GradeMax



Mark Scheme (Results)
January 2020

Pearson Edexcel International Advanced Subsidiary
In Business (WBS11)
Unit 1 Marketing and people

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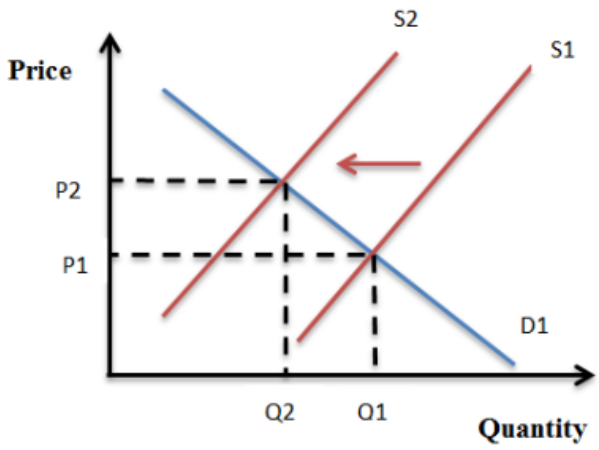
Question	Answer	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'uncertainty' e.g. • The inability to predict/a lack of knowledge **(1)** about future events and outcomes/reasons for uncertainty **(1)**	**(2)**

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

Question	Answer	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining entrepreneurial characteristics, e.g. • Qualities or traits **(1)** demonstrated by an individual starting up in business **(1)** **OR** For giving two characteristics, e.g. • Resilience **(1)**; Creativity **(1)** **Application** Up to 2 marks for answers contextualised to Rossi Mitova, e.g. • Rossi is proud of the fact that she never gave up even though she faced setbacks **(1)** • Rossi created a new way for small farms to distribute produce by creating the online website **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for Rossi, e.g. • This has enabled Rossi to persevere and grow the business despite the many challenges she faced **(1)** • This quality has enabled Rossi to create a service which now employs 15 people and enables farmers to obtain a fair price for their produce **(1)**	**(6)**

Question	Indicative content
1(d)	**Indicative content guidance** 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Online retailing is the sale of goods and services using the internet. • *Farmhopping* is an example of an online retailing service which allows farmers in Bulgaria to sell farm produce directly to customers using a website. • The advantage to a business is that because they are not selling to supermarkets or wholesalers, they may be able to increase their profit margins. • Selling directly to consumers may help them receive a fair price for their products and help them survive in business. • Small businesses may not require a physical shop to sell their products which reduces operational costs. • Farmers can provide fresh produce directly to homes and small businesses. They may build up a good reputation with these customers and encourage customer loyalty and repeat purchase to enable them to compete against the larger farms. • However, the farmers have to pay a fee to *Farmhoppers* which increases the business costs and reduces profit margins. • If the website is not reliable and/or connectivity is poor this will impact the service and discourage customers from using it. • The costs of distribution may be higher for a small business due to the need to manage a high volume of smaller orders rather than larger orders direct to supermarkets and wholesalers.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding.

		Applied accurately to the business and its context. Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. 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. 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** 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • A trade-off occurs when two objectives cannot be fully achieved. It is a compromise that involves giving up something in return for gaining something else. • A social objective is a goal which benefits society. • Profit is total revenue minus total cost. • The social objective of *Farmhopping* is to be environmentally friendly, which must be shared by the farmers if they are to sell on the *Farmhopping* website. • There is a potential trade-off as the costs of farming environmentally may be more expensive for farmers. Using recyclable packaging may push up costs for farmers which reduces profit margins. • Not using pesticides/better treatment of animals may increase waste/increase costs for farmers. This may lead to farmers charging higher prices for their goods. This may decrease demand and profitability for the farmers if customers choose to buy cheaper goods from other shops and supermarkets. • However, there may not be a trade-off because a business which behaves ethically and follows social objectives such as caring for the environment may attract customers. • Customers who have the same values are likely to support the small farms selling on *Farmhopping* and the farmers may benefit from increased demand and profitability. • The social objectives of the farmers may create a USP/differentiate it from other retailers. This may help the farmers to attract new customers and increase sales. • Caring for the environment and not using chemicals may provide longer term benefits for the farmland and the income of farmers. • The outcome depends if consumers are socially aware of environmental issues and/or if price is a dominant factor in the industry.

Level	Mark	Descriptor
	0	A completely inaccurate response.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented, but may be assertions or incomplete. 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. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). 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. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). 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** Up to 2 marks for defining the term 'secondary market research' e.g. • Using/gathering data or information **(1)** that already exists/which has been collected for another purpose **(1)**	**(2)**

Question	Answer	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: QS2 Calculate, use and understand percentages and percentage change **Knowledge** 1 mark for identifying a suitable formula for percentage change: • Difference in revenue / original revenue x 100 **(1)** **Application** Up to 2 marks for: selecting the correct data • 4.16-3.52 or 0.64 **(1)** / 3.52 x 100 **(1)** **Analysis** 1 mark for calculating the percentage change • 18.18% **(1)** **NB if no working is shown award marks as below**: If the answer given is 18.18% award 4 marks. If the answer given is 18.18 award 3 marks.	**(4)**

