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 29 October 2024

Afternoon (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, C and D in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Construct a supply and demand diagram to show the effect on the market for wheat in Turkey following the introduction of the tariff as described in Extract A.

(4)

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(b) Explain **one** possible disadvantage for Turkey of reintroducing the tariff on imported wheat.

(4)

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(c) Discuss the usefulness of HDI as an indicator of growth.

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(d) Assess the importance of environmental considerations for a global business such as *ISKO*.

(12)

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(e) Assess the importance of exchange rates for a global business based in Turkey.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

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

Write your answer in the space provided.

2 Evaluate the benefits for a business of operating in a global niche market.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 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 whether price or product is the most important component of a global marketing strategy for a business such as *Netflix*.

(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

Turkey (Türkiye) imposes wheat import tariffs of 130%

Turkey will introduce a tariff of 130% on imported wheat from 1 May 2023. In December 2021 the tariff on wheat had decreased from 20% to zero.

The tariff has been reintroduced in an attempt to protect domestic producers ahead of the new wheat season, according to industry reports. The announcement follows moves in some other countries last week to limit imports after large volumes of East European wheat flooded domestic markets.

Extract B

Turkey ranked 48th among 191 countries in UN Human Development Index (HDI)

The Human Development Index (HDI) attempts to measure and compare levels of human development between countries. Created by the United Nations in 1990 it is now an important indicator for international organisations, governments, and non-governmental organisations (NGOs) in determining global welfare and economic growth.

Between 1990 and 2021, Turkey's HDI value changed from 0.600 to 0.838. Although there has been an improvement in Turkey's HDI rating, Turks have found it difficult over recent years to afford basic needs. The country is experiencing a record level of inflation, which is the highest in the past 24 years, and a record drop in purchasing power due to the depreciation of the Turkish lira against foreign currencies.

Extract C

***ISKO* Denim – extract from the website**

ISKO is a Turkish textile manufacturer and distributor of denim and the world's largest producer of denim cloth. We produce over 250 million metres of denim annually and distribute it to more than 60 countries worldwide.

Environment and sustainability

As a global company, we are subject to the highest standards of ethical conduct and behaviour. Our Code of Business Principles helps us make decisions in our daily work and demonstrate that we take our legal and ethical responsibilities seriously.

We have set high standards of environmental responsibility. Our environmental policies are based on minimising the negative environmental impacts through pollution control, waste minimisation and resource conservation.

We subscribe to the following environmental principles

- Reduce dependency on substances and activities that are harmful to people and the environment
- Reduce waste and appropriately dispose of hazardous materials
- Use natural resources as efficiently as possible

Extract D

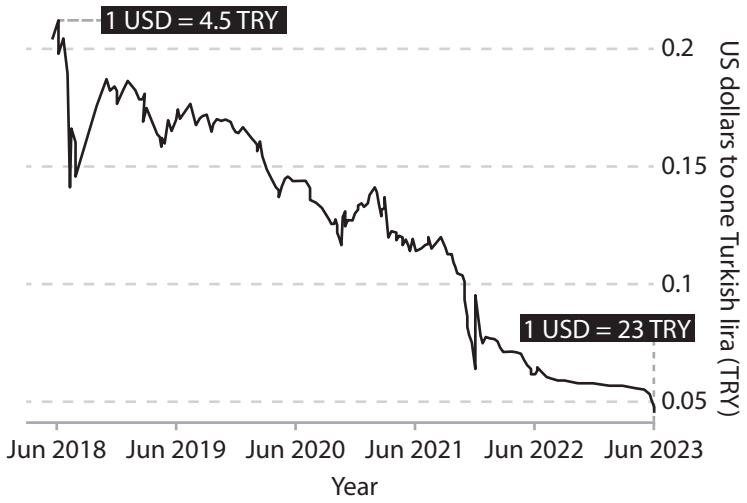
Turkish lira (TRY) falls as traders await improvement in the economy

In the three weeks since the Turkish President, Recep Tayyip Erdoğan, was re-elected to begin his third decade as leader, the value of the lira has dropped, falling 16% against the dollar after the first round of the elections in mid-May 2023.

