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Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Friday 13 October 2023

Morning (Time: 2 hours)

Paper reference **WBS12/01**

Business

International Advanced Subsidiary
UNIT 2: Managing business activities

You must have:
Source Booklet (enclosed)

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **ALL** questions in Sections A, B and C.
- Answer the questions in the spaces provided
  – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
  – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

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SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'quality'. (Extract A, line 10)

(2)

(b) Using the data in Extract B, calculate to two decimal places the average daily capacity utilisation of services from Pristina to Tirana for *Arditi Tours* in April 2022. You are advised to show your working.

(4)

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Capacity on bus services from Pristina to Tirana is frequently under-utilised.

(c) Analyse **two** possible reasons why *Arditi Tours* continues to offer four bus journeys a day in each direction.

(6)

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(d) Using the data in Extracts A and B, discuss whether *Arditi Tours* should have been concerned about its margin of safety in April 2022.

(8)

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(e) Using the data in Extracts A and B, assess whether raising the price of a bus ticket by €1 is likely to be the best way for *Arditi Tours* to increase sales revenue.

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

Read Extracts C and D in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'brand'. (Extract D, line 4)

(2)

The brand name of Salsa Valentina is a registered trademark in every country where it is sold.

(b) Explain **one** reason why *Grupo Tamazula* has registered a trademark for its brand, Salsa Valentina.

(4)

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A large number of businesses manufacture hot sauce in Mexico.

(c) Analyse **two** ways *Grupo Tamazula* may remain competitive.

(6)

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(d) Discuss the benefits for *Grupo Tamazula* of being a public limited company (plc).

(8)

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(e) Assess whether *Grupo Tamazula* will find it difficult to keep waste to a minimum.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

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SECTION C

Read Extracts E and F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether *Amazon*'s decision to stop selling its Kindle in China was due to internal or external causes of business failure.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Source Booklet
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Sources for use with Section A

Extract A

Arditi Tours

Arditi Tours is a bus company offering passengers travel between Pristina, in Kosovo, and Tirana, the capital of Albania. The 250 km journey takes about five hours, including a rest break and the formalities at the border crossing between Kosovo and Albania.

The route is popular with students travelling to and from university, families who live across the border from one another and tourists.

There are four buses every day, in both directions. The buses leave Pristina and Tirana at 05:00, 08:00, 11:00 and 15:00. A ticket for a one-way journey is €15. The price of the ticket includes two pieces of luggage weighing a maximum of 50 kg. *Arditi Tours* has a reputation for quality, reliability and clean buses.

There are several competitors offering the same routes, at various times each day. Demand for travel varies considerably throughout the year, with services operating at full capacity some weeks but less than quarter capacity at others. The break-even point for *Arditi Tours* in April 2022 was 17 passengers per journey.

The price of diesel that the buses use was €1.58 a litre in April 2022 but this price has been rising, leading to higher costs for *Arditi Tours*. April is a month of average demand for seats.

Extract B

Data showing the average number of passengers travelling per day on *Arditi Tours* services from Pristina to Tirana in April 2022

Departure times	**05:00**	**08:00**	**11:00**	**15:00**
Number of passengers	15	21	29	11
Number of seats available	45	45	45	45

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Sources for use with Section B

Extract C

Hot sauce is essential in Mexican cuisine

Hot sauce (or 'salsa picante' in Spanish) is an everyday ingredient in Mexican cooking. The people of Mexico have developed a strong liking for chilli peppers. In Mexican restaurants and homes no table is completely set without a bottle of hot sauce.

Chilli peppers are mostly grown in Western Mexico. Each sauce tastes different, depending on the type of pepper used and the ratio of chillies to other ingredients such as vinegar and spices. Most households make their own versions but numerous businesses manufacture hot sauce brands for sale in Mexico and for export.

Extract D

Grupo Tamazula – our story

Grupo Tamazula is a public limited company that manufactures hot sauce in Guadalajara, in the Jalisco region of Mexico. The business began in 1960 when the Tamazula brand was introduced. It quickly became popular throughout Mexico. Shortly after, it introduced another brand of hot sauce, Salsa Valentina, to the market. Salsa Valentina became a market leader of hot sauce production with increasing sales across Mexico.

Grupo Tamazula products are made with the finest ingredients. Salsa Valentina for example, is thicker than many of its competitors, and contains less vinegar and more fresh chillies. The hot sauces are packed using the most modern equipment available and investment in new technology keeps *Grupo Tamazula* up to date. The factory is over 26,000 m^2, generating employment in the area. The company sells its products all over Mexico and through its US-based international sales office. Exports continue to increase, especially to the US and Canada.

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Sources for use with Section C

Extract E

Amazon to close China Kindle store

Amazon will close its Chinese e-book store in 2023, the latest retreat of western technology companies reducing their operations in the world's largest consumer market. *Airbnb* said it would close its China business and *Microsoft*'s LinkedIn announced the closure of its social networking site in the country in 2022.

Kindle users in China will no longer be able to purchase new e-books following the closure. *Amazon* said that it had stopped supplying dealers with Kindle e-books and offered a refund for customers who purchased a device in 2022. *Amazon* did not give a reason for leaving the Chinese market, which was once an important source of sales.

In 2016, three years after *Amazon* started selling its devices in China, the country became the largest market for Kindle devices. It has since lost market share to domestic rivals that launched their own e-reader devices, including *Xiaomi*, *iFlytek* and *Huawei*.

Amazon will leave behind a growing customer base of digital book lovers. According to research, more than 500 million Chinese users listened to or read books on a digital device in 2021. China's digital reading market generated more than $6bn of sales revenue in 2021, an increase of more than 18% from 2020.

Extract F

How the Kindle lost China

Reactions to the announcement that *Amazon* Kindle is to leave China have ranged from indifference to confusion. Many joked that they only learned the Kindle e-reader was for sale in China by reading *Amazon*'s leaving notice. However, for many Chinese, the Kindle was the introduction to the world of e-books. One of the platform's key selling points in the early days was *Amazon*'s good relationship with Chinese publishing houses, such as the *CITIC Press Group* and *Commercial Press*.

With its industry-leading hardware, good service, and publisher support, the Kindle seemed likely to succeed in China but *Amazon* was never able to build on its early lead. The Kindle did not suddenly fail in China but declined slowly over 10 years. As the Chinese e-book market changed and evolved, the Kindle did not.

The Kindle remains an excellent e-reader but the Chinese market is highly competitive and saturated with niche brands. The competition includes desktop-sized screens, lightweight, iPhone-sized e-readers, and even colour e-ink screens for reading comics.

The Kindle neglected online fiction, with popular titles such as the 'Harry Potter' series either incomplete or missing altogether. Support from *Amazon* is poor and the Kindle also failed to win over price-sensitive readers. Unlike in the US, print books in China are often cheap and easy to order online, leaving retail e-books with limited price advantages.

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Extract D adapted from: https://www.salsavalentina.com/about.php

Extract E adapted from: Amazon to close China Kindle Store after losing out to domestic rivals by Eleanor Olcott © Financial Times, 2nd June 2022

Extract F adapted from: https://www.sixthtone.com/news/1010667/how-the-kindle-lost-china