GradeMax



Mark Scheme (Results)

October 2019

Pearson Edexcel International Advanced Level
In Business Studies (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.

Question Number	Question	
1(a)	What is meant by the term primary market research? (Evidence A line 11)	
	Answer	Mark
	Knowledge up to 2: • Information gathered about the market **(1)** that is original and/or not copied from elsewhere **(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 joint venture? (Evidence B line 8)	
	Answer	Mark
	Knowledge up to 2: • When two or more businesses join together for a new project **(1)** which is temporary in nature/businesses remain independent. **(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** possible reasons why the Indian government has increased tariffs**.**	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying two reasons why the Indian government might be increasing tariffs e.g. protecting infant industries **(1)** retaliation **(1).** **Application:** up to 2 marks are available for contextualised answers e.g. India is a developing economy with many growing industries **(1).** The USA and China have been increasing tariffs **(1).** **Analysis:** up to 2 marks are available for developing the reasons why the Indian government might be increasing tariffs e.g. Tariffs make imports more expensive thus encouraging consumption of domestic products which protects infant industries **(1).** Indian exports may be affected, reducing demand and so Indian tariffs are increased to persuade the USA and China to reduce theirs **(1).** ***NB if only one reason cap at 3 marks***	**1-2** **1-2** **1-2** **Total (6 marks)**

Question Number	Question	
3	Analyse **one** push factor and **one** pull factor that may have led to *IKEA*'s expansion into the Indian market.	
	Answer	Mark
	Knowledge/understanding: up to 2 marks are available for identifying the push factor and pull factor e.g. to escape saturated markets **(1)** to take advantage of new markets to increase sales **(1)** **Application:** up to 2 marks are available for contextualised answers e.g. *IKEA* is the largest furniture retailer in the world/operates in 49 countries **(1)** The Indian economy has a high growth rate/rising disposable incomes **(1)** **Analysis:** up to 4 marks are available for developing the possible push and pull factors e.g. *IKEA*'s existing markets are well established and have little scope for further expansion in terms of sales **(1)** despite being the largest furniture retailer further growth may be limited or only possible by taking market share away from competitors which is likely to be difficult. **(1)** As India grows and GDP increases more Indians will have higher levels of disposable income **(1)** Furniture and home furnishings are likely to be income elastic and this should therefore lead to a proportionately larger increase in sales and hopefully, profits **(1).** ***NB if only one factor cap at 4 marks***	**1-2** **1-2** **1-4** **Total (8 marks)**

Question Number		Question	
4		Assess the impact on *IKEA* of it becoming more environmentally friendly.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic terms	e.g. the way in which a company operates in accordance with moral and responsible guidelines in order to minimise its impact on the environment e.g. using sustainable resources and/or recycling waste
Level 2	3-4	Application: basic points developed to show evidence of impact on *IKEA* of being more environmentally friendly	e.g. using solar powered delivery vehicles which are less polluting e.g. *IKEA*'s manager says that "…our contribution to the planet is the biggest priority"
Level 3	5-7	Candidate analyses using reasons/causes/consequences/ costs to show impact on *IKEA* of being more environmentally friendly. **NB if just analysis but no context limit to Level 2.**	e.g. Consumers may be environmentally conscious and respond positively to *IKEA*'s policies leading to potentially higher sales e.g. It may reduce costs in the long run as solar power is cheaper once installed e.g. The Indian government may be more likely to approve further expansion plans if *IKEA* has such a policy
Level 4	8-10	Evaluation must be present i.e. a candidate balances his/her answer **N.B. if there is evaluation but no context at all, then limit to Level 3.**	e.g. it may increase costs in the short term and reduce profitability e.g. Indian consumers may have little concern over *IKEA*'s environmental policies and be more concerned over price or other issues e.g. The owners of the business may prioritise profit and create conflict with other stakeholders

