

# Mark Scheme (Results)

## January 2019

### Pearson Edexcel IAS
### In Economics (WBS11)
### Paper 01 Marketing and People

**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

January 2019
Publications Code WBS11_01_1901_MS
All the material in this publication is copyright
© Pearson Education Ltd 2019

**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.

| Question | Answer | Mark |
|---|---|---|
| 1(a) | **Knowledge 2**<br><br>Up to 2 marks for defining the term 'product portfolio', e.g.<br>• The range of products/services **(1)** that is sold/produced by a business **(1)**. | **(2)** |

| Question | Answer | Mark |
|---|---|---|
| 1(b) | **Knowledge 1, Application 2, Analysis 1**<br><br>Quantitative skills assessed:<br>**QS2:** calculate, use and understand percentages and percentage changes<br><br>**Knowledge**<br>1 mark for identifying the formula for YED:<br>• YED = % change in quantity demanded / % change in income **(1)**<br><br>**Application**<br>Up to 2 marks for selecting the correct data:<br>• -2.0 **(1)** / (533-520) / 520 x 100 = 2.5% **(1)**<br><br>**Analysis**<br>1 mark for calculating YED<br>• -0.8 **(1)**<br><br>**NB If no working is shown award marks as below:**<br><br>• If answer given is -0.8 award 4 marks<br>• If answer given is 0.8 award 3 marks | **(4)** |

| Question | Answer | Mark |
|---|---|---|
| 1(c) | **Knowledge 2, Application 2, Analysis 2**<br><br>**Knowledge**<br>Up to 2 marks for defining mass market, e.g.<br>• A large unsegmented market **(1)** where mass appeal products are on sale **(1)**.<br><br>**OR**<br><br>For giving two difficulties, e.g.<br>• High levels of competition **(1)**.<br>• Lower profit margins than a niche market **(1)**.<br><br>**Application**<br>Up to 2 marks for answers contextualised to *Primark*, e.g.<br>• *Primark* faces competition from other fashion retailers such as *Next* **(1)**.<br>• *Primark* sell clothing and other products at low prices **(1)**.<br><br>**Analysis**<br>Up to 2 marks for reasons / causes / consequences for *Primark*, e.g.<br>• *Primark* must differentiate itself from other brands to be successful **(1)**.<br>• *Primark* must continually try to operate to keep costs low such as not spending on advertising **(1)**.<br><br>**NB Cap at 3 marks if only one difficulty is given** | **(6)** |

| Question | Indicative content |
|---|---|
| 1(d) | **Indicative content guidance**<br>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.<br><br>**Knowledge, Application, Analysis, Evaluation – indicative content**<br><br>• Cost plus pricing is a cost-based method for setting the prices of goods and services and is calculated by adding a mark-up percentage to the cost of the product.<br>• It is a simple and quick way of pricing especially when *Primark* sells a large portfolio of goods.<br>• The cost plus method offers a guarantee of a profit if the clothes sell. If *Primark* finds that costs are rising, it can take appropriate steps by varying the price.<br>• However, this method of pricing does not take into account the actions of competitors. It may be that *Primark* could price its goods higher in line with the prices of its competitors.<br>• It is often difficult to accurately calculate total costs of producing a product. *Primark* source goods from around the world. Labour costs, material costs, delivery costs, exchange changes will change regularly. |

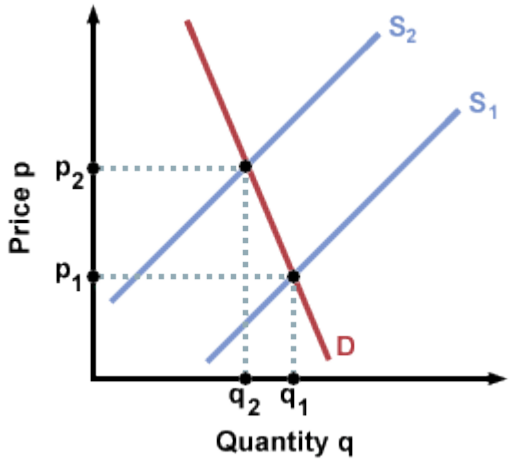
| Level | Mark | Descriptor |
|---|---|---|
| | 0 | No rewardable material. |
| **Level 1** | 1–2 | Isolated elements of knowledge and understanding – recall based.<br>Weak or no relevant application to business examples.<br>Generic assertions may be presented. |
| **Level 2** | 3–5 | Accurate knowledge and understanding.<br>Applied accurately to the business and its context.<br>Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete.<br>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.<br>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. |

