Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Monday 20 January 2025

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) Using Extract A, calculate the number of Indonesians under the age of 15 in 2022.

(4)

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(b) Explain **one** advantage to the Indonesian economy of Foreign Direct Investment (FDI).

(4)

(c) Discuss the benefits of forming a joint venture for a global business such as *Hyundai*.

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(d) Assess the implications of specialisation for an emerging economy such as Indonesia.

(12)

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(e) Assess the importance of infrastructure when choosing a production location in another country.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extracts D and E in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate whether organic or inorganic growth is the best way for a global business to expand.

(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, G, H and I in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the usefulness of Ansoff's matrix to a global business when making marketing decisions.

(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.

Turn over ▶

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Sources for use with Section A

Extract A

Indonesia – selected statistics in 2022

- South-East Asia's largest country
- Population 276 million people
- 26.2% of the population are under the age of 15
- GDP annual growth rate 5.6%
- GDP per capita $4 783.27
- Unemployment rate 5.83%
- Exports of $291.98bn, an increase of 26% on the previous year
- Indonesia produced over one-third of the global supply of vegetable oil

Extract B

Indonesia and natural resources

Indonesia is rich in natural resources and specialises in raw materials and primary products such as oil, gas, coal, palm oil and metal ores. Indonesia has large reserves of nickel, bauxite and copper. Demand for these materials, used for aluminium production and renewables* is growing globally. Indonesia has gained from the rising prices of these materials.

Indonesia is the world's largest producer of nickel, an important component of electric vehicle batteries. It is estimated to have 30% of the world's reserves of nickel, about 21 million tonnes. Nickel related exports have increased from $1.1bn five years ago to nearly $20.9bn in 2022.

While most nickel is used in the stainless-steel industry, the aim is to begin extracting more higher-grade material for use in batteries. Indonesia is expected to provide a significant part of the new nickel supply needed by the global Electric Vehicle (EV) industry.

* *A natural resource or source of energy that is not depleted by use, such as water, wind, or solar power*

Extract C

Indonesia and Foreign Direct Investment (FDI)

South Korea's *LG Energy Solution*, a battery maker and *Hyundai*, a car manufacturer, have formed a joint venture. They are building Indonesia's first electric vehicle battery plant near the capital Jakarta. The factory will begin production in 2024 with an annual capacity of 10 GWh worth of battery cells, enough for over 150,000 electric vehicles. *Hyundai* is building an EV plant nearby. China's *CATL*, the world's biggest EV battery maker, is investing in an EV battery plant and *Tesla* is considering building a factory, both will be in Indonesia.

To encourage FDI and create enough jobs for its young population, the Indonesian Government has eased strict employment regulations to make Indonesia's workforce more competitive.

Over the last eight years Indonesia has invested heavily in new infrastructure. It has built 2,042 km of toll roads, 16 airports, 18 ports, 38 new dams and the Jakarta-Bandung high-speed railway.

Some potential investors are concerned about the level of corruption in the country. Indonesia scored 38 out of 100 on the Transparency International corruption index – the lower the score, the greater the level of corruption. This is the same score as Brazil but lower than that of Vietnam and China.

Sources for use with Section B

Extract D

Is *Mars* the answer to *Hotel Chocolat*'s global expansion problems?

Hotel Chocolat the UK's biggest independent chocolate maker has been sold to *Mars* the confectionery multinational. In 2023 *Hotel Chocolat* recorded a pre-tax loss of £6.9m and a 10% fall in revenue. This followed unsuccessful attempts to expand overseas into Japan and the US.

Mars has plans for *Hotel Chocolat* to sell globally. It sees the takeover as a chance to strengthen its global portfolio with a premium UK brand.

Annie Brown, general manager for UK Consulting at Brand Finance says the sale indicates a "major transition" for *Hotel Chocolat*, which will allow it to overcome its problems. "Despite *Hotel Chocolat*'s strong brand, investment and time are essential for the brand to grow internationally."

However, Annie Brown warns that *Mars* may face similar problems to *Ferrero* that acquired *Thorntons* as did *Mondelez* when it acquired *Green & Blacks*. Neither has been totally successful, with both brands performing badly.

Extract E

Bad weather helps sales climb at *Mountain Warehouse*

Mountain Warehouse sells outdoor clothing and footwear. It started as a single shop in the UK in 1997 and now has 350 shops in eight countries. More shops are planned after the bad summer weather in 2023 pushed sales to record levels. In July and August 2023 it sold 350,000 waterproof jackets. Pre-tax profits for the outdoor clothing chain increased to £6.7m in the first six months of 2023.

In 2024, the privately owned *Mountain Warehouse* plans to open between 40 and 50 more shops in the UK and other countries. It will open its first *Mountain Warehouse* shops in Australia after success in the US, Canada and New Zealand.

Sources for use with Section C

Extract F

Coca-Cola's diversification gives it an edge in a difficult market

Coca-Cola is one of the most easily recognised global brands. While growth in emerging markets is still possible, developed markets such as the US are becoming more health-conscious and sales of *Coca-Cola* have fallen. To combat this *Coca-Cola* has diversified into other categories, such as water, sports drinks and ready-to-drink coffee and tea beverages. 5

Extract G

Bentley

As one of the most famous manufacturers of luxury cars, it may come as a surprise that Bentley also makes sunglasses. Its most expensive pair, the Bentley Platinum sunglasses are priced at $45 276. The business now has a luxury range of products unrelated to cars including luggage, coffee cups and clothing. 5

Extract H

Global businesses compete for the ice cream market

Mars has invested about 500 million yuan in building its first ice cream factory in China. The factory produced its first batch of products at the end of 2022. "The massive consumer market and taste for premium ice cream products have boosted the confidence of *Mars* in expanding its ice cream business in China," said Tom Leemans, president of *Mars* Global Ice Cream Business. 5

Extract I

Morrisons relaunches discount scheme with cheaper prices for loyal shoppers

Morrisons, a leading supermarket in the UK is relaunching the 'Morrisons More' loyalty card scheme to allow shoppers to earn points on their spending. They will get five points for every £1 they spend. Shoppers will then get a £5 voucher each time they save 5,000 points. There will also be personalised offers, as well as the chance to win prizes. 5

GradeMax

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Acknowledgements

Extracts A, B and C adapted from: https://archive.ph/0odr3

Extract D adapted from: https://www.marketingweek.com/mars-hotel-chocolat-brand/

Extract E adapted from: https://www.thetimes.co.uk/article/washout-helps-sales-climb-at-mountain-warehouse-dmfb6n0zc

Extract F adapted from: https://finance.yahoo.com/news/coca-colas-diversification-gives-edge-170700102.html

Extract G adapted from: https://www.theceomagazine.com/business/innovation-technology/businesses-diversifying-products/

Extract H adapted from: https://global.chinadaily.com.cn/a/202304/29/WS644c90a4a4a310b6054fad07c7.html

Extract I adapted from: https://www.themoneyedit.com/consumer-advice/morrisons-more-loyalty-scheme