Question Number		Question	
5		Assess the benefits for a business, such as *IKEA*, of adapting to local tastes when entering a new market.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Knowledge/understanding of basic terms *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 adaptation of existing products to reflect local tastes and needs e.g. a new market is one where *IKEA* has not operated before
Level 2	3-4	Application: the answer must be contextualised and applied to show the benefits for a business such as *IKEA* of adapting to local tastes when entering a new market. *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 examples from own knowledge e.g. no beef products e.g. adaptation of countertops e.g. still maintain global brand colours
Level 3	5-7	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences to show the benefits for a business such as *IKEA* of adapting to local tastes when entering a new market. **NB 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. Adapting the product or marketing strategy means that many potential sales may be gained as the product/marketing is more likely to appeal to local tastes e.g. this is also likely to give a business a competitive advantage over rivals who may not have followed a glocalisation policy e.g. *IKEA* can benefit from keeping the power and protection of a global brand such as the blue and yellow and the targeting of local tastes to maximise sales

Level 4	8-12	<u>Low Level 4: 8-10 marks</u> Evaluation must be present i.e. a candidate balances his/her answer by showing the relative benefits for a business such as *IKEA* of adapting to local tastes when entering a new market. <u>High Level 4: 11-12 marks</u> 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 there is evaluation but no context at all, then 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 Not considering the importance of social and cultural differences when trading internationally saves time and money in researching and adapting to the demands of individual markets e.g. some products and services are universal and therefore little or no adaptation to social and cultural differences is needed when trading internationally – *Sony/Apple/Ferrari* e.g. attempting to glocalise may actually damage the brand as consumers may prefer the 'western brand' or the image that goes with it – such as fashion brands like *Gucci, McCartney* e.g. standardised products can be mass produced and benefit from economies of scale which may reduce average costs leading to lower prices and a competitive advantage or an increase in profitability

Question Number		Question	
6		Evaluate *Flytxt*'s decision to expand by organic rather than inorganic growth.	
Level	**Mark**	**Descriptor**	**Possible Content**
Level 1	1-2	Candidate shows knowledge of key terms	e.g. Organic growth means a business expands by using its own resources rather than by taking over or merging with another business e.g. Inorganic growth means a business expands by means of takeovers and mergers rather than by using its own resources
Level 2	3-4	Application must be present, i.e. the answer must be contextualised by using knowledge/examples of organic and inorganic growth <u>Low Level 2: 3-4 marks</u> Candidate uses a limited range of examples <u>High Level 3: 5-6 marks</u> Candidate uses a good range of examples	e.g. *Flytxt* is investing $50m dollars in organic growth e.g. It has a range of big name telecom clients such as *Vodafone*, India's *Airtel*, and Kuwait's *Zain* e.g. It plans to move into different markets such as travel and tourism e.g. uses other examples of organic and inorganic growth from own knowledge
Level 3	7-12	Analysis in context must be present, i.e. the candidate must give reasons/causes/ costs/consequences of the merits of organic growth <u>Low Level 3: 7-9 marks</u> Analysis weak: only one or two points explained <u>High Level 3: 10-12 marks</u> Analysis is more developed: two or more points are explained and developed **NB if analysis is not in context limit to Level 2.**	e.g. Organic growth has proved to be very successful for *Flytxt* so far with an extensive list of major clients e.g. *Flytxt* has plenty of finance to fund the planned expansion e.g. Organic growth can be cheaper than inorganic growth as *Flytxt* does not need to find large sums of money for takeovers e.g. It allows *Flytxt* to concentrate on its core strengths and capabilities and the building of the *Flytxt* brand e.g. Not all inorganic growth is successful some 50% of mergers and takeovers fail to yield the anticipated benefits