| Question | Indicative content |
|---|---|
| 1(e) | **Indicative content guidance**<br>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.<br><br>**Knowledge, Application, Analysis, Evaluation – indicative content**<br>• Ethical sourcing is where a business buys materials and products that are produced using fair working conditions and/or with no negative impact on the environment.<br>• The *Primark* Code of Conduct is a set of ethical principles that suppliers must commit to. The code states, amongst other things, that child labour shall not be used.<br>• It is important to *Primark* as 'there is increasing awareness about the ethics of clothes manufacturing' and bad publicity could damage the reputation of *Primark* and impact its sales.<br>• Having a reputation for poor ethics could lead to poor sales if consumers are aware/concerned about the problems.<br>• Ethical sourcing may lead to improved employee motivation which may result in improved customer service for *Primark*'s customers and increased revenues for the company<br>• However, sourcing ethically is costly. Paying fair wages for example will push up the cost of the clothes which may affect *Primark*'s USP of offering low prices.<br>• Ethical sourcing may not be a primary objective or concern of *Primark* as they may be more concerned with keeping prices low /achieving higher market share.<br>• It is debateable whether consumers are actually concerned with ethical sourcing or whether they are more concerned with low priced fashion. It may be, therefore, more important to *Primark* to keep prices low to maintain customer loyalty. |

| Level | Mark | Descriptor |
|---|---|---|
| | 0 | A completely inaccurate response. |
| **Level 1** | 1–2 | Isolated elements of knowledge and understanding – recall based.<br>Weak or no relevant application to business examples.<br>Generic assertions may be presented. |
| **Level 2** | 3–4 | Elements of knowledge and understanding, which are applied to the business example.<br>Chains of reasoning are presented, but may be assertions or incomplete.<br>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.<br>Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).<br>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.<br>A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).<br>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. |

| Question | Answer | Mark |
|---|---|---|
| 2(a) | **Knowledge 2**<br><br>Up to 2 marks for defining the term entrepreneur e.g.<br>• A person who sets up in business **(1)** and takes risks to generate a profit **(1)**. | **(2)** |

| Question | Answer | Mark |
|---|---|---|
| 2(b) | **Knowledge 1, Application 2, Analysis 1**<br><br>Quantitative skills assessed:<br>**QS3:** construct and interpret a range of standard graphical forms.<br><br>**Knowledge**<br>1 mark for correctly constructing a supply and demand diagram with correctly labelled axes as 'price' and 'quantity' **(1)**<br><br>**Application**<br>Up to 2 marks for:<br>Showing original equilibrium price and quantity **(1)**.<br>Shifting the supply curve to the left **(1)**.<br><br>**Analysis**<br>1 mark for showing the new equilibrium and its effect on price (increasing) and quantity (decreasing) **(1)**.<br><br><br> | **(4)** |

| Question | Answer | Mark |
|---|---|---|
| 2(c) | **Knowledge 2, Application 2, Analysis 2**<br><br>**Knowledge**<br>Up to 2 marks for defining demand, e.g.<br>• The amount of goods and services consumers are willing and able to buy **(1)** at a given price at a given time **(1)**<br><br>**OR**<br><br>For stating up to two factors that may impact demand, e.g.<br>• Changes in trends and fashions **(1)**<br>• Price of substitutes **(1)**<br><br>**Application**<br>Up to 2 marks for answers contextualised to *Innocent*, e.g.<br>• People are becoming more concerned about their health and diets **(1**)<br>• Competition launch lower priced smoothies **(1)**<br><br>**Analysis**<br>Up to 2 marks for reasons/causes/consequences for *Innocent*, e.g.<br>• If people are more health conscious they are more likely to increase purchases of smoothies and other healthy drinks **(1)**.<br>• If competition challenge the market position of *Innocent* this may reduce the demand for *Innocent* smoothies and decrease sales revenue **(1)**.<br><br>**NB Cap at 3 marks if only one factor is given** | **(6)** |

<table>
<tr><th>Question</th><th colspan="2">Indicative content</th></tr>
<tr><td>2(d)</td><td colspan="2">Indicative content guidance<br>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.<br><br>Knowledge, Application, Analysis, Evaluation – indicative content<br><br>• Segmentation is dividing the market into groups of people with similar attributes or common characteristics.<br>• Innocent segment the market by demographics and lifestyle-products are available for younger people as well as those seeking a healthier lifestyle.<br>• Focusing on specific market segments allows Innocent to tailor products to meet the particular needs of those customers to increase brand loyalty.<br>• Market segmentation, helps Innocent to direct advertising and promotion to specific groups of customers to increase sales.<br>• However, segmentation increases costs. When a firm attempts to serve different groups of customers the cost of production rises as well as research, promotional and distribution costs.<br>• By focusing on providing healthier food and drinks there is a danger that this specialisation could lead to problems if consumers change their purchasing habits significantly.<br>• The market segments identified may be too small, e.g. Coconut water, and may not generate sufficient sales to be viable / profitable for the business</td></tr>
<tr><th>Level</th><th>Mark</th><th>Descriptor</th></tr>
<tr><td></td><td>0</td><td>No rewardable material.</td></tr>
<tr><td>Level 1</td><td>1–2</td><td>Isolated elements of knowledge and understanding – recall based.<br>Weak or no relevant application to business examples.<br>Generic assertions may be presented.</td></tr>
<tr><td>Level 2</td><td>3–5</td><td>Accurate knowledge and understanding.<br>Applied accurately to the business and its context.<br>Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete.<br>An attempt at an assessment is presented that is unbalanced, and unlikely to show the significance of competing arguments.</td></tr>
<tr><td>Level 3</td><td>6–8</td><td>Accurate and thorough knowledge and understanding, supported throughout by relevant and effective use of the business behaviour/context.<br>Logical chains of reasoning, showing cause(s) and/or effect(s).</td></tr>
</table>

