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 | | | | |

Friday 17 May 2019

Afternoon (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.

Turn over ▶

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SECTION A

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

1 (a) Define the term 'qualitative research'. (Extract A, line 7)

(2)

(b) Calculate the price elasticity of demand (PED) for a *Superdry* t-shirt if the price decreases by 10% and sales increase from 120,000 to 150,000. You are advised to show your working.

(4)

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(c) Analyse how **two** different methods of primary research could help *Superdry*.

(6)

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(d) Using the data in Extract B, discuss the likely impact of *Superdry*'s profit share plan on employee motivation.

(8)

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T-shirts and hooded tops are *Superdry's* cash cows.

(e) Assess the extent to which the Boston Matrix may help *Superdry* compete in the clothing market.

(10)

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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.

2 (a) Define the term 'online retailing'. (Extract C, line 1)

(2)

(b) Using the data from Extract D, explain **one** way changes in fashions, tastes or preferences have affected demand for *Ocado*.

(4)

(c) Analyse **two** advantages for *Ocado* of having cost efficiency as a main business objective.

(6)

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(d) Discuss the extent to which *Ocado* has been successful in adding value to its business.

(8)

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Ocado sells products online that are delivered to customers' homes. Place is one element of the marketing mix.

(e) Assess the importance of place in *Ocado*'s marketing mix.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

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

3 Function, aesthetics and cost of manufacture are elements of the design mix.

Evaluate which of these is the most important element for manufacturers of smartphones.

(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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Unit 1: Marketing and people

Source Booklet

Do not return this Source Booklet with the question paper.

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Sources for use with Section A

Extract A

Superdry

The *Superdry* brand focuses on high-quality clothing combined with Japanese-inspired graphics and logos. Its clothes are sold in more than 180 countries.

Superdry offer a wide product range, including t-shirts, hooded tops, dresses, jackets, shirts, footwear, bags and accessories, which are continually updated with new designs and logos. A sportswear range has recently been added to the product portfolio.

Ongoing qualitative and quantitative research, using questionnaires, interviews and focus groups provide *Superdry* with an understanding of its customers to enable it to meet their needs. From the research *Superdry* knows its customers are focused on quality and value for money, not price. Using customer feedback *Superdry* has designed a more feminine range for female customers and introduced sports and snow ranges.

Extract B

***Superdry* launches a profit share plan for all employees**

In 2016, *Superdry* launched a three-year profit share plan under which it will share some of its earnings with all 4,500 employees in the business worldwide. The plan is part of a strategy to attract, retain and reward the best employees.

At the end of the three-year plan, full-time employees in the shops are predicted to be awarded a total of £2 000. Shop managers are expected to be awarded £28 000, senior leaders up to £75 000 and executive team members £300 000, over the three-year period.

In 2017, at the end of the first year of the plan, £30m was shared amongst the 4,500 employees.

Sources for use with Section B

Extract C

Ocado: Our online retailing service

In 2000, we started the business in the UK and we are now the world's largest online grocery retailer with over 580,000 customers. We stock 46,000 different food and drink products in our distribution centres, as well as non-food products. In 2016, we extended our services into Europe.

We aim to be cost efficient in all we do. We receive orders online, pack the shopping bags in our distribution centres and deliver directly to customers using a network of brightly-coloured vehicles. Service features include colour-coded bags to separate fresh food, frozen food, tinned food and non-food items. We send our customers texts with the driver's name, and we offer hourly delivery times to provide choice and convenience to our customers.

Our Market

The grocery market is very price competitive and driven by changing shopping habits and new technology. Online grocery represents approximately 6% of the UK grocery market and is predicted to grow to 9% by 2021. The growth of online shopping has resulted from improved technology, faster internet services, and better mobile phones and other devices. We have developed our service using in-house designed software and technology to take advantage of these changing trends and to allow us to expand internationally in this growing market.

Extract D

Ocado's performance measurements 2012–2016

	2012	2013	2014	2015	2016
Revenue	£680m	£792m	£948m	£1 107m	£1 258m
Average number of orders per week	120,000	143,000	167,000	195,000	230,000
Percentage of customer orders delivered on time	92.7%	95.2%	95.3%	95.3%	94.9%

Sources for use with Section C

Extract E

The first smartphone

The first smartphone was created in 1992 by *IBM*. It combined the functions of a mobile (cell) phone and a personal organiser. Functions of the smartphones are being continually developed and are used to send and receive emails, take photographs, download applications from the internet and much more. Today mobile phones are viewed as a necessity by many people. In 2016, around 1.5 billion smartphones were sold worldwide.

Extract F

Slower growth of smartphones

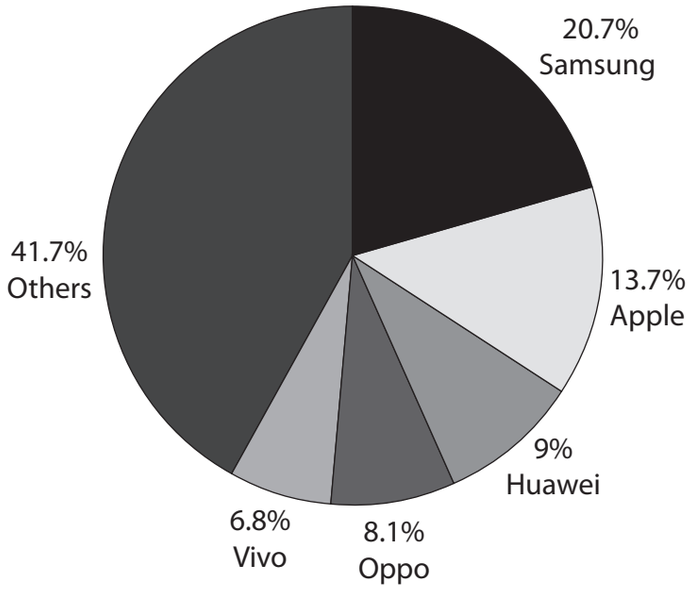
The growth in sales of smartphones decreased in 2016, and *Apple* saw the sale of its iPhones fall for the first time since their launch in 2007. One reason is that the market is saturated with many people already owning a smartphone, and the quality is so good that users do not need to change phones as often.

Samsung, a South Korean company, continues to lead the market despite having to suspend sales of its Galaxy Note 7 range after reports that the phones were exploding and catching fire while in the hands of users. One reason for *Samsung*'s success is because it offers a wide choice of smartphones with differing functionality at different prices.

Smartphone businesses, *Huawei, Oppo and Vivo*, all increased their market share in 2016. They have lower costs of manufacture and sell smartphones for less than $250, which is significantly cheaper than the price of *Samsung* or *Apple* smartphones.

Extract G

Global smartphone market share 2016



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Extract G adapted from https://www.statista.com/statistics/330695/number-of-smartphone-users-worldwide/

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