GradeMax



Mark Scheme (Results)

Summer 2019

Pearson Edexcel International Advanced Level
In Business (WBS04)
Unit 4 Business in a Global Context

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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 franchise?	
	Answer	Mark
	Knowledge up to 2: • A business structure where the right to use and operate under the business' name **(1)** is sold to a third party **(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 market segment?	
	Answer	Mark
	Knowledge up to 2: • The splitting up of an overall market into smaller groups **(1)** using a common identifying factor such as age, gender, income **(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 **two** benefits to a business of operating in a global niche market.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying two benefits of operating in a global niche market e.g. less competition **(1)** can charge premium/higher prices **(1).** **Application:** up to 2 marks are available for contextualised answers e.g. Diving/birdwatching holidays require specialist equipment and expertise **(1)** specialist holiday businesses cater for small section of the overall market **(1).** **Analysis:** up to 2 marks are available for developing the benefits of operating in a global niche market e.g. This acts as a barrier to entry meaning less competition and therefore greater security **(1).** This means that PED is likely to be price inelastic and specialist holidaymakers will pay extra to get what they want and increase profitability **(1).** ***NB if only one benefit cap at 3 marks***	**1-2** **1-2** **1-2** **Total (6 marks)**

Question Number	Question	
3	Analyse **two** possible reasons why global businesses, such as *Travel Leaders Group* and *ALTOUR,* may merge.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying the reasons as to why global businesses may merge. e.g. to spread risk **(1)** to gain economies of scale **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. *ALTOUR* operates in luxury niche markets, *Travel Leaders* Group operate in a variety of segments such as cruises **(1)** both businesses operate in the tourist industry **(1)** **Analysis:** up to 4 marks are available for developing the possible reasons e.g. If one part of the combined operation should decline due to changing tastes or economic influences **(1)** sales and profits from other divisions may be unaffected, thus giving security and stability. **(1)** The new merged business will be buying more hotel rooms, flights, cruises and other tourism related items than before **(1)** This should lead to a reduction in average costs and an improvement in profitability **(1)** ***NB if only one reason cap at 4 marks***	**1-2** **1-2** **1-4** **Total (8 marks)**

Question Number		Question	
4		Assess how effective GDP per capita is at measuring growth.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic terms	e.g. GDP per capita is obtained by dividing the country's gross domestic product by the total population. e.g. Economic growth is an increase in the ability of an economy to produce goods and services
Level 2	3-4	Application: basic points developed to show evidence of GDP per capita as an indicator of growth	e.g. use of figures from evidence e.g. PNG is a developing economy and has relatively high levels of unrecorded activity e.g. 80% practise subsistence farming
Level 3	5-7	Candidate analyses using reasons/causes/consequences/costs to show the usefulness of GDP per capita as an indicator of growth **NB if analysis but no context anywhere in the answer limit to Level 2.**	e.g. it indicates a general trend in the economic progress of an economy e.g. if adjusted for inflation it can show a real increase in income and a likely correlation to improved living standards e.g. the figure has increased by 25.57% indicating an expansion of the PNG economy
Level 4	8-10	Evaluation must be present i.e. a candidate balances his/her answer **NB if evaluation but no context anywhere in the answer limit to Level 3.**	e.g. It is only an average figure and can be misleading if the gain in income is held by only a few e.g. figures must be adjusted for inflation to show real growth e.g. with 80% involved in subsistence farming a lot of economic activity will be unrecorded making GDP per capita unreliable e.g. other factors may be more helpful in looking at growth such as literacy, HDI and environmental measures e.g. If GDP per capita is used in

