GradeMax

edexcel

Mark Scheme (Results)

Summer 2015

Pearson Edexcel International Advanced Level in Business (WBS03) Paper 01

Unit 3: Strategic Business Decisions

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

Summer 2015
Publications Code IA041057
All the material in this publication is copyright
© Pearson Education Ltd 2015

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.

Section A

Question Number	Question	
1 (a)	What is meant by the term mission statement? (Evidence B, line 1)	2 marks
	Answer	Mark
	Knowledge – up to 2 marks: • A statement of aims or common purpose adopted by a business **(1)** designed to direct or stimulate the organisation **(1)** 1 mark for partial or vague definition but a valid example lifts to 2 marks. Any other suitable alternative.	1-2

Question Number	Question	
1 (b)	What is meant by the term brand? (Evidence D, line 5)	2 marks
	Answer	Mark
	Knowledge – up to 2 marks: • A name or a logo **(1)** which represents a business in the eye of a consumer **(1)** 1 mark for partial or vague definition but a valid example lifts to 2 marks. Any other suitable alternative.	1-2

Question Number	Question	
2	Explain why *Which?* needs to have the strategy outlined in Evidence B.	6 marks
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 2) **Knowledge / understanding:** up to 2 marks are available for why *Which?* needs a strategy e.g. to move the business forward by laying out a series of key objectives **(1)** for all stakeholders to see and understand what the business intends to achieve in a given time period **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. the strategy lays out five key objectives **(1)** to be achieved over the next five years **(1)** **Analysis:** up to 2 marks are available for developing why the strategy is necessary e.g. *Which?* needs a strategy for the business to see and employees to work towards so that it will not lose its direction **(1)** this means it can grow and raise money to remain independent so that it can continue to support its business and charitable aims **(1)**	1-2 1-2 1-2

Question Number	Question	
3	Analyse how the launch of Right Choice in India might lead to company growth.	8 marks
	Answer	Mark
	(Knowledge 2, Application 2, Analysis 4) **Knowledge / understanding:** up to 2 marks are available for showing understanding of how the launch of Right Choice in India is aimed at leading to company growth e.g. Right Choice is a new publication so will add to the company's portfolio of businesses/ products **(1)** more products should mean more sales **(1)** **Application:** up to 2 marks are available for contextualised answers, e.g. historically *Which?* has been a UK based publisher **(1)** and launching in India will take them into one of the world's largest consumer markets/1.2bn people **(1)** **Analysis:** Candidate analyses using reasons/causes/ consequences/costs of how the launch of Right Choice in India is aimed at leading to company growth. e.g. In order to grow, *Which?* must sell more services to more consumers **(1)** with the current product range, growth has been limited to the UK market **(1)** launching Right Choice in India could be a diversification strategy or it could be seen as a market development strategy **(1)** either way company growth should be achieved as the opportunities in India are far greater than in the UK by virtue of the much larger market **(1)**	1-2 1-2 1-4

Question Number	Question			
4	Business growth is a key element in Which?'s corporate strategy. Assess the extent to which technology could help Which?'s business growth.			10 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of basic terms.	E.g. Technology is an external influence on a business and can help/influence corporate strategy.	
2	3-4	Application: basic points developed to show awareness of how technology can help *Which?*'s business growth.	E.g. The introduction of new ways of communicating with consumers e.g. online resources/iPhone, iPad and Android apps.	
3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs /consequences of using technology to help achieve growth. **N.B. if analysis is not in context, limit to Level 2.**	E.g. the business is keeping up-to-date with communication methods being used increasingly by consumers which means they can communicate with the business in the way that they are currently communicating with each other i.e. electronically E.g. The increase in subscriptions could be as a result of making it easier for *Which?* to communicate with customers and for customers to communicate with *Which?* E.g. Improving technology enables better and faster communication between *Which?* and its customers. This enables *Which?* to improve its products and achieve growth.	
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.**	E.g. Modern technology also gives customers access to other sources of information such as price comparison websites and these may reduce the demand for *Which?*'s services. E.g. Despite the increasing use of technology to aid their growth, *Which?* is still very dependent on its writers, content and judgements.	

