GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Monday 7 January 2019

Morning (Time: 2 hours) | Paper Reference **WBS11/01**

Business

International Advanced Subsidiary/ Advanced Level
Unit 1: Marketing and people

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.

1 (a) Define the term 'product portfolio'. (Extract A, line 8)

(2)

In 2016 *Primark* sales fell by 2% from the previous year. Also in 2016, UK average wages rose from £520 to £533 per week.

(b) Using the data, calculate the income elasticity of demand (YED) for *Primark* in 2016. You are advised to show your working.

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(c) Analyse **two** possible difficulties *Primark* might face from selling to a mass market.

(6)

(d) Discuss the benefits to *Primark* of using a cost plus pricing system.

(8)

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(e) Assess the importance to *Primark* of having ethical sourcing as a business objective.

(10)

(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

Read Extract C in the Source Booklet before answering Question 2.

2 (a) Define the term 'entrepreneur'. (Extract C, line 2)

(2)

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(b) Construct a supply and demand diagram to show the impact on the market for smoothie drinks following damage to fruit crops caused by poor weather.

(4)

(c) Analyse **two** factors that are likely to affect the demand for *Innocent* products.

(6)

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(d) Discuss the benefits of market segmentation to a business such as *Innocent*.

(8)

Before launching on a larger scale, *Innocent* agreed a contract with a UK supermarket to sell its smoothies in 10 of the supermarket's shops.

(e) Assess the advantages for *Innocent* of test marketing its products.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

3 *IKEA* uses internal and external methods of recruitment to select a wide range of employees from managers to shop assistants.

Evaluate which of these recruitment methods is likely to be the most effective for *IKEA*.

(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 Source Booklet with the question paper.

Turn over ▶

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Sources for use with Section A

Extract A

Growth of clothing retailer *Primark*

Primark has a 6.9% share of the UK clothing market by value, compared with *Next* at 7.1%. *Marks & Spencer* remains the UK's biggest clothing retailer with an 8.1% share. *Primark* is predicted to overtake *Next* to become the UK's second biggest clothing retailer.

Low prices have helped increase market share for *Primark* even though it does not sell online, which is the source of most sales growth in the clothing sector. Sales for *Primark* have increased each year except for 2016 when there was a slight fall.

Primark offer a wide product portfolio including clothing for women, men and children as well as household goods and beauty products. New products are delivered to the shops every week to keep up with the latest trends and fashions.

Primark have grown because it sells up to date fashion at low prices, and it also sells in large quantities in the UK, US and Europe. *Primark's* social media following is increasing rapidly as it has become common for young people to view clothing on their cell phones before going into shops.

Extract B

Ethical sourcing at *Primark*

Primark do not own any factories but buy clothing from suppliers in 31 countries. In the past *Primark* has faced a lot of criticism about the working conditions and safety in the factories that produce its clothing. Ethical sourcing continues to be a much-discussed topic as there is increased awareness about how clothes are made.

Primark's new ethical policy aims to ensure that all factories supplying the clothing meet *Primark*'s Code of Conduct, which states, amongst other things, that child labour should not be used and working conditions should be safe. *Primark* have a team of over 100 people who are responsible for ethical sourcing. Suppliers to the company are subject to a series of spot checks and audits to ensure continued compliance with *Primark*'s Code of Conduct.

Source for use with Section B

Extract C

Hello we are *Innocent* – Our story

We are three entrepreneurs who met at university and formed *Innocent* after test marketing our first drink at a music festival. We are now Europe's best-selling smoothie business and continue to develop new and healthy products.

Our purpose is to make natural, delicious and healthy drinks that help people live well. *Innocent* smoothie drinks contain the finest fruit we can find, we do not add sugar or anything else. We make tasty, healthy and convenient products to help people have more fruit and vegetables in their diet.

Our products include:

- Smoothies and juices made entirely from fruit and vegetables
- Drinks and snacks for children
- Lunch pots that provide three portions of vegetables in every pot
- Coconut water, which is natural and fat free
- The first smoothie made from 100% British fruit.

Our product trials and test marketing

- We sold our first smoothies from a stall at a music festival in London. We put up a big sign asking people if they thought we should give up our jobs to make smoothies, and put a box saying 'Yes' and a box saying 'No' in front of the stall. Then we got people to vote by putting their empty bottles into the boxes marked 'Yes' or 'No'. At the end of the weekend, the 'Yes' box was full, so we gave up our jobs to start *Innocent*.
- We agreed a contract with a UK supermarket to sell our smoothies in 10 of their shops before launching on a larger scale.
- We regularly visit schools close to our offices and ask the children to taste and give feedback on new products that we are developing for our younger consumers.

Source for use with Section C

Extract D

IKEA – Facts and figures

- We are now the world's largest furniture retailer, we have 403 shops in 49 countries.
- We sell products for every room in the house including the bathroom, bedroom and living room, as well as garden products. There are 9,500 products across the *IKEA* range and every year we update our range, launching approximately 2,500 new products.
- We have over 190,000 employees worldwide who are involved in the selling, designing, distribution and management of our products and shops.

Working at *IKEA*

We work hard, but we have fun doing it. Every year many new *IKEA* shops open around the world. We are always looking to recruit people who share our positive attitude and values, and who can contribute to our expansion plans.

We believe people's values and enthusiasm are more important than skills and experience when recruiting for our business. We believe a great workplace is about having a fun and inspiring working environment.

At *IKEA* we are looking for employees who have the desire to learn and develop personally and professionally along with our business.

The *IKEA* values help us to run our business, solve problems, and make clever and creative decisions together. We encourage employees to question the way we operate and offer their opinions. This way, they can help us change the business for the better.

Acknowledgements

Extract A - Source adapted from Primark primed to overtake Next as UK's No 2 clothing retailer - by Sarah Butler © The Guardian, January 2018

Extract B - Source adapted from https://www.businessgreen.com/bg/news/3026351/primark-publishes-global-sourcing-map-in-ethical-supply-chain-push

Extract C - Sources adapted from:https://www.theguardian.com/small-business-network/2017/mar/20/innocent-smoothie-cofounder-investment-worst-moment

Extract D - Source adapted from: 'Ikea unpacks new model as it adapts to consumer shift', by Richard Milne, © THE FINANCIAL TIMES LTD 2018.

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