

Mark Scheme (Results)

October 2020

Pearson Edexcel International Advanced Subsidiary
In Business (WBS11/01)
Unit 1: Marketing and People

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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	Answer	Mark
1 (a)	**Knowledge 2** Up to 2 marks for defining the term 'market share' eg: • The percentage of sales in a market **(1)** controlled by a company or product **(1)**	**(2)**

Question Number	Answer	Mark
1 (b)	**Knowledge 1, Application 2, Analysis 1** **Quantitative skills assessed:** **QS2:** calculate, use and understand percentages and percentage changes **QS7:** interpret values of price and income elasticity of demand. **Knowledge** 1 mark for identifying any a suitable formula eg: • % change in quantity demanded / % change in price **(1)** **Application** Up to 2 marks for calculating the correct data: • 450/9000 x100 = 5% **(1)** -20/800 x100 = -2.5% **(1)** **Analysis** 1 mark for calculating the price elasticity of demand: • 5%/-2.5% = -2 **(1)** **NB: if no working is shown award marks as below:** • If the answer given is -2 award 4 marks	**(4)**

Question Number	Answer	Mark
1 (c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining brand, eg: • A design, name or symbol **(1)** that distinguishes a product or service from its competitors **(1)** **OR** For giving two methods of building a brand, eg: • Creating a differentiated product/unique selling point **(1)** Advertising its products **(1)** **Application** Up to 2 marks for for answers contextualised to *Samsung* eg: • *Samsung* was the first to create a watch that recognised a person through their veins **(1)** • When the Galaxy Note 9 phone was released Samsung advertised the phone in major cities around the world **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for *Samsung,* eg: • This has enabled *Samsung* to be recognised for its product innovations leading to increasing brand recognition **(1)** • This creates awareness of new products on the market to persuade consumers to choose *Samsung* over competitors' brands **(1)**	**(6)**

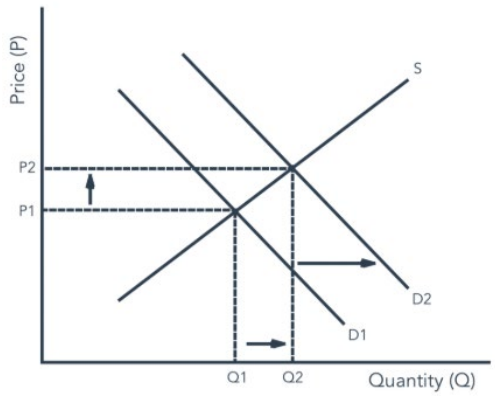
Question Number	Indicative content
1 (d)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Knowledge, Application, Analysis, Evaluation – indicative content** • Secondary research, referred to as desk research, is using data that already exists, such as gathering data from the internet • An advantage of using secondary research is the speed at which data can be collected from websites and journals. *Samsung* can quickly collect price and product data from competitors such as *Sony*. This will help *Samsung* to react quickly in this dynamic market and remain competitive • The cost of secondary research is low compared to primary research. This will enable *Samsung* to minimise costs and keep development costs to a minimum. This will help to keep prices lower or increase profitability • Data in *Samsung*'s own database can be accessed easily. Data on previously released televisions and cell phones can be analysed to help make decisions on new products • However, secondary data may not be relevant to the new product being developed. The technology industry is dynamic and secondary data may not be useful for the design of new products such as televisions • Secondary data may not be reliable which may impact the success of new products if the data is incorrect or biased • Primary research may be more suitable to enable *Samsung* to remain market orientated and customer focussed and help maintain their market position

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 Number	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** • Price skimming is a pricing strategy which involves a business setting a relatively high initial price for a product or service, then lowering the price over time when competitors enter the market • This strategy is often used when a new product faces little or no competition, usually due to new technological features • *Samsung* may use skimming for its new products such as Relumino which has been developed by *Samsung* and is unique in the market • The high price should allow *Samsung* to increase its profit margins. Profits may be used to fund further research and development of phones and televisions to remain competitive and maintain its market position • High prices may signal premium quality to some customers. The vein recognition smartwatches may attract new customers and help *Samsung* to compete with rivals such as *Apple* in the cell phone market • However, high prices may limit sales. The television and phone markets are very competitive and if *Samsung*'s products are not seen as superior by customers, demand and profit levels may be low • A price skimming strategy is short-term. As competitors launch rival products this will put pressure on *Samsung* to lower its prices • Distribution can also be a challenge for an innovative new product. It may be necessary for *Samsung* to give retailers higher margins to convince them to stock the higher priced product. This may reduce profit margins and so limit the advantages of price skimming