Turkey is suffering from a serious economic crisis. Between August 2021 and June 2023 the lira has halved in value and inflation is officially at 39.59%, although unofficial estimates from Turkey's Inflation Research Group put it at more than 100%.

Decline of the Turkish lira

In 2018, one US dollar equalled 4.5 Turkish liras, while today one dollar equals more than 23 liras, which means the Turkish lira declined by more than 80% over the past five years.



Source for use with Section B

Extract E

The beauty revolution: Successfully navigating the transition from niche to mass

As it continues to recover from the global health crisis, the global beauty market is expected to be worth $580bn by 2027, with an annual growth rate of 6%. However, within this growing global market, a change is happening.

Niche beauty brands, often characterised by their flexibility and innovation, are growing rapidly. These smaller, independent businesses are creating a market worth $30.5bn, with growth rates much higher than the mass market brands.

In an increasingly diverse and growing market, beauty brands are recognising the importance of making beauty products to meet the evolving needs of their customers such as catering for different skin colours and cultures.

The Ordinary, with its affordable, science-backed skincare products, goes against traditional beauty standards. Brands like Fenty Beauty offer an extensive range of foundation shades and gender-neutral skincare lines. *L'Occitane* makes its products with braille on the packaging for those who are visually impaired.

One growing niche market is the development of Halal-certified cosmetics. In 2022, this market was estimated to be worth $38bn and is expected to rise to over $114.5bn by 2032. Companies such as *Meiyume* have responded by offering a diverse range of Halal-certified beauty and personal care products produced in its factories in Thailand and Indonesia.

Sources for use with Section C

Extract F

Netflix's New Pricing Strategy to Compete with *Disney*, *Amazon* and *HBO*

On February 22, 2023, the world's largest streaming service *Netflix*, announced it was to cut its subscription prices in over 100 countries. The move was an attempt to stay competitive in the increasingly competitive streaming market, where rivals such as *Disney+*, *Amazon Prime* Video, and *HBO Max* are gaining market share.

The new pricing strategy will see *Netflix* offering lower subscription prices in over 100 countries, including emerging markets such as India, Indonesia and Brazil. *Netflix* has long faced challenges in these markets, where price-sensitive customers have been reluctant to pay the higher subscription fees charged in developed countries.

Netflix will also be reducing the prices of its existing subscription tiers in some more developed countries such as the US, where *Netflix* faces competition from other streaming services.

Extract G

Netflix – Brand analysis 2022

Netflix is not just a streaming platform but a production company that rivals even the biggest names in movie making and TV production. In 2021 *Netflix* spent over $17bn on new programmes. Its content is adapted and localised to suit the varying tastes of different countries. In 2022, *Netflix* received more Academy Award nominations than any other movie distributor, higher than *Disney*, *Warner Bros*, *MGM* and all the leading Hollywood studios.

Although *Netflix* has long been the clear leader of streaming companies, others have recently begun to catch up – notably *Amazon Prime* and *Disney+*. By 2026, *Disney+* is forecast to have more global subscribers than *Netflix* and *Amazon Prime* is expected to equal *Netflix*.

Other competitors include *YouTube*, *HBO Max*, *Hulu*, *Peacock* and *Apple TV+*. Although *Apple TV+* is a newer competitor with a far smaller streaming library, it is building a loyal subscriber base by offering very high quality and targeted niche content.

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Acknowledgements

Extract A adapted from: https://www.fwi.co.uk/business/markets-and-trends/crop-prices/turkey-imposes-grain-import-tariffs-of-130

Extract B adapted from: https://stockholmcf.org/turkey-ranked-48th-among-191-countries-in-un-human-development-index/

Extract C adapted from: https://iskodenim.com/sustainability

Extract D adapted from: https://www.theguardian.com/world/2023/jun/18/turkish-lira-falls-as-traders-await-uplift-in-economy-erdogan and https://www.aljazeera.com/news/2023/6/18/why-is-the-turkish-lira-still-falling-in-value

Extract E adapted from: https://www.cosmeticsdesign.com/Headlines/Promotional-Features/2023-beauty-innovations-in-sustainability-inclusivity-and-Halal

Extract F adapted from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4376672

Extract G adapted from: https://www.start.io/blog/netflix-target-market-consumer-segmentation-the-complete-brand-analysis/