			E.g. Technology is just one external influence and others may be more important in achieving growth, such as PESTLE.

Question Number	Question		
5	Evidence E outlines *Which?*'s awareness of the need for contingency planng. Assess the importance of contingency planning for a business such as *Which?*		12 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of the nature and purpose of contingency planning *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.*	e.g. back-up plans designed to reduce risk if things go wrong or problems arise e.g. plans prepared for unwanted/unforeseen/unlikely possibilities
2	3-4	Application must be present, i.e. the answer must be contextualised and applied to show potential contingencies a business such as *Which?* might need to plan for *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.*	e.g. *Which?* has a risk team to monitor how the brand is used, to maintain its reputation e.g. *Which?* has legal procedures in place to deal with any future challenges to their brand e.g. uses other evidence such as BP/Gulf of Mexico
3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs /consequences of contingencies which could affect *Which?* and why planning for these contingencies is important **N.B. if analysis is not in context, limit to Level 2.** *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.*	e.g. this saves them time and money when things go wrong because they have a pre-planned response in readiness e.g. that the loss of reputation with customers/subscribers would be its biggest problem, as this is its sole source of revenue, so the business must plan for all eventualities which could affect consumers e.g. there are many possible changes such as external shocks and loss of data which could affect its customers/subscribers and these need to be planned for to avoid future problems
4	8-12	Evaluation must be present and in context showing the relative importance of contingency planning i.e. a candidate balances their answer.	e.g. contingency planning cannot cover everything and does not prevent things from going wrong

		Low Level 4: 8-10 marks. Evaluation must be present i.e. a candidate balances their answer by identifying risks and showing what could happen if *Which?* did not make contingency plans **High Level 4:** 11-12 marks. 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. **N.B. if evaluation not in context, limit to Level 3.** *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.*	e.g. most evaluation of contingency planning would conclude that it is essential for a business, a bit like insurance – it needs to be in place, with the hope that it is never needed e.g. contingency planning is likely to be positive for the business unless its implementation was onerous and consequently ignored e.g. to be effective, contingency planning will need to focus on a realistic risk assessment and not concentrate on unlikely extremes such as earth being hit by meteor etc.

Section B: Essay questions

Question Number	Question		
6	Using Evidence F, evaluate the extent to which profitability can be used to assess the performance of Which? between 2009 and 2013.		20 marks
Level	Mark	Descriptor	Possible content
1	1-2	Knowledge/understanding of what is meant by 'profitability' *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.*	For example, the proportion of revenue above the cost of sales will give the gross profit margin.
2	3-6	Application must be present, i.e. the answer must be contextualised and applied to the figures in Evidence F. **Low Level 2:** 3–4 marks. Candidate accurately calculates gross profit figures/makes some use of data. **High Level 2:** 5–6 marks. Candidate accurately calculates % profitability figures/uses data. *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.*	e.g. changing trend in cost of sales/subscribers.

	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000
Revenue	69 879	74 478	78 421	83 660
Cost of sales	(42 481)	(42 164)	(43 463)	83 806
Gross Profit (Loss) for the year	27 398	32 314	34 958	(146)
Gross Profit Margin	39.2%	43.4%	44.6%	-0.17%

Level	Mark	Descriptor	Possible content
3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of using profitability alone to evaluate the performance of a business **Low Level 3:** 7–9 marks. Analysis limited: only one or two reasons/causes/costs or consequences are outlined.	For example, *Which?* Limited has a positive GP figure each year, until 2012/13. For example, whilst the number of subscribers has increased each year the rate of increase has declined. Gross profit and gross profit margins have increased year-on-year and then declined.

