaving the business.</p> <p>N.B. if analysis is not in context, limit to Level 2.</p> <p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout.</i></p>	<p>For example, there could be a negative impact on <i>Kraft</i> because the knowledge of <i>Cadbury's</i> business, held by the existing senior executives, would be lost</p> <p>For example, senior <i>Kraft</i> executives may have business skills but not understand or want to understand the</p>	

		<p><i>Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i></p>	<p><i>Cadbury culture</i></p> <p>For example, the loss of so many senior executives may result in bad publicity which could impact on sales.</p>
4	8-12	<p>Low Level 4: 8-10 marks.</p> <p>Evaluation must be present i.e. a candidate balances their answer by showing possible advantages and disadvantages of the loss of senior <i>Cadbury</i> executives from <i>Kraft</i>.</p> <p>High Level 4: 11-12 marks.</p> <p>Evaluation is developed to show a real perceptiveness on the part of the candidate. Several strands may be developed; the answer is clear and articulate, leading to a convincing conclusion.</p> <p>N.B. if evaluation not in context, limit to Level 3.</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>For example, <i>Cadbury</i> senior executives may be leaving because their own standards and business ethics may be compromised if they work within the <i>Kraft</i> culture.</p> <p>For example, senior executives may be forced out, as <i>Kraft</i> already has similar human resources within its business, and will not want to duplicate this resource, with all the associated costs</p> <p>For example, it could have a positive impact on <i>Kraft/Cadbury's</i> business because <i>Kraft</i> will have removed <i>Cadbury's</i> senior executives who may have a set way of running the business, and new blood could be introduced to replace the human resources which have left.</p> <p>For example, that <i>Kraft</i> will save the salaries of these names senior executives, which is likely to be substantial.</p> <p>For example, these may be no impact/minimal impact</p>

			because Kraft already has a strong corporate culture and way of running a successful business which will not be affected by the loss of <i>Cadbury</i> executives.
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Question Number	Question		Mark
6	Evaluate <i>Kraft's</i> strategic decision to divide its business into two separate companies.		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	<p>Knowledge/understanding of what is meant by a strategic decision.</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	For example, a decision that will have a long term effect on the growth/direction of the organisation.
2	3-6	<p>Application must be present, i.e. the answer must be contextualised and applied to <i>Kraft</i> and/or <i>Mondelēz</i> business.</p> <p>Low Level 2: 3–4 marks.</p> <p>Application is weak.</p> <p>High Level 2: 5–6 marks.</p> <p>Application to <i>Mondelēz/Kraft/Cadbury's</i> is clear.</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>For example, the different nature of the two businesses, one keeping its core market and the other concentrating on global brands</p> <p>For example, use of data from Evidence H</p> <p>For example, strength and value of brands</p>

Level	Mark	Descriptor	Possible content
3	7 -12	<p>Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of splitting the business.</p> <p>Low Level 3: 7–9 marks.</p> <p>Analysis limited: only one or two reasons/causes/costs or consequences are outlined.</p> <p>High Level 3: 10–12 marks.</p> <p>Analysis is more developed: two or more reasons/causes/costs and/or consequences are outlined and developed.</p> <p>N.B. if analysis is not in context, limit to Level 2.</p> <p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i></p>	<p>For example, that <i>Mondelēz</i> will be strong enough to be a powerful business in its own right as a result of the strength of Cadbury and Cadbury, Dairy Milk and the other billion dollar brands (Evidence F)</p> <p>For example, in financial terms, the <i>Kraft</i> takeover of <i>Cadbury's</i> meant that <i>Mondelēz International</i> would have sufficient assets to be a viable business that could compete globally.</p> <p>For example, that the takeover of Cadbury's will have contributed brands, customer loyalty, and technical know-how to enable <i>Mondelēz International</i> to become a 'global snacking powerhouse' in its own right, a contribution that would have taken years to achieve through organic growth.</p> <p>For example, the takeover of <i>Cadbury's</i> will have given <i>Kraft</i>, and now <i>Mondelēz</i>, increased distribution in markets where <i>Cadbury's</i> was strong, enabling <i>Mondelēz</i> to use this distribution to sell other brands and product ranges.</p>

Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context, stating the extent to which the strategic decision to split their business was right or wrong, bringing some benefit or not, for <i>Kraft</i></p> <p>Low Level 4: 13–14 marks.</p> <p>Some evaluative points are made, based on analysis of the business situation without arriving at a conclusion/judgement.</p> <p>Mid Level 4: 15–17 marks.</p> <p>A judgement is attempted with some effort to show how the strategic decision to split their business was right or wrong, for <i>Kraft</i></p> <p>High Level 4: 18–20 marks.</p> <p>Convincing evaluation on the extent to which the strategic decision to split their business was right or wrong, for <i>Kraft</i></p> <p>Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion.</p> <p>N.B. if evaluation not in context, limit to Level 3.</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>For example, efficiency and economies of scale may be lost because there may be duplication of centralised business functions which may add to the overheads of each business which could impact on overall profits.</p> <p>For example, they have less market power as they've split the business, which may reduce their influence with suppliers, stockists and competitors.</p> <p>For example, as one large company across many markets, barriers to entry may be formed which may be harder to maintain by two separate smaller companies.</p> <p>For example, the takeover and division may not have been such a good idea as it would have created considerable turmoil and upheaval within the business and within the market, giving competitors an opportunity to take advantage of the situation.</p>