| | | |
|---|---|---|
| | | Assessment is balanced, well contextualised, using quantitative and/or qualitative information and shows an awareness of competing arguments/factors. |

| Question | Indicative content |
|---|---|
| **2(e)** | **Indicative content guidance**<br>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.<br><br>**Knowledge, Application, Analysis, Evaluation – indicative content**<br><br>• Test marketing involves trialling the product in a small area or to a limited number of users to assess the suitability of a product.<br>• The smoothies were sold in 10 UK shops to test whether the product would sell. This allows *Innocent* to determine the potential success of their products.<br>• *Innocent* are able to gather feedback and make changes to the products before launching on a larger scale and so preventing costly mistakes.<br>• Selling in 10 shops enables them to gather sales data to assist with production planning for potential future demand.<br>• However, a disadvantage of test marketing is the cost which can be expensive and time consuming.<br>• Testing the new products in a limited number of shops may delay the launch of the product which may mean losing first-mover advantages.<br>• During test marketing *Innocent* may run the risk of competitors learning about their products which may be copied and brought to the market earlier.<br>• Results from test marketing may not be conclusive and do not always predict success. Products that sell locally might not sell well in other geographical areas. *Innocent* run the risk that the findings from the test marketing is not 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.<br>Weak or no relevant application to business examples.<br>Generic assertions may be presented. |
| **Level 2** | 3–4 | Elements of knowledge and understanding, which are applied to the business example.<br>Chains of reasoning are presented but may be assertions or incomplete.<br>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.<br>Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).<br>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.<br>A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).<br>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. |

| Question | Indicative content |
|---|---|
| **3** | **Indicative content guidance**<br>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.<br><br>**Knowledge, Application, Analysis, Evaluation – indicative content**<br><br>**Internal recruitment**<br><br>• Internal recruitment is when the business looks to fill a job vacancy from within the company.<br>• *IKEA* are expanding rapidly and is looking for creative, enthusiastic people who can contribute towards their sales growth.<br>• It is more cost efficient as the business does not have to advertise the job externally. This will help *IKEA* keep costs and prices low to enable them to remain competitive in the market.<br>• By recruiting internally, *IKEA* know the capabilities of the candidate, ie whether they are creative and enthusiastic and have a better idea of how they will perform in this new role. Enthusiastic staff may provide better customer service and boost sales.<br>• Promoting staff from within the company can be motivating for all employees who will recognise that their hard work is rewarded and so increase productivity of the business.<br>• *IKEA* will know if the internal candidate is likely to fit the *IKEA* culture and get on well with the rest of the team. Good teamwork is required to improve productivity and customer service.<br>• However, internal recruitment will not bring fresh ideas or new thinking into the business. Recruiting internally will create further vacancies which will eventually need to be filled externally.<br><br>**External recruitment**<br><br>• External recruitment is when the business looks to fill the vacancy from outside of the business.<br>• May be preferable because *IKEA* prides itself on creative and innovative products and recruiting externally may mean there are new ideas or energy coming into the business.<br>• Whilst *IKEA* has 190,000 workers internal recruitment still limits the potential number of candidates that they can choose from. External recruitment offers a wider pool of potential talent to choose from.<br>• However, external recruitment is expensive and a long process and there is no guarantee you will find the right person to fit in with *IKEA*'s values. |

| | | |
|---|---|---|
| | • Different job roles will require different skills and *IKEA* must assess if these skills can be found internally or whether external recruitment is required.<br>• *IKEA* would have to look at the effectiveness of internal and external recruitment to see historically which candidates have performed the best and contributed the most to growth.<br>• *IKEA* is likely to use a combination of both when recruiting staff depending on the job requirements. Also when opening a new store they may have no option but to recruit externally to fill all of the job roles required. | |
| **Level** | **Mark** | **Descriptor** |
| | 0 | No rewardable material. |
| **Level 1** | 1–4 | Isolated elements of knowledge and understanding.<br>Weak or no relevant application of business examples.<br>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.<br>Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question.<br>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.<br>Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question.<br>Arguments are well developed.<br>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.<br>Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s).<br>Arguments are fully developed.<br>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. |

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