GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | Candidate Number

Time 2 hours

Paper reference **WBS11/01**

Business

International Advanced Subsidiary
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.
- Good luck with your examination.

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SECTION A

Read Extracts A–C in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'demand'. (Extract A, line 4)

(2)

The total revenue in 2018 for global chocolate sales was $130bn.

(b) Using this data and Extract B, calculate, to two decimal places, the total percentage market share of the top three chocolate manufacturers. You are advised to show your working.

(4)

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(c) Analyse **two** factors that are likely to determine the pricing strategy used by chocolate manufacturers.

(6)

(d) Discuss the benefits to a business such as *Ferrero* of motivating its employees.

(8)

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(e) Assess the advantages of market segmentation to a business in the chocolate market.

(10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

Read Extracts D and E in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'customer loyalty'. (Extract D, line 8)

(2)

In 2018, incomes in Turkey increased by 6% and *BiSU* sales increased from 100,000 deliveries to 112,000 deliveries a month.

(b) Using this data, calculate the income elasticity of demand for *BiSU*. You are advised to show your working.

(4)

(c) Analyse **two** factors that may lead to a change in the supply of delivery services in Turkey.

(6)

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(d) Discuss the benefits, for a business such as *Kapgel*, of using part-time and temporary employees.

(8)

(e) Assess the extent to which product is the most important element of the marketing mix for on-demand delivery businesses in Turkey.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extracts F and G in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate whether *TOMS* should focus on cost efficiency or social objectives to survive in the markets in which it operates.

(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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Source Booklet

Do not return this Source Booklet with the question paper.

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Sources for use with Section A

Extract A

The global chocolate market

Chocolate is a multi-billion-dollar market and is expected to reach high levels of growth within the next few years. Rising incomes in many countries and the widespread availability of chocolate are leading to increased demand. However, uncertainty in the supply of cocoa, which is the main ingredient in chocolate, is likely to raise the cost of producing chocolate. This may be a major challenge for chocolate retailers.

There are suggestions in the media that there are health benefits from consuming chocolate, particularly dark chocolate that contains a larger proportion of cocoa. Analysts believe that as well as increased demand for dark chocolate, other areas of growth will be:

- festive chocolate
- seasonal chocolate
- organic chocolate
- fair-trade chocolate

The global chocolate market is segmented by type and sale frequency. Based on chocolate type, the market is classified as milk chocolate, dark chocolate, and white chocolate. The milk chocolate segment remains the largest selling chocolate. Based on sale frequency, the market is categorised as daily chocolate, premium chocolate and seasonal chocolate.

Extract B

The top five global chocolate manufacturers (2018)

Company	Revenue 2018 ($USbn)
Mars Wrigley Confectionery (USA)	18.00
Ferrero Group (Italy)	12.40
Mondelēz International (USA)	11.80
Meiji Co Ltd (Japan)	9.70
Hershey Co (USA)	7.80

Extract C

Working at *Ferrero*

The *Ferrero Group*, a family run business, started in 1946 and today is one of the largest chocolate companies in the world. Employees are referred to as 'family'. All employees, from the day they start, are expected to involve themselves in all aspects of the business. Employees receive a competitive wage.

Ferrero provides employees with extensive training programmes including on-the-job training and management support. *Ferrero* shows its employees respect, helps them grow in their careers, asks them for suggestions and welcomes their feedback.

Sources for use with Section B

Extract D

In congested Istanbul, companies get goods to you fast

There has been a rapid growth in the demand for shopping services in Istanbul, Turkey. These on-demand services are expanding because transportation can be slow. Businesses are making use of new technology, wages are rising and more people have access to smartphones.

Shopping services such as *Kapgel* and *Getir* offer innovative delivery solutions to meet the needs of their customers. Both firms have different approaches, but aim to meet people's immediate needs and develop customer loyalty by using technology to develop apps and deliver goods as quickly as possible.

Kapgel has designed an app to allow customers to shop from a wide number of stores and supermarkets. The customer creates a basket of goods on the app and a delivery person shops for these items and delivers directly to the customer. Deliveries are made within one hour for a delivery fee of 5 Turkish Lira (US $0.85). *Kapgel* does not keep any stock and uses part-time and temporary delivery people, rather than employing workers on a permanent and full-time basis.

Getir owns many warehouses around Istanbul to stock over 1,000 different products, including food items and small electrical goods. Customers select from the 1,000 items using an app on their smartphone. *Getir* employs over 350 people for this delivery business and have an average delivery time of 9 minutes and 6 seconds.

Unlike *Kapgel*'s delivery fee, *Getir* adds a cost to each product. It has a minimum shopping total of 15 Turkish Lira (US $2.55) before it will deliver an order.

Extract E

BiSU Water Delivery

In Turkey, most tap water is not drinkable. Delivery services in the past were slow and not well organised. On-demand delivery services such as *BiSU* have changed the water delivery market in Turkey.

Customers can now order water using an app on their smartphone. They can have it delivered quickly and at a time to suit them. *BiSU* has a large team of delivery drivers. The business was launched in 2015 and has expanded to many cities in Turkey, receiving over 100,000 orders a month from 38,000 users. Water prices depend on the brand requested and the region the water is delivered to.

Sources for use with Section C

Extract F

The *TOMS* Story

When he was a student, Blake Mycoskie visited many Argentinian villages. In some villages he found that children had no shoes. To help them Blake created his business, *TOMS*. It makes shoes and for every pair it sells to a customer a pair of shoes is given to a child. To date 80 million pairs of shoes have been given to children in 70 countries.

TOMS is a responsible business with a focus on social, ethical and environmental issues. Its shoes are made from natural and sustainable materials and its shoe boxes have an 80% recycled content. The shoes are made in Argentina, China and Ethiopia. Once a year *TOMS* visits supplier factories to check they are following all appropriate legislation and support *TOMS'* focus.

Blake Mycoskie also started *TOMS Eyewear*. A similar principle is applied. To help people with sight problems a pair of spectacles is given to a person in need for every pair bought, or money is used to pay for eye operations. So far 600,000 people have directly benefited and the programme further supports community eye care programmes and creates jobs.

Extract G

TOMS is struggling despite financial help

Although *TOMS* has donated many pairs of shoes and helped many people with their eye-sight, it is not a charitable company and aims to make profits for its shareholders.

TOMS had financial problems in 2014 and was given a $313m investment from a private company. The funding aimed to help *TOMS* grow faster and donate shoes more frequently. However, growth has been much slower than expected.

Recently it has struggled to achieve high profit margins. In 2018, *TOMS* raised $91m in revenue, but less than $8m of it was profit. Analysts believe that the problems at *TOMS* are due to increased costs and the lack of development of its shoes.

Since it was founded in 2006, the company has done little to expand beyond its original basic style of shoe. The portfolio of products is small and other companies have imitated the style of the non-lace shoe. Businesses like *Skechers* sell a similar style of shoe for half of the price of *TOMS*.

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Acknowledgements

Extract B adapted from: https://www.icco.org/about-cocoa/chocolate-industry.html
Extract D adapted from: https://www.dailysabah.com/life/2016/01/11/in-congested-istanbul-2-companies-get-goods-to-you-fast
Extract E adapted from: https://www.wired.co.uk/article/best-startups-in-istanbul-2018
Extract G adapted from: https://thehustle.co/toms-shoes-struggling/