			conjunction with other indicators it may be a useful indicator

Question Number		Question	
5		Assess the importance of the Ease of Doing Business when choosing a production location.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of the nature of ease of doing business *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. refers to the time period required to get the business up and running and/or the number of bureaucratic obstacles to be overcome e.g. production location refers to the place goods and services are manufactured/produced
Level 2	3-4	Application: the answer must be contextualised and applied to show the importance of the 'ease of doing business' when choosing a production location. *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. use of figures from evidence e.g. use of examples from own knowledge e.g. PNG is a developing economy e.g. PNG is rich in minerals and oil and gas resources
Level 3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/ costs/consequences to show the importance of the 'ease of doing business' when choosing a production location. **NB if analysis but no context anywhere in the answer limit to Level 2.** *Material is presented in a generally relevant and logical way but this may not be*	e.g. Ease of Doing Business implies less time taken to get started, this reduces start-up costs and saves valuable time e.g. less bureaucracy means that there is less need for expensive experts to advise on overcoming legal obstacles e.g. less regulation and stronger legal protection may be a good reason to choose a particular location e.g. the protection of designs and ideas can be particularly important

		sustained throughout. Some punctuation and/or grammar errors may be found which cause some passages to lack clarity or coherence.	for some industries/businesses
Level 4	8-12	**Low Level 4: 8-10 marks** Evaluation must be present i.e. a candidate balances his/her answer by showing the relative importance of the 'ease of doing business' when choosing a production location. **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 **NB if evaluation but no context anywhere in the answer 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. Other factors may be much more important such as low production costs (*Apple* and China) or the skills and availability of a labour force (*Dyson* and Malaysia) e.g. much may depend on the nature of the business and its requirements. Companies wishing to exploit PNG's oil and gas resources or minerals will not worry too much about the ease of doing business e.g. PNG is a developing country and the lack of infrastructure may be of greater concern than the ease of doing business e.g. Producing inside a large trade bloc such as the EU or NAFTA to avoid trade barriers may override other considerations

Question Number		Question	
6		Evaluate the importance of promotion in the marketing mix when entering a global market.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Candidate shows knowledge of key terms	e.g. Promotion is all the activities that a business uses to communicate with potential and actual consumers e.g. The marketing mix is the range of strategies used to influence consumers sometimes known as the 4 Ps
Level 2	3-6	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of the importance of promotion in the marketing mix when entering a global market **Low Level 2: 3-4 marks** Candidate uses a limited range of examples **High Level 3: 5-6 marks** Candidate uses a good range of examples	e.g. Uses evidence such as the diamond corporation's campaign or examples from own knowledge such as *Disney*'s actions in Shanghai e.g. *Unilever*'s sustainable living plan or *Lush's* ethical platform are forms of promotion e.g. *Kit-Kat* alters the flavours and type of chocolate to suit different markets e.g. Businesses that have adapted products/services because of cultural and social differences such as *McDonald's, Cadbury*
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the importance of promotion in the marketing mix when entering a global market **Low Level 3: 7-9 marks** Analysis weak: only one or two points explained **High Level 3: 10-12 marks** Analysis is more developed: two or more points are explained and developed	e.g. Promotion is important in any market to inform consumers and to persuade them to buy and keep buying e.g. Successful promotion gains recognition and becomes known on a global scale such as *Coca-Cola's* bottle/red and white lettering or *McDonald*'s golden arches e.g. Promotion builds consumer loyalty, encourages repeat purchases and can enable premium pricing. It is a source of competitive advantage e.g. Some promotion will have to be changed depending on which part of

