

Mark Scheme (Results)

October 2024

Pearson Edexcel International Advanced Level In Business (WBS11)
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 'dynamic market.' **Answer**	Mark
1(a)	**Knowledge** **2** Up to 2 marks for defining the term 'dynamic market' e.g. • A market that changes **(1)** rapidly/over a short period of time **(1)**	**(2)**

Question	In 2023, in Mumbai, the income elasticity of demand (YED) for parcel delivery was 1.8. The average income had increased by 5%. (b) Using this data calculate the percentage change in demand for parcel delivery in 2023. You are advised to show your working. **Answer**	Mark
1(b)	**Knowledge 1, Application 2, Analysis 1** **Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **QS7** Interpret values of price and income elasticity of demand **Knowledge** 1 mark for identifying a suitable formula e.g. • %change in quality demanded = YED **x** %change in income • Or • YED = % change in quantity demanded / %change in income **(1)** **Application** Up to 2 marks for using the data within a suitable formula : % change in quantity demanded = 1.8 **(1)** x 5% **(1)** **Or** 1.8 **(1)** = % change in quantity demanded / 5 **(1)** **Analysis** 1 mark for calculating the change in quantity demanded · = 9% **(1)** **NB: If no working is shown, award marks as follows:** • **If the answer given is 9% award 4 marks.** • **If the answer given is 9 award 3 marks.**	**(4)**

Question	Analyse **two** possible opportunity costs Tilak Mehta may have experienced when starting his business. **Answer**	Mark
1(c)	**Knowledge 2, Application 2, Analysis 2** **Knowledge** Up to 2 marks for defining opportunity cost, e.g. • The benefits of the next best alternative **(1)** that are given up **(1) OR** For giving two possible opportunity costs e.g. • More time studying **(1)** better use of finance **(1) Application** Up to 2 marks for answers contextualising the opportunity costs e.g. • As a teenager, Tilak was focussed on being an entrepreneur rather than devoting his time to studying **(1)** • The funding to start *PNP* came from Tilak's family savings **(1) Analysis** Up to 2 marks for reasons/causes/consequences of the opportunity costs e.g. • The extra time that could have been used for studying, may have led to Tilak passing more exams/having better qualifications **(1)** • The family savings could have been used for a better/less risky investment or spent on the family to improve their standard of living **(1)**	**(6)**

Question	(d) Discuss the possible difficulties for *PNP* of expanding its business. (8) **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. Quantitative skills assessed: **QS8** Use and interpret quantitative and non-quantitative information in order to make decisions **Knowledge, Application, Analysis, Evaluation – indicative content** • One of the difficulties *PNP* may face is a potential lack of finance • The funding for the start-up came from Tilak's family. *PNP* may not have sufficient sources of funding to finance an expansion of its current business • The risk from competition may prevent *PNP* from succeeding. The online market has grown significantly in India. Businesses with large market share/power in the market may hinder the growth of smaller businesses • *PNP* may struggle to hire additional employees and delivery workers in the expanding parcel delivery market • *PNP* delivers small packages only, which may be a risky strategy if online retailers require large packages to be delivered • However, the number of parcels delivered is expected to grow from four billion parcels in 2023 to ten billion parcels by 2028 • This rapid growth of parcel deliveries in India is likely to favour many delivery businesses such as *PNP* • Tilak has so far succeeded in his business venture. He is likely to have the entrepreneurial skills and characteristics to expand the business • *PNP* are one of the few businesses that provides a same- day delivery service. This USP may differentiate it from competition and help the business to expand

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	Assess the likely effects on *PNP* of changing to a piecework payment method. (10) **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. Quantitative skills assessed: **QS9** Interpret, apply and analyse information in written, graphical and numerical forms **Knowledge, Application, Analysis, Evaluation – indicative content** • Piecework is a type of payment where workers are paid a fixed amount for each item produced or action performed • *PNP* currently pays the Dabbawallas a fixed daily rate but is now considering paying them for each parcel they deliver • The new payment system may increase efficiency as the Dabbawallas are likely to become more productive to increase their income • This could result in on-time delivery of parcels which could result in a good brand image for *PNP* and improve its reputation • The change in the payment method may reduce costs for *PNP* as daily fixed payments will not be made if Dabbawallas are not required to make a parcel delivery • However, the Dabbawallas may not be satisfied with this change in payment method • If a daily amount is not guaranteed the Dabbawallas may find alternative employment. This may result in a lack of delivery workers for *PNP* • There is a possibility that the quality of the service may decline if the Dabbawallas are rushing to deliver as many parcels as possible and mistakes are made. This may damage the brand reputation of *PNP*

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 knowledge and understanding, supported 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 'product portfolio.' **Answer**	Mark
2(a)	**Knowledge** **2** Up to 2 marks for defining the term 'product portfolio' e.g. • The range of products **(1)** that are sold/produced/offered by a business **(1)**.	**(2)**

Question	In 2021, M&S's grocery revenue was £5.61bn. In 2022, the total revenue for the UK grocery market was £170bn and M&S had a market share of 3.6%. Using this information and the data in Extract E calculate, to two decimal places, the change in grocery revenue for *M&S* between 2021 and 2022. You are advised to show your working. **Answer**	Mark
2(b)	**Knowledge 1, Application 2, Analysis 1** Quantitative skills assessed: **QS2:** calculate, use and understand percentages and percentage changes **Knowledge** 1 mark for identifying a suitable formula e.g. • Revenue x market share (2022) - Revenue (2021) **(1)** **Application** Up to 2 marks for selecting the correct data: • £170bn x 3.6% **(1)** - £5.61bn **(1) OR** • £6.12bn **(1)** - £5.61bn **(1)** **Analysis** 1 mark for calculating the change in revenue · = £0.51bn **(1)** **NB: If no working is shown, award marks as follows:** • **If the answer given is £0.51bn award 4 marks.** • **If the answer given is 0.51bn award 3 marks.**	**(4)**

