GradeMax

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS11/01**

Business

International Advanced Subsidiary
UNIT 1: Marketing and people

Source Booklet

Do not return this Booklet with the question paper.

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Sources for use with Section A

Extract A

Indian based *Bambrew* is helping to put an end to single-use plastic straws

For Vaibhav Anant to see a tortoise struggling in pain because it was caught up in plastic waste, was a difficult sight to witness. Plastic waste, including plastic straws, is accumulating in lakes and oceans, becoming a global crisis. Anant used product innovation to help tackle this problem and formed his business *Bambrew*.

After researching for over a year and a half for materials that do not harm the environment, Vaibhav Anant found that bamboo was the best alternative material to plastic to make straws. Bamboo is available in high quantities in India. *Bambrew* developed a technology for making straws from bamboo fibres and bamboo waste. These materials are natural and biodegradable which means the products can decay naturally and do not have a negative impact on the environment.

Secondary research helped him to collect quantitative data. He found that there are about 137 bamboo species, but not all of them are suitable for making straws. He researched the best areas in India to source the bamboo and identified communities in India who could manufacture the straws.

Bambrew is now developing disposable bamboo food containers and packaging as well as straws and exporting these to the US, UK, and Canada. The marketing strategy used by *Bambrew* is business to business (B2B). Customers include *Zomato*, a food delivery business, and *Lalit Hotels*, a luxury hotel chain.

According to reports, the global biodegradable packaging market, which was valued at $3.92bn in 2018, will be worth $21bn by 2025.

Extract B

***Bambrew*: Our products**

At *Bambrew* we believe the Earth has the right to live without pollution. All our products are 100% handmade, reusable and the perfect natural substitute for plastic. They are lightweight and fully biodegradable. No chemicals or pesticides are used in the production of our products. Our aim is not just to protect the environment, but to help and support local communities who produce our products. We act ethically to ensure the communities are supported and are paid a fair price for the straws.

Sources for use with Section B

Extract C

About *Aldi*

Aldi was founded by the Albrecht family in Germany. The family had owned grocery stores since 1914 when Anna Albrecht opened a small store. *Aldi* remains a family business and is now run by brothers Theo and Karl Albrecht.

Aldi believes that great quality should not come at a high price, rather that great quality should come with everyday low prices. *Aldi* focuses on giving customers quality food, good customer service, low prices and a quick and easy efficient shopping experience with only four to five store aisles but with all grocery essentials.

Aldi sources much of its produce from local suppliers. The stores partner with local growers and farmers to offer a wide variety of fresh produce, including organic fruits and vegetables.

There are thousands of *Aldi* stores throughout Europe and it has expanded into the US. *Aldi* is one of the UK's fastest growing supermarket chains and plans to have 1,200 stores in the UK by 2025. *Aldi* has won numerous awards for offering competitive rates of pay and excellent working environments for all its employees.

In the UK *Aldi* is known for promoting its 'Super 6 fruit and vegetables'. Each week there are six types of fruits or vegetables offered at a reduced price. *Aldi* sponsors the UK Olympic team to promote a healthier lifestyle and advertises its Super 6 products using TV and other media.

Extract D

What does the future hold for the UK grocery industry?

In response to changing social trends in the UK, supermarkets are having to adapt. The rise of the German-based stores, *Aldi* and *Lidl*, which both sell at low prices, have forced the UK's largest supermarkets (*Tesco*, *Asda*, *Sainsbury's* and *Morrisons*) into changing how they operate.

The way that people in the UK shop for groceries is changing. People are shopping more frequently for fresh groceries and using online services. *Tesco* is planning to offer a one-hour delivery service. Fewer shoppers are loyal to a specific supermarket as more are using price comparison websites to compare supermarkets.