		NB if analysis but no context anywhere in the answer limit to Level 2.	the market is targeted because it may not be suitable e.g. The wrong promotion due to social and cultural differences can be worse than no promotion at all, therefore it is a crucial part of the marketing mix e.g. Examples include *Pepsi's* campaign 'Pepsi brings you back to life'
Level 4	13-20	Evaluation must be present showing the extent of the importance of promotion in the marketing mix when entering a global market **Low Level 4: 13-14 marks** Some basic evaluative points are made, about the extent to which benefits are yielded. A conclusion is unlikely **Mid-Level 4: 15-17** Candidate gives a range of arguments, qualifying the benefits yielded. A judgement may be attempted **High Level 4: 18-20** Candidate gives a wide range of arguments that discuss the importance of promotion in the global marketing mix. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion **NB if evaluation but no context anywhere in the answer limit to Level 3.**	e.g. Some products and services are universal and therefore need little or no adaptation of the promotional message when trading internationally – Sony/Apple/Ferrari e.g. Other parts of the marketing mix (price, product and place) may be more important when trading globally e.g. Adaptation of the product can be essential such as McDonald's avoidance of beef in India and its adaptation of its menus all over the world. Kit-Kat and its different varieties by region/country. e.g. Price can also be an issue when marketing globally, particularly in less developed economies. Businesses such as McDonald's have one or two much cheaper items on their menu. e.g. Elsewhere high price signifies desirability (Rolls Royce, Rolex) and little or no promotion is needed e.g. In some parts of the world place is more important and just getting the product to the consumer can be the most important consideration. e.g. In remote parts of Africa, Coca Cola use bicycle rickshaws for distribution. In India Unilever uses the Shakti programme

			e.g. Promotion cannot be taken in isolation, it is part of the mix and its importance will vary with the particular circumstances of the business that is trading internationally

Question Number		Question	
7		Evaluate the significance of trade barriers to a global business when trading internationally.	
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by a trade barrier *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. A trade barrier is anything that slows or halts free trade. Examples include tariffs, quotas, subsidies and regulation.
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show awareness of the significance of trade barriers **Low Level 2: 3-4 marks** Application to business models is weak. **High Level 3: 5-6 marks** Application to business models is clear *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. Uses evidence or examples from own knowledge such as US tariffs on Chinese solar panels, common external tariffs in trade blocs such as the EU or NAFTA e.g. Uses figures from evidence to support arguments on impact of trade barriers e.g. Subsidies in the EU for farmers or subsidies for US cotton farmers e.g. FDI into trade blocs such as the EU, NAFTA to avoid common external tariffs (CETs) e.g. 36 new trade barriers in 2016 affected the EU's trade by €27bn
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the significance of trade barriers **Low Level 3: 7-9 marks** Analysis weak: only one or two points explained **High Level 3: 10-12 marks**	e.g. Tariffs increase the price of an imported good reducing sales and making it less competitive against domestic products e.g. Quotas and other barriers have a similar impact in decreasing supply which pushes the

		Analysis is more developed: two or more potential benefits are explained and developed **NB if analysis but no context anywhere in the answer 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.*	price up and restricts sales e.g. Businesses may try to circumvent these barriers by producing within a trade bloc. e.g. In the UK, Nissan, Toyota and Honda all produce cars for sale in the EU to avoid the CET. Same in Mexico in NAFTA to enter the USA without trade barriers. e.g. Being forced to enter a joint venture to access markets such as China and India is a trade barrier and reduces profitable trading e.g. Trade barriers have a disproportionate effect on small businesses that lack the economies of scale or lobbying power of larger ones
Level 4	13-20	Evaluation must be present showing the relative significance of trade barriers **Low Level 4: 13 – 14 marks** Some evaluative points are made, based on analysis of the impact. A conclusion is unlikely **Medium Level 4: 15-17marks** A judgement is attempted with some effort to show extent of the significance **High Level 4: 18 – 20 marks** Convincing evaluation of the significance of trade barriers. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion	e.g. Impact of trade barriers may not be too great if PED is inelastic. BMW and Jaguar cars sell well in the USA despite trade barriers

		NB if evaluation but no context anywhere in the answer 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. Loss of foreign sales may be compensated by increased domestic sales protected by trade barriers e.g. Depends on size/severity of trade barriers e.g. Other factors may be more important e.g. The size and potential of the Chinese market has not deterred most major global firms from moving there and accepting/coping with/overcoming the barriers e.g. €27bn may sound a lot but in comparison to the total of trade flows in the EU may not be that great e.g. International trade has grown significantly in recent decades and is likely to continue to do so. The WTO is actively trying to reduce trade barriers e.g. While trade barriers can cause problems for individual firms, for many others the opportunities for global trade are increasing

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