Question	Analyse **two** advantages to *M&S* of using face to face interviews to collect market research. **Answer**	Mark
2(c)	**Knowledge 2, Application 2, Analysis 2** Up to 2 marks for defining face-to-face interviews, e.g.: • A personal meeting **(1)** to gather opinions from consumers **(1)** For giving two advantages specific to face-to-face interviews, e.g. • Body language and facial expressions are more clearly identified **(1)** Visual aids can be used **(1)** **Application** Up to 2 marks for answers contextualised to *M&S* e.g.: • Non-verbal communication will help the interviewer collect feedback on delivery/in store services provide by *M&S* **(1)** • *M&S* can show items of clothing and food to customers **(1)** **Analysis** Up to 2 marks for reasons / causes / consequences for *M&S* e.g. • This may help gather more accurate and honest results to allow *M&S* to make adjustments to its products and services where needed • The responses will help *M&S* develop new ranges of products to better meet its customers' needs and wants **(1)**	**(6)**

Question	Discuss the importance to *M&S* of product differentiation for the success of its food sales. (8) **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. **Knowledge, Application, Analysis, Evaluation – indicative content** • Product differentiation is the process of distinguishing a product or service from others, to make it more attractive to a target market • *M&S* has created a range of food of high quality and innovation to give it a USP • To maintain its brand image, it is important that *M&S* makes its food stand out in the grocery market • The UK grocery market is competitive and has dominant businesses such as *Tesco. M&S* must find ways to compete with its competitors to retain its existing customers • *M&S* uses its advertising slogan to help it stand out from other grocery competitors. This may give the perception of superior food quality and may attract new customers • However, there are many other factors that will contribute to the success of *M&S* food sales. Customer service may also be as important to its success • It is important that the 1,300 newly created food products and meals meet the expectation of customers. If they fail to sufficiently differentiate from the competition they will not encourage repeat purchase and brand loyalty • Differentiating its products by using high quality ingredients is likely to increase the production costs and increase prices • This may lead to a decrease in demand, particularly when consumer disposable income is low

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	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	Assess the likely benefits to *M&S* of outsourcing its IT services and distribution network. (10) **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. Quantitative skills assessed: **QS9** Interpret, apply and analyse information in written, graphical and numerical forms • Outsourcing is when one business uses another business to take responsibility for a planned or existing activity for the business • *M&S* has outsourced its IT services to *TATA Consulting Group (TCS)* who are IT specialists. The use of a technical specialist is likely to bring increased efficiency for *M&S* • Using specialist distribution businesses such as *Ocado* may allow *M&S* to cut its distribution costs by not having the expense of buying lorries/vans and warehousing facilities • *M&S* are likely to reduce costs associated with the recruiting, management and training of IT and distribution workers • Outsourcing of some business areas may provide more time for *M&S* to focus on key areas of the business such as the marketing of its food range • However outsourcing business areas may lead to a loss of control of some areas of the business • Technology plays a huge role in the business. Outsourcing may not guarantee that *M&S* will be 'more flexible and responsive' if *TCS* fail to deliver the IT services on time • The outsourcing of IT may have demotivated loyal employees whose employment contracts were transferred to *TCS* • *M&S* are likely to have experienced delays to deliveries due to strike action at *DHL*. This lack of control of its distribution network may have damaged the reputation of *M&S* • The benefits of outsourcing depend on the reliability and professionalism of the business to which it is outsourced • Overall *M&S* should benefit from other businesses that have more expertise than them in key business areas, but it must weigh up the costs and risks to its business

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 knowledge and understanding, supported 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 an autocratic leadership style will benefit the businesses owned or managed by Elon Musk. (20) **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 Quantitative skills assessed: **QS8** Use and interpret quantitative and non-quantitative information in order to make decisions **Knowledge, Application, Analysis, Evaluation – indicative content** • Autocratic leadership is a management style where one person controls all the decisions and takes little input from other group members • Having an autocratic style of leadership means decisions can be made quickly which is likely to be needed in dynamic technology businesses such as *Tesla* and *SpaceX* • An effective autocratic leader will pay close attention to what is happening in the business. Musk ensures workers are not idle and work hard which may lead to increased productivity at *X* (*Twitter*) • Communication is improved as the instructions are likely to come directly from Musk • Employees will be aware of expectations and the vision of the business • Musk is a successful entrepreneur with a great deal of experience of running a variety of businesses • It may be that his experience means he is the best person to make the important decisions such as who to employ at *SpaceX* • However, creativity may be stifled. If employees are not involved in the decision making, their ideas may not be considered and Musk may miss out on important opportunities and innovative ideas for businesses such as *Tesla* • Musk manages or owns a wide variety of businesses, and he may not have sufficient knowledge of industries such as space programmes. Failing to delegate decision making to experts in the market may result in poor decisions being made

	• Employees may become demotivated if they are not empowered to make decisions. This may result in lower productivity • Employees working for Musk may be fearful of losing their jobs as occurred at *X* (*Twitter*). This may result in talented employees leaving the businesses managed by Musk and possibly working for competitors • The impact of an autocratic style of management depends on the reaction of employees and whether they have sufficient respect for the decision making of Musk • Musk is a billionaire and a successful entrepreneur and whilst his style of leadership may be unpopular it may be effective

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 knowledge and understanding, supported 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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