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Mark Scheme (Results)

Summer 2023

International A Level in

Business (WBS11)

Unit 1: Marketing and people

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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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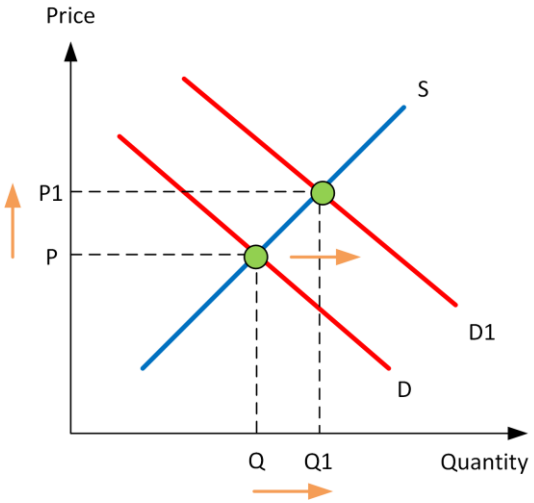
Question	Define the term 'product differentiation' **Answer**	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'product differentiation' e.g. • Any aspect or feature of a product or service **(1)** that distinguishes it from its competitors **(1)**	**(2)**

Question	Construct a supply and demand diagram to show the impact on the market for sportswear from an increase in advertising **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS3:** construct and interpret a range of standard graphical forms. **Knowledge** 1 mark for correctly constructing a supply and demand diagram with correctly labelled axes as 'price' and 'quantity' **(1)** **Application** Up to 2 marks for: Showing the original equilibrium **(1)** Shifting the demand curve to the right **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity demanded (increasing) **(1)**  	**(4)**

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Question	Analyse two methods that *Li-Ning* could have used to develop customer loyalty. **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** Up to 2 marks for defining customer loyalty e.g. • the likelihood that current customers **(1)** continue to buy from a specific seller **(1)**. **OR** For giving two methods to develop customer loyalty e.g. • providing innovative products **(1)** responding to customer feedback **(1)** **Application** 2 marks for answers that contextualise the methods, e.g. • *Li-Ning* used technology to develop the sports equipment and provide innovative ranges of sportswear **(1)** • *Li-Ning* uses social media to gather feedback of its customers **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences of the methods e.g. • Sportswear consumers interested in buying high performance and technically advanced products may repeat purchase from *Li-Ning* rather than buy from competitors **(1)** • The feedback from social media may be used to address any problems resulting in improved customer service which should retain customers **(1)**	**(6)**

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Question	Discuss the possible difficulties Li may have met as a result of this move. **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** • An entrepreneur is someone who starts a business and takes risks. A leader is a person who inspires and motivates others to meet objectives • As an entrepreneur, Li founded the business by pursuing his own business idea to support the Olympic team. He may have found it difficult to share decision making and control with others as the business grew • Li was a gymnast for many years and so may have lacked the experience and qualities needed to lead a team in a business • However, Li may have had the ability to delegate and trust other employees. *Li-Ning* employs a large team to take responsibility for research and development of innovative designs • Li was likely to have shown characteristics such as resilience and commitment as a gymnast. These same qualities are required to become a good leader • There are similarities between entrepreneurs and leaders as they both have the inspiration and motivation to succeed. Therefore, Li may not have encountered many difficulties when he became leader of the business • *Li-Ning* is now a large successful business competing with major sportswear brands. This may indicate that Li overcame any difficulties and has led the business effectively

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).

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		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 advantages of using market segmentation for a business such as *Li-Ning* **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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Segmentation is dividing the market into groups of people with similar attributes or common characteristics • *Li-Ning* segments the market by income and behavioural characteristics • Focusing on specific market segments allows a business such as *Li-Ning* to analyse segments of the markets and tailor products to meet the particular needs of those customers • Market segmentation helps to direct advertising and promotion to specific groups of customers, e.g. those looking for badminton or basketball equipment, or high-spec running shoes. This helps to make their marketing more effective • Market segmentation can help sports suppliers to identify underserved customers, such as pickleball, which provide the opportunity to increase sales • It helps give a business the opportunity to focus on the most profitable and productive segments of the market to increase revenue and profitability • However, segmentation increases costs. When a firm attempts to serve different groups of customers the cost of production rises as well as research, promotion and distribution costs • By focusing on specific sports there is a danger that this specialisation could lead to problems if consumers change their purchasing habits significantly • The market segments identified may be too small, e.g. pickleball, and may not generate sufficient sales to be viable/profitable for the business

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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	5–7	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 'market share' **Answer**	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'market share' e.g. • the percentage/proportion of sales in a market **(1)** held by a business or a product **(1)**.	**(2)**

Question	Calculate, to two decimal places, the percentage change in the number of meals donated by *Mindful Chef* between 2020 and 2021 Answer	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: QS2 Calculate, use and understand percentages and percentage change **Knowledge** 1 mark for identifying a suitable formula for percentage change: • Difference in quantity / original quantity x 100 **(1)** **Application** Up to 2 marks for: selecting the correct data • 4.7 - 4.2 **(1)** / 4.2 **(1)** x 100 **Analysis** 1 mark for calculating the percentage change • 11.90% **(1)**. **NB if no working is shown award marks as below**: If the answer given is 11.90% award 4 marks. If the answer given is 11.90 award 3 marks.	**(4)**