Question Number	Question			Mark
7	Assess the accuracy of the claim by <i>Mondelēz</i> that it has a 'unique competitive advantage'. (Evidence F)			20 marks
Level	Mark	Descriptor	Possible content	
1	1-2	<p>Knowledge/understanding of what is meant by 'competitive advantage'</p> <p><i>Material presented is often irrelevant and lacks organisation. Frequent punctuation and/or grammar errors are likely to be present and the writing is generally unclear.</i></p>	<p>For example, a product offer which, by virtue of its price, quality, performance, etc. has demonstrable, or perceived, advantages/ improvements over its competitors</p> <p>For example, a claim of competitive advantage is a normal part of the promotion of a product and/or business when seeking to give buyers/consumers a reason to choose one product or business over another</p>	
2	3-6	<p>Application must be present, i.e. the answer must be contextualised and applied to the <i>Mondelēz</i> example.</p> <p>Low Level 2: 3–4 marks.</p> <p>Candidate makes a basic comment on the portfolio of brands and/or the list of 'unique competitive advantages'</p> <p>High Level 2: 5–6 marks.</p> <p>Candidate makes a detailed reference to the portfolio of brands and/or the list of 'unique competitive advantages'</p> <p><i>Material is presented with some relevance but there are likely to be passages that lack proper organisation. Punctuation and/or grammar errors are likely to be present which affect clarity and coherence.</i></p>	<p>For example, the <i>Mondelēz</i> portfolio of brands has historical and cultural significance such as Dairy Milk and Oreos.</p> <p>For example, <i>Mondelēz</i> product portfolio covers a wide range of consumers and markets such as biscuits and chewing gum.</p>	

Level	Mark	Descriptor	Possible content
3	7-12	<p>Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of <i>Mondelēz</i> claiming to be a 'global snacking powerhouse', having nine brands, each of which has a sales value of a billion dollars, and/or the listed 'unique competitive advantages'</p> <p>Low Level 3: 7-9 marks.</p> <p>Candidate will attempt a very basic analysis, making general points, on one or two elements from Evidence F.</p> <p>High Level 3: 10-12 marks.</p> <p>Candidate makes a more detailed analysis, making specific points, on most of the elements from Evidence F.</p> <p>N.B. if analysis is not in context, limit to Level 2.</p> <p><i>Material is presented in a generally relevant and logical way but this may not be sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.</i></p>	<p>For example, <i>Mondelēz</i> claim is accurate because its competitive advantage is 'unique' as it is the only organisation to have the precise mix of products and brands listed.</p> <p>For example, the claim is accurate because the listed mix of products and brands may give <i>Mondelēz</i> a competitive advantage when seeking distribution, as no other business will be able to offer the brands that are within the <i>Mondelēz</i> portfolio, so if the distributors want these brands, they must deal with <i>Mondelēz</i> rather than a competitor.</p> <p>For example, it is accurate because from a consumer point-of-view, although the name <i>Mondelēz</i> may not be known, it will have a competitive advantage as a result of the high profile brands/brand image of products within the <i>Mondelēz</i> portfolio each worth \$1bn.</p> <p>For example, <i>Mondelēz</i> is clearly a very large business, with net revenues of \$35 billion, which means that its sheer size will give it a lot of power and influence in the market.</p> <p>For example, <i>Mondelēz</i> lists five strategies (Evidence G) which it believes will demonstrate</p>

			competitive advantage including its commitment to the environment and its people.
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Level	Mark	Descriptor	Possible content
4	13-20	<p>Evaluation must be present and in context, based on <i>Mondelēz</i> claim to have a 'unique competitive advantage'</p> <p>Low Level 4: 13-14 marks.</p> <p>Some basic evaluative points are made, referring to its uniqueness and/or its well-known brand names</p> <p>Mid Level 4: 15-17 marks.</p> <p>Candidate gives a range of arguments, covering both its uniqueness and its well-known brand names</p> <p>High Level 4: 18-20 marks.</p> <p>Candidate gives a wide range of arguments, to support its uniqueness, and the competitive advantage conferred by its brand names within the industry, and its brand names from a consumer point-of-view</p> <p>N.B. if evaluation is not in context, limit to Level 3</p> <p><i>Material is presented in a relevant and logical way. Some punctuation and/or grammar errors may be found but the writing has overall clarity and coherence.</i></p>	<p>For example, many other businesses that will be competitors also have unique brands such as Mars, Nestle.</p> <p>For example, being such a large company leaves them vulnerable to niche brands entering the market such as Hotel Chocolat.</p> <p>For example, <i>Mondelēz</i> see its staff as a key part of their competitive advantage but lost a number of highly skilled personnel when they took over <i>Cadbury</i>, these staff may now work for competing businesses.</p> <p>For example, the claim may not be accurate because the source of Evidence F is a fact sheet produced by the business itself, there is no objective comparison with its competitors.</p>