		High Level 3: 10–12 marks. Analysis is more developed: two or more reasons/causes/costs and/or consequences are outlined and developed. **N.B. if analysis is not in context, limit to Level 2.** *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.*	For example, something has happened in year 2012-13 shows that profitability has drastically declined.
Level	Mark	Descriptor	Possible content
4	13-20	Evaluation must be present and in context, when appraising the use of profitability alone to evaluate the performance of a business **Low Level 4:** 13–14 marks. Some evaluative points are made, based on analysis of the business situation without arriving at a conclusion/judgement. **Mid Level 4:** 15–17 marks. A judgement may be attempted with some effort to show how well or not *Which?* Limited has performed, in financial terms, year-on-year, between 2009 and 2013. **High Level 4:** 18–20 marks. Convincing evaluation on the extent to which the business has performed well, or not. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion. **N.B. if evaluation not in context, limit to Level 3.** *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.*	For example, profitability is only one aspect of business performance. For example, that as a charity, the business could accept a degree of loss as part of its remit to support its mission/raison d'etre. For example, the profitability figures just give a snapshot for one year at a time, and that business performance should be measured over time. For example, that other ways of measuring and evaluating the performance of a business should be/could be used before drawing any conclusions

Question Number	Question			
7	Evaluate the corporate strategy behind the launch of Right Choice onto the market in India.			20 marks
Level	Mark	Descriptor	Possible content	
1	1-2	Knowledge/understanding of what is meant by corporate strategy *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.*	For example, the way in which a business has chosen to run itself to meet its long-term aims and corporate objectives	
2	3-6	Application must be present, i.e. the answer must be contextualised and applied to the evidence provided about *Which?* and *Right Choice* **Low Level 2:** 3–4 marks. Candidate makes a basic comment on the nature of company growth **High Level 2:** 5–6 marks. Candidate makes a detailed reference to the nature of company growth *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.*	For example, *Which?*'s corporate strategy is based on providing independent advice to consumers, historically UK-based, this strategy is now being applied to an emerging consumer market i.e. India For example, the potential market in India is much greater than the market in the UK by virtue of the size of the populations. For example, *Which?* recognises that the consumer market in India is changing, more consumer goods are being bought by the emerging educated middle class For example, decision making over choice of consumer items is becoming a more complex process in India as choice is widened by more brands coming onto the market	

Level	Mark	Descriptor	Possible content
3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the corporate strategy behind the launch of Right Choice onto the market in India. **Low Level 3:** 7-9 marks. Candidate will attempt a very basic analysis, making general points, on one or two elements from Evidence G, H and I. **High Level 3:** 10-12 marks. Candidate makes a more detailed analysis, making specific points, on most of the elements from Evidence G, H and I. **N.B. if analysis is not in context, limit to Level 2.** *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.*	For example, the corporate strategy is right, in that the numbers associated with the population and expanding middle class in India, and the fact that Right Choice has already achieved 24,000 subscribes, show that the *Which?* concept can be applied to a new market For example, this 2013 figure is a considerable increase over previous year's figures, and thus shows the success of its corporate strategy For example, as an organisation *Which?* needs to grow and develop its customer base, India represents a huge opportunity for organic growth For example, *Which?* can extend its corporate strategy by using the successful product that it has developed in the UK market but based on local/Indian products and brands

Level	Mark	Descriptor	Possible content
4	13-20	Evaluation must be present and in context, based the corporate strategy behind the launch of Right Choice onto the market in India. **Low Level 4:** 13-14 marks. Some basic evaluative points are made. **Mid Level 4:** 15-17 marks. Candidate gives a range of arguments. **High Level 4:** 18-20 marks. Candidate gives a range of supportive arguments and may attempt a conclusion. **N.B. if evaluation is not in context, limit to Level 3** *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.*	For example, the corporate strategy is wrong, given that subscriber numbers for Right Choice are low, given that a subscriber base of 24,000 out of the population of India which is over 1 billion is pitifully low. For example, Right Choice is making a huge loss of £2.3m indicating the strategy might not be working at the moment. For example, the corporate strategy is wrong, that the market in India is totally different to the UK where *Which?* has traded historically, and that a new strategy may have been more successful For example, the parent company *Which?* cannot sustain these losses indefinitely and there may come a point when its management decide that the losses are too much and that its investment would be better spent on other ventures. For example, a conclusion may be made that the timescale is too short to make a meaningful comment on *Which?*'s present corporate strategy.

GradeMax

Pearson Education Limited. Registered company number 872828
with its registered office at 80 Strand, London, WC2R 0RL, United Kingdom