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Question	Analyse **two** factors that are likely to determine the pricing strategy used by UK businesses supplying food boxes. **Indicative content guidance**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining pricing strategy, e.g. • A method used by a business when deciding **(1)** the price at which a product is sold for **(1)**. **OR** For giving two factors that may determine the pricing strategy, e.g. • Level of competition **(1)**; Amount of differentiation **(1)**. **Application** Up to 2 marks for answers contextualised to UK businesses supply food boxes, e.g. • *Mindful Chef* is one of the three main suppliers of food boxes in the market **(1)**. • *Mindful Chef* differentiates itself by providing a wide range of vegetarian, vegan and gluten-free food boxes **(1)**. **Analysis** Up to 2 marks for reasons/causes/consequences for the business e.g. • This may lead to a business using a competitive price due to the availability of substitutes **(1)**. • Business providing goods that respond to changes in social trends/eating habits may be able to use high/premium pricing **(1)**.	**(6)**

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Question	Discuss the advantages to the owners of *Mindful Chef* of using surveys collected from their family and friends. **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** • Primary market research is new data collected, which is specific to the needs of the business. It is referred to as field research • Using a survey to gather data may have helped *Mindful Chef* to gain an insight into consumer preferences. This may have helped them to improve the recipes before launching on a larger scale and so prevent costly mistakes • Rather than surveying the general public, using family and friends to gather research is likely to be a cheaper and quicker option. This would have saved costs for the three friends. It may have allowed them to enter the market quicker and benefit from first mover advantages • The feedback from family and friends could possibly be more reliable than from the general public as they may be honest in their feedback • However, using surveys could result in biased results. Family members may not be honest in their feedback if they fear this will cause conflicts in the family. This may have resulted in launching the wrong recipes • The owners may not have been experienced in writing and conducting surveys or analysing the results. This may have led to wasted time/resources and inaccurate data • Results from surveying only family and friends may not be conclusive as the feedback may not be representative of other groups of customers

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.

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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 impact on *Mindful Chef* of its social objectives **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** • Social objectives are a company's goals and commitment to manage the impact of its operations on others. This is also referred to as corporate social responsibility (CSR) • *Mindful Chef* donates a school meal to a child living in poverty for every meal it sells in the UK. It also buys from local farmers and uses recyclable packaging • For some customers, the social goals and practices of a company are important which may increase sales and encourage repeat purchase of *Mindful Chef* food boxes • Pursuing social objectives may lead to increased media coverage for a business and increased demand. Helping to tackle poverty may help to improve the public image of the company and may lead to high levels of revenue for *Mindful Chef* • A benefit of focussing on social goals is the possibility of attracting new investors/employees if the social goals align with investor's/employee's views • However social objectives can increase the costs for the company. Donating meals to help reduce poverty is likely to be an expensive commitment. This may impact the costs/competitiveness for the business in the UK market • Using sustainable and recyclable materials pushes up costs and prices of goods. If price is an important factor to consumers, they are likely to buy from rivals such as *Gousto* • It depends if customers are ethically minded and are aware of the social objectives of *Mindful Chef* • Overall if the social objectives provide a USP for the business it will differentiate the business from its competitors. This is likely to have a positive impact and increase revenue and profits of *Mindful Chef*

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.

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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 the changes to *Unilever*'s organisational structure may improve business efficiency and employee motivation **Indicative content**
3	**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** • An organisational structure shows the roles, responsibilities, and hierarchy of employees in an organisation • A matrix structure organises employees from different disciplines or divisions into projects/teams • A flat structure has fewer levels of hierarchy, and a wider span of control • Creating business groups may allow teams and managers to focus their attention on one specific area of the business. This responsibility may motivate the employees to succeed in their business group • Flattening the structure will reduce labour costs which may result in lower prices or increased profitability, enabling *Unilever* to be more competitive • Reducing the number of senior managers will shorten the chain of command and allow ideas and instructions to be communicated quickly, enabling *Unilever* to be more responsive to customer needs • However, moving from a matrix structure may have its disadvantages*;* one advantage of having a matrix organisation is that it encourages the sharing of ideas and good practice which may have helped the business to be more effective • Removing 15% of the senior managers from the hierarchy may create skills shortages within the business and *Unilever* may lose managers with valuable experience • Job losses can have a negative impact on motivation and employees may seek other employment. *Unilever* may encounter high recruitment and redundancy cost, reducing its profitability • Managers remaining after the re-organisation will have a wider span of control which, may damage communication within the business • Replacing the senior managers with junior managers may result in lower efficiency if the junior managers do not have sufficient knowledge and experience • It depends on whether the changes can be made effectively, and staff are not demotivated in the process. • Overall, the structure should give focus to specific business areas and enable managers to focus on the strategy of the business group. The new structure should be introduced carefully to ensure a smooth transition and prevent key skills being lost to competitors

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.

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		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.