			e.g. inorganic growth may fail if corporate cultures are too different and fail to gel e.g. too rapid growth may lead to diseconomies of scale e.g. a business can move away from its core competences and get into trouble
Level 4	13-20	Evaluation must be present and in context showing the extent of the merits of organic growth <u>Low Level 4: 13-14marks</u> Some basic evaluative points are made, about the merits of organic growth. A conclusion is unlikely <u>Mid-Level 4: 15-17</u> Candidate gives a range of arguments, qualifying the merits yielded. A judgement may be attempted <u>High Level 4: 18-20</u> Candidate gives a wide range of arguments that discuss the drawbacks of organic growth and perhaps shows that inorganic growth may be better. A balanced conclusion is drawn, the answer is clear and articulate leading to a convincing conclusion **N.B. if there is evaluation but no context at all, then limit to Level 3.**	e.g. organic growth takes longer to grow and benefit from possible economies of scale e.g. can be riskier as 'eggs are in one basket' e.g. expanding by organic growth can be slow which may be a drawback in a dynamic global market e.g. resources may be limited, thus hampering or slowing potential growth e.g Inorganic growth can be rapid and even instant, there is no need to wait for sales to increase over time or wait for investments to come to fruition e.g. it may be better to take over existing firms when moving into new markets such as travel and tourism, with existing customer bases e.g. Inorganic growth rapidly increases market share and market power, perhaps increasing ability to influence prices and market trends e.g. Inorganic growth removes competition and reduces the need for costly promotion and competitive action e.g. It can be a useful way of gaining brand names/patents/ technologies/distribution networks

Question Number		Question	
7		Evaluate the benefits for a business, such as Montblanc, of operating in a global niche market.	
Level	Mark	Descriptor	Possible Content
Level 1	1-2	Knowledge/understanding of what is meant by a global niche market *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 global niche market is a smaller segment of a larger global market with special characteristics such as specialised products/services often commanding premium prices and having a low PED
Level 2	3-6	Application must be present, i.e. the answer must be contextualised and show awareness of the significance of global niche markets <u>Low Level 2: 3-4 marks</u> Application to business models is weak. <u>High Level 3: 5-6 marks</u> 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 e.g. Luxury pens made with diamonds and gold e.g. Luxury pens seen as status symbols e.g. Asia Pacific is seen as fastest growing market
Level 3	7 -12	Analysis in context must be present, i.e. the candidate must give reasons/causes/costs/consequences of the significance of global niche markets <u>Low Level 3: 7-9 marks</u> Analysis weak: only one or two points explained <u>High Level 3: 10-12 marks</u> Analysis is more developed: two or more potential benefits are	e.g. products/services such as luxury pens are likely to have a high degree of added value and command a premium price increasing profitability e.g. Consumer demand in a niche market can be more price inelastic, which may enable a higher price to be charged e.g. Competition in niche markets is usually low with

		explained and developed **NB 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.*	brand loyalty and product differentiation reducing direct competition e.g. Targeting very specific tastes and cultures is more likely to gain customer satisfaction and loyalty and gain a competitive advantage e.g. closer relationships with customers are possible increasing brand loyalty and enabling products/services to be more precisely targeted to customers e.g. Smaller markets allow a business to develop more effective marketing and sales strategies, thereby boosting sales and profitability. e.g. Exclusive brand names (Montblanc) are likely to be a barrier to entry and restrict potential competitors
Level 4	13-20	Evaluation must be present and in context showing the extent of the benefits of operating in a global niche market <u>Low Level 4: 13 – 14 marks</u> Some evaluative points are made, based on analysis of the benefits. A conclusion is unlikely <u>Medium Level 4: 15-17marks</u> A judgement is attempted with some effort to show extent of the significance <u>High Level 4: 18 – 20 marks</u> Convincing evaluation of the benefits. Several strands may be developed; the answer is clear and articulate leading to a convincing conclusion	e.g. businesses in niche markets can rely too much on one area/product/service which can be adversely affected by changes in tastes, some niche markets are based on fads or the latest trends e.g. Although demand is increasing, particularly in the Asia Pacific region, it may not last e.g. Although niche markets have less competition, they are not monopolies and competition such as the *Parker Pen Company* may take market share from *Montblanc*

		N.B. if there is evaluation but no context at all, then 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. global niche markets are limited in size and may not permit expansion or the ability to reap the full benefits of economies of scale e.g. if a business becomes too successful then it may run the risk of being taken over by a larger company e.g. Over time, niche markets can expand and become mass markets and so a business can lose the advantages of being a niche producer

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