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Please check the examination details below before entering your candidate information

| Candidate surname | Other names |
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**Pearson Edexcel**
**International Advanced Level**

Centre Number | | | | | |

Candidate Number | | | | |

# Monday 4 May 2020

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 Extract A in the Source Booklet before answering Question 1.**

**1** (a) Define the term 'market share'. (Extract A, line 5)

**(2)**

A retailer decreases the price of a *Samsung* television from $800 to $780. Sales of that television increase from 9,000 to 9,450.

(b) Calculate the price elasticity of demand (PED) for the television. You are advised to show your working.

**(4)**

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(c) Analyse **two** methods that *Samsung* might have used to build its brand.

**(6)**

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(d) Discuss the benefits, for a business such as *Samsung*, of using secondary research when developing new products.

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(e) Assess the advantages for a business, such as *Samsung*, of using a price skimming strategy for its new products.

**(10)**

**(Total for Question 1 = 30 marks)**

**TOTAL FOR SECTION A = 30 MARKS**

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## SECTION B

**Read Extract B in the Source Booklet before answering Question 2.**

**2** (a) Define the term 'product differentiation'. (Extract B, line 6)

**(2)**

(b) Construct a supply and demand diagram to show the impact of increased advertising by *Lehman's* on the handmade tools market.

**(4)**

(c) Analyse **two** advantages for *Lehman's* of providing benefits to its employees.

**(6)**

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(d) Discuss the importance of function to *Lehman's* when considering the design mix for new products.

**(8)**

(e) Assess the benefits of operating in a niche market for a business such as *Lehman's*.

**(10)**

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**(Total for Question 2 = 30 marks)**

**TOTAL FOR SECTION B = 30 MARKS**

## SECTION C

**Read Extracts C and D in the Source Booklet before answering Question 3.**

**3** *Shangri-La Hotels* provide both on-the-job and off-the-job training for employees.

Evaluate which type of training may be the most effective for *Shangri-La Hotels*.

**(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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## International Advanced Subsidiary/ Advanced Level

## Unit 1: Marketing and people

**Source Booklet**

**Do not return this Source Booklet with the question paper.**

*Turn over* ▶

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## Source for use with Section A

**Extract A**

**About *Samsung***

South Korean business, *Samsung* was founded in 1938. It designs and manufactures products including televisions, cell phones, tablets and digital products. In 2017, it spent $15bn on research and development of innovative products.

With more than a 20% market share of television sales in 2018, *Samsung* remained ahead of its competitors *Sony*, *LG* and *Toshiba*. It kept its top ranking for television sales for the twelfth consecutive year.

In 2018, *Samsung*'s new cell phone, the Galaxy Note 9, went on sale. The cell phone was launched at a New York press conference. On the day of the press conference, the cell phone was advertised in major cities around the world. The worldwide advertising detailed the innovative features of this new cell phone.

*Samsung* has set growth targets for 2020. These targets include annual sales of $400bn and to become one of the top five most valuable global brands.

***Samsung*'s new products**

- A smartwatch with innovative technology that recognises its owner by the pattern of veins on their wrist.
- The launch of Relumino, an application that will help people with poor vision to see more clearly when reading or viewing paintings.
- The first 360-degree video screen, installed in the basketball arena of the Atlanta Hawks in America.

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**Source for use with Section B**

**Extract B**

***Lehman's*: Who we are**

We sell simple, low-tech tools and equipment in a high-tech world. Most of the goods we sell are non-electrical such as wood-powered heaters and oil lamps. We are a family owned business and have operated since 1955. We began by making tools for our local community. We now send our products to over 85 countries. Our success has been built on product differentiation and we are known worldwide for our range of high quality, non-electrical goods.

We make products including farm and garden tools, wooden toys for children, household equipment and outdoor furniture. We supply a wide range of tools that are no longer stocked elsewhere.

Our mission is to provide a simpler life based on good values and traditions. We have skilled craftsmen who handmake tools for everyday tasks as well as design products and gifts to meet the needs of individual customers. Most of our products are made locally by skilled workers, many of whom have worked at *Lehman's* for most of their lives. Many of our suppliers are based within 40 miles of our business in Ohio, America.

Our products, such as furniture, oil lamps and tools have been featured in many well-known American Hollywood films, such as The Gangs of New York, Back to the Future and Pirates of the Caribbean. We are able to provide furniture and products for the film-sets that match the historical time periods of the films.

**Working at *Lehman's***

As well as a competitive salary, employee benefits include:

- Breakfast with the owner; once a year, employees enjoy breakfast at a local restaurant with *Lehman's* President
- Purchase discount; all employees enjoy a generous price reduction for any products purchased from *Lehman's*
- Company events; employees are invited to attend various parties and events hosted by *Lehman's*
- Transportation; travel assistance is provided where required
- Paid holiday on birthdays; full-time employees are given a paid day off on their birthday

## Sources for use with Section C

### Extract C

### Five-Star hotels

*Shangri-La Hotels*, based in Hong Kong, is Asia's leading luxury hotel group. It has the reputation of being one of the leading hotel groups in the world.

*Shangri-La Hotels* owns over 100 hotels; they can be found in Asia, North America, the Middle East and Europe. New hotels are being built in Australia, Bahrain, Cambodia, Indonesia, Malaysia and Saudi Arabia.

*Shangri-La Hotels* five-star luxury hotels can be recognised by the high standards found in its rooms, food and leisure facilities. The hotels have a reputation for providing a superior service to all guests and this separates them from their competition. The expectations of *Shangri-La Hotels*' guests are met through the consistent quality of the service provided.

### *Shangri-La Hotels* employees

Employees are referred to as family and they all have on-the-job training and guidance to maintain the superior service required of them. This means that all employees, old and new, can deliver the highest standard of service and comfort expected by guests.

*Shangri-La Hotels* currently employs some of the most capable professionals in the industry. Many of its senior employees have been with the group for 20 years or more. This long service has seen those employees moving up the group's hierarchy.

### Extract D

### Training academy for *Shangri-La Hotels* employees and members of the public

The *Shangri-La Hotels* academy is a training centre for hotel employees from the *Shangri-La Hotels*. The academy also accepts members of the public who pay a fee of $2,500 to undergo 12 weeks of classroom training. The students learn many aspects of hotel hospitality including hotel management, food and beverage service, laundry and housekeeping duties.

"The academy is one of the most important and effective ways to train and prepare our future *Shangri-La Hotels* managers," said Mr Angelini, senior manager of *Shangri-La Hotels*. "We believe the best way to ensure *Shangri-La*'s unique service is through intensive training. The academy helps to prepare hotel staff for the demanding job roles and creates opportunities for potential employees to join us."

**Acknowledgements**

**Extract B** adapted from: https://www.lehmans.com/

**Extract D** adapted from: https://www.hospitalitynet.org/contact.html

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