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 Number	Answer	Mark
2 (a)	**Knowledge 2** Up to 2 marks for defining the term 'product differentiation eg: • A feature of a product that is different from its competitors **(1)** to achieve a competitive advantage **(1)**	**(2)**

Question Number	Answer	Mark
2 (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 original equilibrium price and quantity **(1)** • Shifting the demand curve to the right **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (increasing) and quantity (increasing) **(1)**  	**(4)**

Question Number	Answer	Mark
2 (c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining benefits, eg: • Financial and/or non-financial rewards given to employees **(1)** to motivate them **(1)** **OR** For two advantages of benefits, eg: • The employees are likely to be more motivated at work **(1)** the business may be able to retain more staff **(1)** **Application** Up to 2 marks for for answers contextualised to *Lehman's,* eg: • Being paid to take a holiday on their birthday may help employees have a better work-life balance (**1**) • *Lehman's* have skilled craftsmen who have worked for the business for many years and will be an asset to the business **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for *Lehman's,* eg: • This may make the employee happier and therefore more productive when at work, thus increasing the level of output at *Lehman's* **(1)** • This may help *Lehman's* to minimise recruitment and training costs and so increase profitability **(1)**	**(6)**

Question Number	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** • The design mix emphasises three elements in the product design process. These are function, economic manufacture and aesthetics • Function is important to Lehman's and its customers because they manufacture farm and garden tools and household items. It is important that the products function reliably otherwise the reputation of the business will suffer • Wooden toys made for children must be made to a high quality to ensure they are safe and comply with legislation • The products are non-electrical and must be reliable enough to satisfy the needs of consumers using the tools and equipment, otherwise consumers are likely to switch to alternative products • However, economic manufacture is also important. The design and manufacture of the tools and equipment by the skilled craftsmen must allow the products to be sold profitably • Whilst aesthetics may not be crucial for the sale of tools, it is important for other items that *Lehman* sell. Toys for children and gift items must look good in order to sell to increase demand and encourage repeat purchase • It is important that Lehman's consider all elements of the design mix when designing and manufacturing products

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 Number	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 niche market is the subset of a larger market where consumers have specific needs and wants • *Lehman's* is likely to have less competition. It sells low-tech and non-electrical products in a high-tech world. It has built up specialist design skills which will increase demand for their products • There is the possibility of charging premium prices. *Lehman's* skilled craftsmen design and make products specific to customer needs. High prices can be charged for this personalised service leading to higher profit levels • It has built a USP which helps differentiate their products. This has led to their products being used in film sets which will enhance *Lehman's* reputation and recognition • However, the volume sold by *Lehman's* may be low due to the unique nature of the product sold. This may lead to higher unit costs and decrease profitability • Niche businesses can be risky as they are vulnerable to market change. Non-electrical items may be seen as out-dated in today's high-tech world and sales may decline • Premium prices charged for niche products are impacted by changes to the economy. If there is a downfall in the economy customers may choose cheaper substitutes. This may lead to a decrease in demand for *Lehman's* products

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 Number	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** • On-the-job training is a hands-on method of teaching the skills needed for employees to perform a job. Employees learn this new knowledge and skills in their work environment • Off-the-job training is when employees are given training away from their normal job environment, often in a classroom **On-the-job training** • Training in the hotels is likely to be the less expensive option for *Shangri-La Hotels* which will keep costs down and improve profitability • Whilst employees are being trained in the hotels, service to the clients can be maintained. If staff go to the training centres additional staff will need to be employed at the hotels, adding to costs • *Shangri-La Hotels* employ some of the most talented professionals in the hospitality industry and therefore the on-the-job training is likely to be of high quality. Many of the staff have been at the company for several years and will have invaluable experience that can be passed on to new employees **Off-the job-training** • However, off-the-job training might lead to more efficient employees if trained by professionals. If the employees responsible for on-the-job training are inefficient and poor at their jobs, then their bad habits will be passed onto new employees. This may negatively impact customer service • Whilst being trained away from the hotel, employees can focus on their learning. This avoids disruption to the training and prevents customers receiving poor service from untrained staff • Off-the-job training may be preferred because the training at the academy is likely to be done by experts in the hospitality industry. *Shangri-La Hotels* may need specialist courses to cover new hotel services and skills to keep up with changing trends in the hotel industry • The *Shangri-La Hotels* offer their off-the-job training to non-employees who pay a fee for training. This will help to generate funds to contribute to the running of the training centre and may also help them to select and recruit new employees

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 cause(s) and/or consequence(s).
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 cause(s) and/or consequence(s)/effect(s) 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 cause(s) 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 causes 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 recommendation(s).

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