Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Tuesday 24 October 2023

Morning (Time: 2 hours)

Paper reference **WBS14/01**

Business

International Advanced Level
UNIT 4: Global business

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, B and C in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** disadvantage for a business of operating in a saturated market.

(4)

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(b) Using Extract A calculate, to two decimal places, the percentage decrease in *Netflix* subscribers in 2022.

(4)

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(c) Discuss the benefits of a merger for a business such as *HBO* in a saturated market.

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(d) Assess the advantages of outsourcing for a business wanting to improve cost competitiveness.

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(e) Assess the importance of the likely return on investment for a business when choosing a production location.

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extract D in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate the importance of business ethics for a global business.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

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

Write your answer in the space provided.

3 Evaluate the usefulness of Porter's matrix to a business considering entry into the Vietnamese cosmetics market.

(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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GradeMax

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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

Among signs of market saturation, streaming platforms seek new growth

The global market for on-demand streaming platforms has shown signs of saturation for some time, forcing businesses to devise new strategies to stop the loss of subscribers and boost revenue and growth.

At the start of 2022, *Netflix*, the market leader, had 221.6 million subscribers. However, by September 2022 it had lost 1.2 million subscribers.

Nearly a dozen major streaming platforms, with *Netflix* and *Disney+* in the lead, are locked in a fierce battle for subscribers. Experts predict that some platforms will have to merge or launch cheaper subscriptions with advertising if growth is to happen.

One merger has already taken place, with *HBO Max* merging with *Discovery+*. It will start operating in the summer of 2023 as a single streaming service with around 100 million subscribers worldwide.

Extract B

Outsourcing can be a solution to Australia's skills crisis

Australia has a skills shortage problem that is the worst ever seen. There is a shortage of people as well as skills. This is where outsourcing can help, it provides people to fill the gaps.

In Australia, more than 30,000 businesses have outsourced work to different countries. In Australia the outsourcing industry is worth $35bn and growing at 3.3%. This shows that there is a huge demand for it and not just in the traditional areas of finance, telecommunications and banking but now other areas of the service industry.

In 2022 we work in a global world where work teams are connected by technology and leadership. Smart businesses will use this to their advantage. Outsourcing is one solution to the current skills crisis – but only if it is done well.

Extract C

Malaysia's 2021 Foreign Direct Investment (FDI) value is the highest since 2016

In 2021 FDI into Malaysia increased to RM* 48.1bn. This compared to RM 13.3bn in 2020 and was the highest since 2016, according to the Malaysian Department of Statistics.

The manufacturing sector received the largest inflow of FDI with RM 29.5bn in 2021. The second highest was the services sector, mainly in financial services, followed by the mining sector.

RM 22.5bn of the FDI came from other Asian countries, mostly from Singapore, Japan and the Republic of Korea.

In 2021 the return on investment for FDI companies increased from RM 0.06 to RM 0.13 for every RM 1 of investment.

* RM = Malaysian Ringgit

Source for use with Section B

Extract D

Shein's low prices or ethical practices, what's more important to consumers?

Shein, a Chinese company, is one of the biggest online fast-fashion retailers but there are serious concerns about its ethical practices.

A documentary by *Channel 4** showed poor wages and working conditions at *Shein*'s factories, where employees worked 18-hour shifts for seven days a week. Employees were allowed only one day off per month and had to pay a heavy fine for any mistakes in production. The company is also accused of sending most customer returns to landfill as it is cheaper than properly processing them.

At the same time, a study by *Simon-Kucher & Partners* found that 90% of global consumers now look for more sustainable and ethical options, while 75% of UK adults said they changed their purchasing habits to be more sustainable.

Yet a week after the documentary was shown, *Shein* reported its busiest day for the website since the summer, with 616,000 visitors.

Sustainability in the fashion sector has become a big topic in recent years, with many of the big retailers, such as *Zara* and *H&M*, implementing ways to reduce their carbon footprint. *Shein* seems to have turned the other way and concentrated on maximising its profit margins, while also trying to keep prices as low as possible.

* *Channel 4* is a UK-based television business

Source for use with Section C

Extract E

Vietnam's emerging cosmetics industry

Growing disposable income, changing beauty standards and the spread of social media have all contributed to the increasing demand in Vietnam for beauty products. Vietnam's skin care product market was valued at $850m in 2019 and is expected to reach $1.9bn by 2027.

Vietnam has an increasing middle-income class who are allocating more of their income to cosmetics products. A middle-class female in Vietnam spends an average of VND* 450 000 – VND 500 000 (US$19 – US$21) monthly on makeup and skincare.

Since 2018, the percentage of women in Vietnam using cosmetics has increased from 76% to 86%. In the next decade, Vietnam's cosmetics market is projected to grow by 15–20% annually.

Vietnamese people are becoming more health-conscious, and are paying closer attention to the ingredients of beauty products in the market. The natural cosmetics sector holds immense growth potential in the medium term.

Many Vietnamese consumers see foreign brands of cosmetics as having higher quality. Major foreign cosmetics companies such as *Unilever*, *L'Oréal* and *Beiersdorf* have all recently entered the market there.

The market is highly price sensitive. Since a large proportion of consumers are young people with a low income, they tend to buy products from the low-end rather than the high-end of the market.

* VND = Vietnamese Dong

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Acknowledgements

Extract A adapted from: https://www.laprensalatina.com/amid-signs-of-market-saturation-streaming-platforms-seek-new-growth-avenues/

Extract B adapted from: https://www.smartcompany.com.au/opinion/offshoring-australias-skills-crisis/

Extract C adapted from: https://themalaysianreserve.com/2022/06/18/dosm-malaysias-2021-fdi-value-is-highest-since-2016/

Extract D adapted from: https://www.proactiveinvestors.co.uk/companies/news/997654/shein-s-low-prices-or-ethical-practices-what-s-more-important-to-consumers-997654.html

Extract E adapted from: https://www.vietnam-briefing.com/news/vietnams-emerging-cosmetics-industry-strong-potential-growing-market.html/