Extract E

Market share (by sales revenue) of the top 10 UK Supermarkets

UK Supermarket	% share January 2019	% share January 2020
Tesco	26.7%	26.5%
Sainsbury's	14.9%	14.8%
Asda	13.9%	13.6%
Morrisons	9.9%	9.6%
Aldi	8.5%	9.0%
Lidl	6.0%	6.6%
Co-operative	4.6%	4.6%
Waitrose	4.3%	4.2%
Marks and Spencer	3.5%	3.5%
Iceland	2.4%	2.4%

Source for use with Section C

Extract F

Nike's new consumer experience distribution strategy

Nike is currently the largest global sports footwear and clothing brand. It has a plan for growth called the Triple Double Strategy. Through this, *Nike* plans to double its speed of innovation, double its speed to market and double its connections with consumers.

This is based on changes to its distribution strategy by reducing the number of wholesalers and retailers. At present *Nike* sells its products through a variety of large and small businesses. It now plans to reduce the number of businesses it sells through and concentrate on those larger businesses that offer quality service and superior customer experiences.

While the company has not yet revealed the full list of these larger businesses, there are reports that *Foot Locker*, *JD Sports*, *Amazon*, *Zalando*, *Tmall*, and *Asos*, are among the chosen businesses. These businesses are expected to offer exclusive service for *Nike* products and employ *Nike* experts to give personal advice to customers. Currently over 60% of its North American sales are from smaller retailers that may no longer be able to sell *Nike* products.

The strategy aims to increase the number of online sales. A new app has been developed by *Nike* that improves the shopper experience and gives access to the NikePlus rewards programme. This loyalty programme offers members exclusive products, access to *Nike* advisers, personalised workouts and free delivery.

Nike continues to open new stores in major cities. In 2020 it opened flagship stores in New York, Los Angeles and Shanghai.

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Acknowledgements

Extract A adapted from: https://yourstory.com/2019/06/startup-bambrew-bamboo-plastic-straws-zomato

Extract B adapted from: https://www.bambrew.in/get-to-know-us

Extract C adapted from: https://corporate.aldi.us/en/aldi-history/ and https://www.aldirecruitment.co.uk/about-us/

Extract D adapted from: http://www.retailthinktank.co.uk/whitepaper/what-does-the-future-hold-for-the-uk-grocery-sector/ and https://www.thegrocer.co.uk/aldi/how-aldi-keeps-getting-things-right/576426.article

Extract E adapted from: https://www.retailgazette.co.uk/blog/2020/02/muted-uk-grocery-sales-despite-surge-in-veganuary-dry-january/

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 'quantitative data'. (Extract A, line 12)

(2)

There is increasing publicity about animals suffering from waste plastic and other non-biodegradable waste in the oceans of the world.

(b) Construct a supply and demand diagram to show the impact of increasing publicity on the biodegradable packaging market.

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(c) Analyse **two** entrepreneurial characteristics shown by Vaibhav Anant that may have helped *Bambrew* to succeed.

(6)

(d) Discuss the benefits for Vaibhav Anant of using secondary market research when starting his business.

(8)

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(e) Assess if there is likely to be a trade-off between an ethical stance and profit for *Bambrew*.

(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 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 trends'. (Extract D, line 2)

(2)

In January 2019 *Aldi*'s monthly revenue was £1.19bn.

In January 2020 the total monthly revenue for UK supermarkets was £16bn.

In January 2020 *Aldi* had a 9% market share of the total monthly revenue for UK supermarkets.

(b) Using the data, calculate the increase in monthly revenue for *Aldi* between January 2019 and January 2020. You are advised to show your workings.

(4)

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(c) Analyse **two** benefits for *Aldi* of having employee welfare as one of its main business objectives.

(6)

(d) Assess the benefits for *Aldi* of sponsoring the UK Olympic team.

(8)

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(e) Assess the likely impact of price comparison websites on supermarkets in the UK.

(10)

(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

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SECTION C

Read Extract F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the extent to which *Nike*'s distribution strategy is likely to contribute to its future success.

(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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