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Mark Scheme (Results)

January 2023

Pearson Edexcel International Advanced Level
In Business (WBS11) Paper 01
Unit 1: Marketing and people

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January 2023
Question Paper Log Number P72451A
Publications Code WBS11_01_2210_MS
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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.

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Question	Define the term 'competitive advantage'. **Answer**	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'competitive advantage', e.g. • A feature of a business/product (1) that helps it stand out compared to its rivals (1)	**(2)**

Question	Explain how the data above will affect the revenue of the retailer **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS7:** interpret values of price and income elasticity of demand. **Knowledge** 1 mark for identifying an impact on the retailers e.g. • the revenue generated from the smartphone will increase **(1)** **Application** Up to 2 marks for answers contextualised to the impact, e.g. • A PED value of -0.5 indicates that the demand is inelastic **(1)** • Demand for the smartphone will decrease by 4% **(1)** **Analysis** 1 mark for reasons / causes / consequences of the data e.g. • The additional revenue gained from the increase in the price will be greater than the loss of revenue from reduced sales / percentage change in demand is less than the percentage change in price **(1)**	**(4)**

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Question	Analyse **two** elements of the marketing mix that are important for the sales of smartphones **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining marketing mix e.g. • The marketing strategy of the business **(1)** comprising of product, price, place and promotion **(1)** **OR** For giving two elements of the marketing mix e.g. • product **(1)** price **(1)** **Application** Up to 2 marks for answers contextualised the elements, e.g. • Smartphone consumers seek the latest apps and connectivity **(1)** • New manufactures such as *Realme* are making high specification phones available at lower prices **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences of the elements e.g. • The manufacturers should ensure that its smartphone has the latest technology and features to increase the demand for the phones **(1)** • The manufacturer should ensure its phones are priced competitively to ensure they do not lose market share to businesses such as *Realme* that are seeking to attract more consumers **(1)**	**(6)**

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Question	Discuss the likely benefits to a business of selling a niche product, such as the folding smartphone. **Indicative content**
1(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • A niche market is a subset of a larger market where consumers have specific needs and wants • A business selling folding phones is likely to have less competition. Samsung sells the popular Galaxy Z Flip3 phone and may have a larger market share of this niche segment • There is the possibility of charging premium prices in a niche market. Samsung's selling price for the ZFlip3 of $1 000 may increase the profitability of the business • The folding phone has a USP which helps differentiate it from other products. This may enhance Samsung's reputation and recognition • However, the sales volume of folding phones is a small percentage of the smartphone market. This may lead to higher unit costs and lower profit margins on the folding phones • Niche businesses can be risky as they are more vulnerable to market change. Changes in fashions and trends may result in declining sales • Premium prices charged for niche products are impacted by factors such as changes to the economy. If there is a downturn in the economy customers may choose cheaper substitutes. This may lead to a decrease in demand for businesses selling folding phones

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Level	Mark	Descriptor
	0	No rewardable material.
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	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information, and shows an awareness of competing arguments/factors.

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Question	Assess the importance for Realme of increasing its market share in the smartphone market **Indicative content**
1(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. Quantitative skills assessed: **QS9:** Interpret, apply and analyse information in written, graphical and numerical forms **Knowledge, Application, Analysis, Evaluation – indicative content** • Market share is the percentage of an industry/market's total sales earned by a particular company over a specified time period • Increasing global market share from 6% is important to Realme because it is a measure of the consumers' preference over other brands such as Apple and Samsung. Increased market share is likely to mean more sales/profit for Realme • Realme's market share is an indicator of how well it is performing in relation to its competitors. An increase in its share will attract new customers who may become loyal to its business • Higher market share may give Realme a competitive advantage. Companies with higher market share have increased buying power and may benefit from economies of scale which may allow them to possibly reduce its prices/or increase profitability • However, it may be very difficult and unrealistic to take market share from leaders such as Apple and Samsung who have been established in the market for many years, unlike Realme that was only founded in 2018 • Realme may have to spend considerably more than established brands in order to compete for market share. This could increase its costs and reduce its profitability • Other objectives may be more important to Realme such as profit maximisation or the innovation of its phones • It depends on the growth of the global smartphone market as to whether Realme should pursue this objective

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Level	Mark	Descriptor
	0	No rewardable material.
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	5–7	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	8–10	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.

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Question	Define the term 'entrepreneur'. **Answer**	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'entrepreneur', e.g. • A person who takes a risk **(1)** and sets up a business **(1)**	**(2)**

Question	Explain **one** pricing strategy that *Mr Cory's Cookies* may have used when the business started **Answer**	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for showing understanding of a pricing strategy e.g. • Penetration pricing **(1)** **Application** Up to 2 marks for: contextualising the pricing strategy e.g. • *Mr Cory's Cookies* was a start-up business with little experience of selling goods **(1)** • The sweets and snacks market is very competitive and it may be difficult for new businesses to enter the market **(1)** **Analysis** 1 mark for reasons / causes / consequences of a pricing strategy e.g. • Selling at a low price may have persuaded the local community to switch brands and buy *Mr Cory's Cookies* rather than those of its competitors **(1)**	**(4)**

