GradeMax



Mark Scheme (Results)

October 2022

Pearson Edexcel International Advanced Level In Business (WBS11) Paper 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	Define the term 'market share'. **Answer**	Mark
1(a)	**Knowledge 2** Up to 2 marks for defining the term 'market share' e.g. • the percentage of sales/revenues in a market **(1)** held by a business/product **(1)**	**(2)**

Question	Explain **one** factor influencing the demand for the rental of electric scooters. (4) **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge** 1 mark for identifying one factor that influences demand e.g. • Changes in price of substitutes **(1)** **Application** Up to 2 marks for answers contextualised to electric scooters, e.g. • Consumers can use electric scooters for leisure or electric bikes **(1)** • Electric scooters can be used for commuting instead of a bus/car/train **(1)** **Analysis** 1 mark for reason / cause / consequence • If the price of electric bikes/bus/cars/trains increases, consumers are likely to increase their demand for the rental of electric scooters **(1)**	**(4)**

Question	Analyse **two** elements of the design mix, which may be important to the success of electric scooters. **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining design mix e.g. • Three elements in the design process **(1)** businesses need to consider when developing a product **(1)** **OR** For giving two elements of the design mix e.g. • Function **(1)** Aesthetics **(1)** **Application** Up to 2 marks for answers contextualised the elements, e.g. • The electric scooters are used by commuters travelling to work **(1)** • The electric scooters are used primarily by younger people who may be more concerned with the look and design of the electric scooter **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences of the differences e.g. • The manufacturers should ensure that the electric scooters are reliable to enable people to complete their journey without breakdown to encourage repeat use **(1)** • The manufacturer should ensure the electric scooter is aesthetically appealing to attract consumers to buy or hire the scooters **(1)**	**(6)**

Question	Discuss the likely differences in the marketing strategy for B2B and B2C sales of electric scooters **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** • Marketing strategy is a business's overall plan for reaching the target audience and persuading them to buy goods and services • One difference may be the promotional methods. It is likely the businesses may use trade shows to sell the electric scooters to other business. Whereas promotion for direct sales of electric scooters may be via television advertising or social media aimed at a younger audience • The pricing strategy may be different. The rental businesses may expect a cheaper/discounted price if they buy the electric scooters in larger quantities. A psychological price may be used to persuade individuals to buy the electric scooters for private use • However, the strategy may not be completely different. Prices for both electric scooters sold B2B and B2C need to be competitively priced. Electric scooter manufacturers are competing for market share and therefore competitive prices are likely to be an important factor • The electric scooter manufacturers, regardless of the buyer will endeavour to build brand awareness and brand loyalty through its marketing strategy • Regardless of who the electric scooters are sold to, the marketing strategy will aim to sell 'the right product, at the right price, at the right place with the right promotion' to maximise sales/revenue

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	Analyse the possible risks to an entrepreneur of starting a business to rent out electric scooters in the UK. **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** • An entrepreneur is someone who sets up in business, takes on risk, usually with the aim of making a profit • Risk is the probability of a person experiencing loss, such as financial loss • The electric scooter market is competitive and experiencing a high number of start-up businesses renting the scooters. This may lead to saturation of the market which means some businesses may struggle to compete and establish the business or a USP • Market demand is unpredictable as consumer trends can change rapidly. Tourists and commuters may find alternative methods of transport or leisure activities, reducing demand/revenue for entrepreneurs • The entrepreneur may be at risk of financial loss if their savings or loans have been used to start the rental business and buy the electric scooters, resulting in failure of the business • However, the electric scooter market is growing with many cities in the UK trialling the products/service. This may bring financial rewards to the entrepreneur • The UK Government will not allow privately owned electric scooters to be legally ridden on the streets and roads in the UK. This may lead to higher demand for the rental of electric scooters. This may increase the revenue and profits for the start-up business

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	Define the term 'revenue'. **Answer**	Mark
2(a)	**Knowledge 2** Up to 2 marks for defining the term 'revenue' e.g. • The amount of income for a business **(1)** generated from its sales **(1)**	**(2)**

Question	Construct a supply and demand diagram to show the impact on the shoe market of a decrease in the cost of materials used in making shoes. **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 the original equilibrium **(1)** Shifting the supply curve to the right **(1)** **Analysis** 1 mark for showing the new equilibrium and its effect on price (decreasing) and quantity supplied (increasing) **(1)**  	**(4)**

