GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

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.

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SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'niche market'. (Extract A, line 8)

(2)

Milk and cream are used to produce ice cream.

(b) Construct a supply and demand diagram to show the impact of a decrease in the price of milk and cream on the ice cream market.

(4)

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(c) Analyse **two** factors that might influence the price elasticity of demand (PED) for ice cream.

(6)

(d) Discuss the importance of product differentiation to the success of *Oppo*.

(8)

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During its market research, *Oppo* used two primary research methods, interviews and product trials.

(e) Assess the advantages to *Oppo* of using these methods when developing its brand.

(10)

(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

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

Write your answers in the spaces provided.

2 (a) Define the term 'social media'. (Extract E, line 5)

(2)

The average yearly salary of the 18,000 *Deutsche Bank* employees who were made redundant was $80 000.

Those made redundant were given three months' pay plus a bonus of $8 000 per employee.

(b) Using the above data, calculate the total amount of redundancy payments made by *Deutsche Bank*. You are advised to show your workings.

(4)

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(c) Analyse **two** possible benefits for *Deutsche Bank* of using collective bargaining to negotiate redundancy payments with its employees.

(6)

Deutsche Bank launched the Positive Impact marketing campaign to promote its business.

(d) Discuss the advantages for *Deutsche Bank* of using television advertising in its marketing campaign.

(8)

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(e) Assess the impact on *Deutsche Bank* of the changes made to its organisational structure.

(10)

(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

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SECTION C

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

Write your answer in the space provided.

3 Evaluate the extent to which the recruitment and training methods used by Japanese businesses may help them compete in the global artificial intelligence (AI) industry.

(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 Booklet with the question paper.

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Sources for use with Section A

Extract A

The Ice Cream Market

The global ice cream market value is expected to reach $89bn by 2023 and is attracting many new businesses to the market. *Unilever* dominates the global market with a 22% share. It owns 8 of the 15 top selling brands. Its brands include Magnum, Cornetto and Ben & Jerry's. *Nestlé* is *Unilever*'s closest rival having 4 brands in the top 15.

The sales of low-quality ice cream have been declining, due to the increased demand for premium ice cream. There are many factors contributing to the growth of the ice cream market. These include innovative flavours and the rise in incomes. Niche markets are developing to cater for an increase in demand for organic and naturally sweet desserts. There is an increase in demand for ice cream from consumers above the age of 50.

Extract B

Oppo Ice Cream

Everyone loves ice cream. We all know it is a delicious treat but know it is not a healthy one. However, a business called *Oppo* has created an ice cream with 60% fewer calories and less sugar than standard ice cream. *Oppo* claims that one portion of its ice cream contains fewer calories than an apple. Brothers Charlie and Harry Thuillier came up with the idea while on holiday in Brazil. When they returned home, Charlie left his graduate job to dedicate himself full-time to developing a healthier ice cream.

During their primary market research the brothers used two methods, interviews and product trials. They interviewed people who worked in the ice cream industry including a leading industry professional named Gary Martin who had worked on the *Häagen-Dazs* ice cream brand.

After months of experimenting with different recipes, Charlie and Harry developed a winning recipe that replaced cream and sugar with fresh milk, coconut oil and stevia leaf. *Oppo* initially conducted product trials in a few supermarkets to test if the product would sell, and now the ice cream is stocked in over 1,600 UK stores.

After two years of hard work in Harry's kitchen the brothers had achieved what they set out to do. Even though they were told by some industry professionals that they would not succeed, the pair persevered and their determination paid off. The business is now continuing to grow and is expanding internationally.

Sources for use with Section B

Extract C

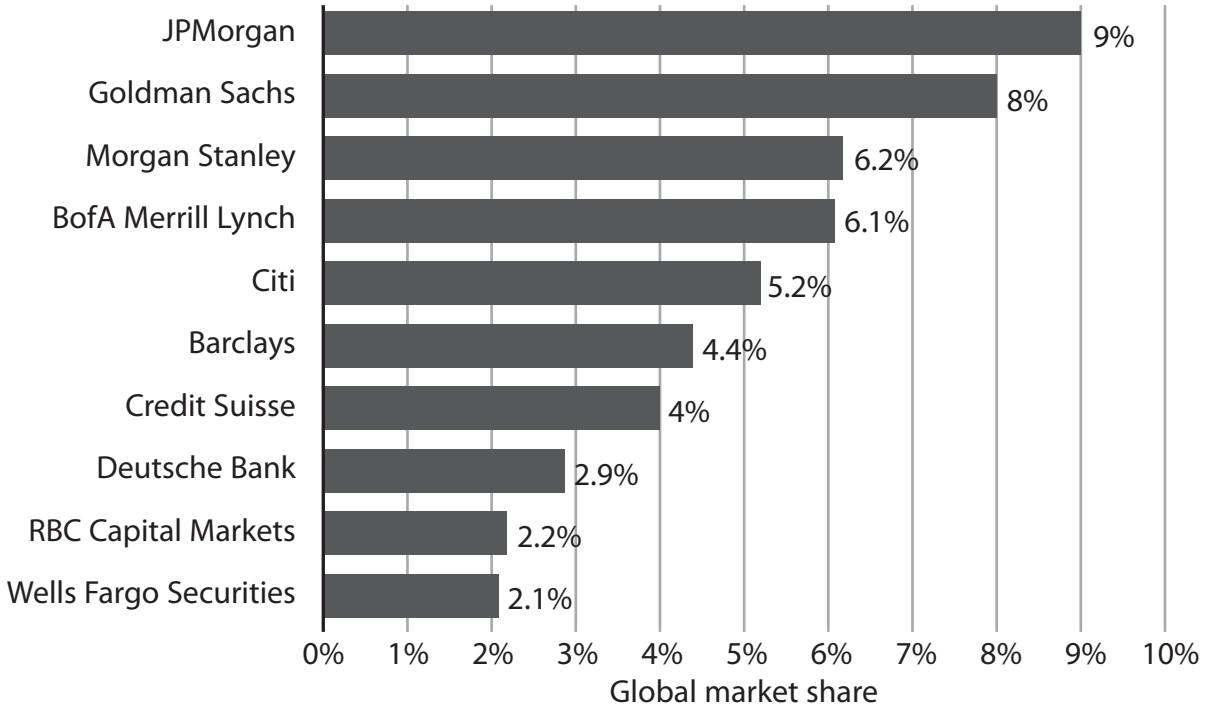
Redundancies and organisational changes at *Deutsche Bank*