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Question	Analyse **two** methods that *Mr Cory's Cookies* may have used to build its brand. **Answer**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining brand, e.g.: • A design, name or symbol **(1)** that distinguishes a product or service from its competitors **(1)** **OR** For giving two methods of building a brand, e.g. • Creating a differentiated product/unique selling point **(1)** Advertising the products **(1)** **Application** Up to 2 marks for answers contextualised to *Mr Cory's Cookies* e.g. • *Mr Cory's Cookies* created cookies that were made from natural ingredients to provide a USP to differentiate his product **(1)** • Cory was invited onto TV shows and worked with large companies giving him the opportunity to promote his cookies and attract more customers **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for *Mr Cory's Cookies,* e.g. • This may have enabled *Mr Cory's Cookies* to be recognised for its USP leading to increasing brand recognition/increased sales **(1)** • This may have created awareness of the young entrepreneur and his business idea leading to consumers choosing *Mr Cory's Cookies* over competitors' brands **(1)**	**(6)**

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Question	Discuss the advantages for *Mr Cory's Cookies* of using test marketing as a method of market research. **Indicative content**
2(d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Indicative content** • Test marketing involves trialling the product in a small area or to a limited number of users to assess the suitability of a product • Cory's mother trialled the cookies in the local community to test the cookies. This allowed the business to determine the potential success of its products • *Mr Cory's Cookies* were able to gather feedback from the local community and make changes to products such as the popular choc-chip cookies. This may have resulted in improvements in the taste and quality of the product • Trialling a product reduces the risk of a full-scale launch. Changes could be made to the marketing of the cookies before launching on a larger scale and so prevent costly mistakes • However, a disadvantage of test marketing is the cost which can be expensive and time consuming • Testing the new products in a limited area may delay the launch of the product which may mean losing first-mover advantages • Products that sell locally might not sell well in other geographical areas. *Mr Cory's Cookies* ran the risk that the findings from the test marketing in its local community were not representative of other groups of customers

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	0	No rewardable material.
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	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.
Level 3	6–8	Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Logical chains of reasoning, showing cause(s) and/or effect(s). Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors.

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Question	Assess the decision by *Mr Cory's Cookies* to use only online retailing to sell its cookies **Indicative content**
2(e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Online retailing is the sale of goods and services using the internet • The advantage to *Mr Cory's Cookies* is that because it is not selling to supermarkets or wholesalers, it may be able to increase its profit margins • Not having a physical shop to sell the cookies reduces operational costs which may enable them to sell the cookies at a competitive price • Due to changing social trends more people prefer to shop online and following this trend may lead to increased revenue for the business • However, the cookies are now only sold online and may not be as accessible to the local community who were initially the main customers of the business. This may lead to a decrease in sales/reputation in its local area • If the online service is not reliable and/or connectivity is poor this will impact the service and discourage customers from using the service • Some consumers may prefer to buy food items such as cookies in a store where they can see, smell and taste the cookies • The costs of distribution may be high for a small business due to the need to manage a high volume of smaller orders of cookies rather than larger orders direct to supermarkets and wholesalers

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Level	Mark	Descriptor
	0	No rewardable material.
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	5–7	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	8–10	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.

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Question	Evaluate the extent to which a flexible workforce may help T*oyota* achieve its vision. **Indicative content**
3	**Indicative content guidance** Quantitative skills assessed: **QS9:** Interpret, apply and analyse information in written, graphical and numerical forms Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited **Knowledge, Application, Analysis, Evaluation – indicative content** • Flexible working relates to a variety of working arrangements in terms of working hours, working locations and job variety • Employees working from home can reduce costs for *Toyota* as it can save on the cost of office overheads which helps it remain competitive in the motor industry. In addition, the employees may be more productive if they do not have to spend long periods of time travelling to and from work • Offering part-time hours may attract employees who have families and other commitments which may result in higher employee morale and increased productivity for *Toyota* • Allowing the employees to choose working hours is aimed at balancing personal needs and job requirements. This may help *Toyota* to retain its best employees which may reduce recruitment costs for *Toyota* • Offering part-time hours contracts allows *Toyota* to keep employee costs low as it does not have to pay full-time wages to these employees. Lower costs will contribute to *Toyota's* competitiveness in the market • University graduates are trained to be multi skilled, rotating between sales, marketing, product marketing, and social media departments. This will give the business the flexibility of transferring employees to areas of high demand in the business • However, it is likely that in the 52 manufacturing businesses around the world certain flexible working arrangements may be difficult to achieve. Factory employees will generally need to work specific hours to meet production requirements • Home working could result in lower productivity if staff abuse the trust and freedom given to them. This may increase unit costs for

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	Toyota and make it more difficult to maintain its position in the motor industry • There may be additional administrative work involved in setting up and running flexible working arrangements • Overall, it depends if the business is able to manage the flexibility and fulfil its business needs. Flexible working may be more appropriate for employees working in offices rather than those working in car factories

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Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. An argument may be attempted, but will be generic and fail to connect causes and/or consequences.
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 and/or consequences 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 and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. Quantitative and/or qualitative information is 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 relevant and effective use of the business behaviour/context. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is/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.

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