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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

Wednesday 5 June 2024

Afternoon (Time: 2 hours)

Paper reference **WBS14/01**

Business

International Advanced Level
UNIT 4: Global business

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, B, C and D in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** push factor that may have caused *Valio* to expand overseas.

(4)

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(b) Using the data in Extract B, calculate to two decimal places, the gross profit margin for *Valio* in 2021.

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(c) Discuss the benefits of sustainability for a global business such as *Valio*.

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(d) Assess the benefits for *Valio* of being in the EU trading bloc.

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(e) Assess the advantages of inorganic growth for a global business such as *Valio*.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Read Extracts E and F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate whether a skills shortage is the most limiting factor on international competitiveness.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Read Extract G in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the importance of place in the global marketing strategy of a business such as *Starbucks*.

(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
Do not return this Booklet with the question paper.

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Sources for use with Section A

Extract A

Finnish dairy business *Valio* is feeding the future

Valio is a dairy and food business based in Finland. It has been producing milk since 1905, when it was founded by a small group of family-owned Finnish dairy farms.

Today, *Valio* produces a wide range of food and dairy products. It is Finland's biggest food exporter, selling products in 60 countries around the world including the EU, the US and China. The business employs about 4,200 people in its factories and laboratories. Indirectly, it employs thousands more people at farms and small enterprises related to agriculture and food.

In 2021, *Valio*'s revenue was €1.92bn, 40% of which came from exports. *Valio* recognises that if it wants to continue to grow it will need to export more. One reason is that the 5.5 million population in Finland is declining.

Extract B

Valio selected financial data 2021

	€ euro 000s
Revenue	1 918 238
Cost of goods sold	1 221 579
Operating expenses	238 510
Income tax	12 027

Extract C

Valio and sustainability

In June 2021, *Valio* and energy business *St1* announced a new joint venture to produce biogas from manure. *Valio*'s dairy farms have the raw material for its production and *St1* will distribute the liquefied biogas.

This is part of *Valio*'s efforts to build an environmentally responsible business. In recent years *Valio* has changed its packaging to ensure that it is reusable or made from recycled materials. All *Valio*'s milk and yogurt carton packages are made of 100% plant-based materials. It has also set a target to cut milk's carbon footprint in Finland to zero by 2035.

In 2021, Finnish consumers selected the business as the most sustainable brand in Finland.

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Extract D

Valio*'s takeover of *Heinon Tukku

In 2021, the Finnish Competition and Consumer Authority (FCCA) approved the takeover of *Heinon Tukku* by *Valio*. With the takeover, *Valio* becomes an even more competitive supplier to the food industry.

Heinon Tukku has a portfolio of thousands of products – from fresh vegetables to napkins – and its customers are restaurants and coffee shops. *Valio* has the country's most extensive distribution network and supplies many customers in the public sector.

The takeover will enable *Valio* to be the only business that supplies everything a professional kitchen needs. In addition to an extensive selection of raw materials, it will offer support in the development of new meal and snack products.

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Sources for use with Section B

Extract E

Half of businesses lose competitive advantage due to skills shortage

In 2022, the World Economic Forum estimated that 150 million new technology jobs would be created globally by 2027 and that 77% of all jobs will require digital skills from workers by 2030. However, businesses currently face a global shortage of digital skills, with only 33% of technology jobs worldwide filled by the necessary skilled workers.

In a recent survey of 500 businesses, 59% said that they lacked qualified individuals in digital skills and 54% said that they had lost their competitive advantage because of this.

Extract F

How South Korea is maintaining its competitive advantage

South Korea has changed from a war-torn and poor nation to a global industrial powerhouse in just two generations. The country relied on US aid until the 1960s. It is now investing tens of billions of dollars in the US to build new electric vehicles, next-generation batteries, and semiconductors.

South Korea has major challenges too. These include the demographic problem of having the world's lowest fertility rate and being one of the planet's fastest-ageing societies. It faces all-around economic competition from China, vulnerable supply chains, and much lower growth rates. If these were not enough, South Koreans also face a neighbouring country with an increasing arsenal of nuclear weapons and a growing Chinese military footprint nearby.

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Source for use with Section C

Extract G

***Starbucks* increases efforts to compete for market share in China**

In the past decade, the number of *Starbucks* stores in the Chinese mainland increased nearly ten times, and it will reach 6,000 by the end of 2022. Faced with pressure from competitors such as *Luckin Coffee* and *Tims China*, *Starbucks* has been changing its strategy for tackling the country's domestic market.

By 2025, it plans to open 3,000 new stores, covering 300 cities in China, at an average rate of one new store every nine hours.

In addition to this, the business will make full use of its digital platform and continue to develop its delivery business. In 2022, orders for *Starbucks'* products from mobile platforms in China accounted for 47% of its revenues, which mainly corresponded to the pick-up and food delivery businesses. At present, there are more than 5,000 exclusive delivery riders and it takes only 19 minutes on average to deliver *Starbucks* coffee to customers. By 2025, the business plans to double the sales volume of its delivery business.

The sale of bottled coffee in supermarkets, is now seen as a way of increasing *Starbucks'* revenue in the Chinese market. It plans to supply ready-to-drink coffee to 550,000 supermarkets and convenience stores by 2025. Coffee-related goods and gifts are also expected to help achieve an annual growth rate of 30% in sales with the help of e-commerce channels.

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Acknowledgements

Extract A adapted from: https://www.strategy-business.com/article/Finnish-dairy-company-Valio-is-feeding-the-future

Extract B adapted from: https://www.valio.com/sustainability/reports-and-financial-statements/

Extract C adapted from: https://www.strategy-business.com/article/Finnish-dairy-company-Valio-is-feeding-the-future

Extract D adapted from: https://www.valio.com/news/acquisition-between-valio-and-heinon-tukku-is-approved/

Extract E adapted from: https://www.consultancy.uk/news/32927/half-of-businesses-lose-competitive-edge-amid-talent-shortage

Extract F adapted from: https://carnegieendowment.org/2022/11/22/how-south-korea-is-honing-competitive-edge-pub-88419

Extract G adapted from: https://pandaily.com/starbucks-steps-up-efforts-to-compete-for-china-market-share/