Deutsche Bank was founded 150 years ago in Germany. Today it is a leading global bank. In 2019, 18,000 *Deutsche Bank* employees, working in Hong Kong, New York and London, were made redundant as part of a restructuring plan. This plan included drastically reducing its investment banking division and removing layers of management to make a flatter organisational structure. A *Deutsche Bank* spokesperson said: "We have decided to focus our resources on areas of the business where customers need us most."

The bank used collective bargaining to agree redundancy payments for employees who lost their jobs. These agreements were put in place to protect its reputation and limit the number of unfair dismissal cases.

Extract D

Global market share by % revenue of the 10 leading investment banks in 2019



Extract E

Positive Impact marketing campaign at *Deutsche Bank*

Deutsche Bank plans to launch a global advertisement campaign, named Positive Impact. It uses customer stories to show the benefits of using the bank. These stories are told through short films featuring customers and bankers, showing how they support customers to achieve their plans and ambitions. *Deutsche Bank* will also use social media to engage with its employees and customers.

In addition a television advertisement will be used to show the partnership between Laura Dekker, the youngest person to sail solo around the world, and her father, who helped plan her epic voyage and whose encouragement from the shore helped her to succeed. The advertisement uses the relationship between Laura and her father as an inspiring example of positive impact, which represents the bank's role in enabling the ambitions and dreams of its clients to be met.

Sources for use with Section C

Extract F

Japanese businesses in the race for artificial intelligence (AI)

There is a sense of panic within Japan as it believes it does not have enough experts in AI and it is time to do something about it. AI is an area of computer science that focuses on the creation of intelligent machines that work and react like a human.

Japan is falling behind compared to the US, which issued a national AI development plan in 2016, and China, which published its plans in 2017 to become a global leader in AI by 2025. Japan plans to recruit and train 250,000 people in AI skills annually by 2025, although this plan was criticised as being unrealistic due to a shortage of AI teachers.

Tech businesses in Japan are changing their recruitment, training and selection methods to attract workers. *Sony* began to offer starting salaries of up to ¥7.3m for postgraduates proficient in AI, compared with its standard starting salary of ¥6m. It is recruiting workers who have been to favoured universities such as Carnegie Mellon University, and the Indian Institute of Technology. *Toshiba* also offers higher salaries to people with expertise in AI. *Line Corporation* is a heavy recruiter of AI engineers from outside of Japan, who account for 37% of its 670 engineers in Japan.

Extract G

Ambitious Training plans of *Daikin Industries Ltd*

The Japanese business, *Daikin*, is the world's biggest designer of air conditioners. It has a market value of $37bn. One of its projects is to design an air conditioning system to improve the efficiency of office workers by preventing drowsiness. Face recognition technology and AI are being used to recognise the movement of a person's eyelids. When it detects that the person is dozing, it temporarily lowers the room temperature.

By 2022 *Daikin* aims to train over 1,000 of its current employees who have no current knowledge of AI. *Daikin* says it is one of the most ambitious AI training programmes undertaken by a Japanese company.

New university graduates are trained for two years. The first 100 graduates hired were trained externally at Osaka University for one year and then given extensive on-the-job training. Once trained, *Daikin* offers its employees financial rewards for their loyalty and commitment to the business.

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Acknowledgements

Extract A adapted from: https://www.mordorintelligence.com/industry-reports/ice-cream-market

Extract B adapted from: https://startups.co.uk/startups-100/2017/69-oppo-ice-cream/

Extract C adapted from: https://www.independent.co.uk/news/business/news/deutsche-bank-job-cuts-employees-sent-home-investment-banking-a8995636.html

Extract D adapted from: https://www.statista.com/statistics/271008/global-market-share-of-investment-banks/

Extract E adapted from: https://www.db.com/newsroom_news/2018/deutsche-bank-launches-joint-brand-and-marketing-en-11596.htm

Extracts F and G adapted from: https://www.japantimes.co.jp/news/2019/08/08/business/tech/japanese-companies-hiking-pay-holding-classes-race-get-tooled-ai/#.XVpumehKjIU