Question	Answer	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining a focus group, e.g. • A group of people who participate in a discussion as part of market research **(1)** to give feedback about a product or service **(1)** **OR** For providing two advantages of focus groups, e.g. • The researcher can interact with the participants. **(1)** The researcher can get information from non-verbal responses **(1)** **Application** Up to 2 marks for answers contextualised to *Skechers*, e.g. • The researcher can ask the panel in-depth questions about their views of existing ranges of shoes **(1)** • The researcher can see people's reactions to new styles and designs of shoes **(1)** **Analysis** Up to 2 marks for reasons/causes/consequences for *Skechers*, e.g. • This may lead to *Skechers* having a better understanding of consumers needs and remain market orientated/meeting demands of its customers **(1)** • This may help *Skecher*s judge if the new styles are likely to be favoured by the public and lead to an increase in revenue **(1)**	**(6)**

Question	Indicative content
2(d)	**Indicative content guidance** 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Product life cycle describes the stages that a product goes through from introduction to decline. • *Skechers* have 3,000 styles of shoe in their portfolio. • A benefit of using the product life cycle is that it can help devise promotional strategies. The model will help make decisions on the established products. • New shoes in the range, such as the shoes for athletes, which are in the growth stage, will benefit from advertising and promotion. • Those shoes in the maturity stage, such as Go-Walk may benefit from extension strategies to prolong the life of the shoes. • The life cycle may help *Skechers* make decisions on those products with low sales in the decline stage. It may help them to make decisions on which ranges to discontinue to maintain the reputation of the business. • However, the product life cycle is quite a simplistic model. Whilst there are many products whose sales follow the classical shape of the model, many others do not. It is very difficult for *Skechers* to predict the life of a shoe due to changing fashions. • The model does not take account of competitors actions. Some of the *Skechers* shoes may move into the decline stage quickly if competitors such as *Nike* introduce a superior product for golf shoes for example. • Whilst the model is a good visual tool for analysing a portfolio of products, *Skechers* would need to take account of other research findings on competitors, the economy, changing trends etc before decisions were finalised on the product range.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–5	Accurate knowledge and understanding. Applied accurately to the business and its context.

		Chains of reasoning are presented, showing cause(s) and/or effect(s) but may be assertions or incomplete. 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. 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
2(e)	**Indicative content guidance** 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • A centralised structure is an organisational structure where business decisions are made at the top of the hierarchy by senior management/or at the headquarters of a business. • *Skechers* have a centralised approach as their headquarters in the USA is where major operational and marketing decisions are made. • A benefit of having a centralised structure is that *Skechers* can keep some control over the 2,700 shops and 3,000 ranges of shoes by implementing common policies for the business. This provides consistency for the business. • *Skechers* can benefit from economies of scale if the range is standardised and the marketing can be organised centrally. A reduction in unit costs may help reduce prices or increase profitability. • A centralised approach usually speeds up the decision-making process which may be important in the industry that is continually subject to changing trends and fashions. • However, lack of authority lower in the hierarchy may demotivate the mangers in the offices in South America, Europe and Asia. This may lead to lower productivity and higher unit costs for *Skechers*. • A centralised approach may lead to slow decision making if problems need to be referred to head office. This may damage customer relations if customer service suffers. • Local managers around the world may have a better understanding of customer needs in their area. • It may be of benefit to decentralise some of the decision making to respond to its customers' needs and preferences at a local level.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Isolated elements of knowledge and understanding – recall based. Weak or no relevant application to business examples. Generic assertions may be presented.

Level 2	3–4	Elements of knowledge and understanding, which are applied to the business example. Chains of reasoning are presented but may be assertions or incomplete. 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. Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s). 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. A coherent and logical chain of reasoning, showing cause(s) and/or effect(s). 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** 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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Flexible working relates to a variety of working arrangements in terms of working hours, working locations and job variety. • Offering part-time hours and job sharing may attract staff who have families and other commitments which may result in higher staff morale and increased productivity for *Nestlé*. • Staff working from home can reduce costs for *Nestlé* as they can save on the cost of office overheads which helps them remain competitive in the food industry. In addition, the staff may be more productive if they do not have to spend long periods of time commuting. • Permitting dogs at work may help to attract and retain some staff who feel a sense of job satisfaction from taking their pet to work. • Allowing the employees and managers to agree working hours is aimed at balancing personal needs and job requirements. This may help *Nestlé* to retain its best staff if they feel trusted and cared for. • It will reduce recruitment costs for *Nestlé* as it is likely to retain staff. • This should allow the managers to allocate staff accordingly to cover the busy periods in the offices and factories and meet project deadlines. • Offering zero-hours contracts allow *Nestlé* to keep employee costs low as they do not have to pay wages to these employees when they do not need them. • It also provides flexibility to *Nestlé* as they can respond quickly to business fluctuations/a sudden increase in demand. • However, it is likely that in the 413 factories around the world certain flexible working arrangements may be difficult to achieve. Factory employees will generally need to work set hours to meet production requirements. • Home working could result in lower productivity if staff abuse the trust and freedom given to them. This may increase unit costs for *Nestlé* and make it more difficult to maintain its position in the food industry. • There may be additional administrative work involved in setting up and running flexible working arrangements. • Employing people on zero-hours contracts can lead to employees lacking commitment and loyalty to *Nestlé* as they have no fixed income and may feel undervalued. This may reduce productivity for *Nestlé*.

	• Overall it depends if managers are able to manage the flexibility and fulfil the business needs. Flexible working may be more appropriate for staff working in offices rather than those working in factories.

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	Isolated elements of knowledge and understanding. Weak or no relevant application of business examples. 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. Arguments and chains of reasoning are presented but connections between causes and/or consequences are incomplete. Attempts to address the question. 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. Uses developed chains of reasoning, so that causes and/or consequences are complete, showing an understanding of the question. Arguments are well developed. 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. Uses well-developed and logical, coherent chains of reasoning, showing a range of cause and/or effect(s). Arguments are fully developed. 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.