Question	Analyse two benefits that Birkenstock may gain from consultation with employees before making business decisions. **Answer**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining consultation with employees, e.g. • Asking/considering employees views **(1)** when making business decisions **(1)** **OR** For providing two benefits of consultation with employees, e.g.: • 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 answers contextualised to *Birkenstock*, e.g.: • *Birkenstock* allows two employee representatives to share their opinions with the management **(1)** • *Birkenstock* has 5,500 employees and continues to recruit for growing demand **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for *Birkenstock*, e.g.: • This will provide a feeling of involvement in the workforce and may make the employees more productive, leading to an increase in the level of output at Birkenstock **(1)** • Increased consultation and involvement should reduce employee turnover and help Birkenstock to minimise recruitment and training costs and so increase profitability **(1)**	**(6)**

Question	Discuss the advantages for Birkenstock of using focus groups when designing new shoes. **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. **Indicative content** • A focus group is a group of people who participate in a discussion as part of market research to give feedback about a product or service • The researcher can interact with the participants and ask the panel in-depth questions about their views on the ranges of shoes. This may lead to *Birkenstock* having a better understanding of consumers needs and meeting the demands of its customers • The researcher can get information from non-verbal responses and recording people's reactions to new styles and the comfort of shoes. This may help *Birkenstock* judge if the new styles are likely to be favoured by the public and lead to an increase in revenue • However, disadvantages of a focus group include the possibility that the members may not express their honest and personal opinions about the topic at hand leading to biased results • Respondents may be hesitant to express their thoughts, especially when their thoughts oppose the views of another participant. This may lead to *Birkenstock* designing shoes that may not be popular with the target audience • The small sample size of a focus group means the results may not be representative of the larger population. *Birkenstock* may prefer to use a survey to gather opinions of its shoes from a larger proportion of its target audience

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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	Assess the usefulness of the product life cycle to *Birkenstock* when making decisions about its product portfolio. **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** • Product life cycle describes the stages that a product goes through from introduction to decline • *Birkenstock* has a wide variety of shoes in its portfolio and the product life cycle will help focus its marketing effort • A benefit of using the product life cycle is that it can help devise promotional strategies. New shoes in the range, which are in the growth stage, will benefit from advertising and promotion • The model will help make decisions on the established products. Those shoes in the maturity stage, such as Arizona may benefit from extension strategies to prolong the life of the sandals • The product life cycle may help *Birkenstock* make decisions on those shoes with low sales in the decline stage. It may help them to make decisions on which ranges to discontinue to maintain the reputation of the business • However, the product life cycle is a simplistic model. Whilst there are many products whose sales follow the classical shape of the model, many others do not. It is very difficult for *Birkenstock* to predict the life of a shoe due to changing fashions • The model does not take account of competitors' actions. Some of the *Birkenstock* shoes may move into the decline stage quickly if competitors introduce a superior shoe or sandal • Whilst the model is a good visual tool for analysing a portfolio of products, *Birkenstock* would need to take account of other research findings on competitors, the economy, changing trends etc before decisions were finalised on the product range

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	Evaluate the extent to which a centralised organisational structure may benefit *Hilton Hotels* when expanding in the Asia Pacific region **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** • A centralised structure is an organisational structure where business decisions are made at the top of the hierarchy by senior management/or at the headquarters of a business • *Hilton Hotels* has a centralised approach as its headquarters is in the US where major business decisions are made • A benefit of having a centralised structure is that *Hilton Hotels* can keep control over the new hotels by implementing common policies for the business. *Hilton Hotels* has a customer care service which handles reservations across the world. This provides consistency for the business, its employees and customers • *Hilton Hotels* can benefit from economies of scale if the hotel rooms are standardised and the marketing can be organised centrally. A reduction in unit costs may help reduce prices of hotel rooms or increase profitability • *Hilton Hotels* operate a centralised loyalty scheme where members can collect points and use the points for rooms around the world. This is likely to encourage repeat purchase and brand loyalty • A centralised approach usually speeds up the decision-making process which may be important in an industry that is customer focussed • However, lack of authority lower in the hierarchy may demotivate the mangers in the new hotels in the Asia Pacific region. This may lead to lower productivity and/or a lower level of customer service in the hotels • A centralised approach may lead to slow decision making if most problems need to be referred to head office. This may damage customer relations if customer service suffers • Local managers in the new hotels in the Asia Pacific region may have a better understanding of cultural needs of the hotel guests in China and Japan and be in a better position to make decisions in the new hotels • Overall, *Hilton Hotels* have successfully built and grown the business using a centralised approach. However, it may be of benefit to decentralise some of the decision making to respond to its customers' needs and preferences at a local level

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 causes and/or consequences.
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 causes and/or consequences 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 causes 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 cause 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 recommendations.

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