Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Wednesday 28 May 2025

Afternoon (Time: 2 hours)

Paper reference **WBS13/01**

Business

International Advanced Level
UNIT 3: Business decisions and strategy

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, D and E in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Explain **one** advantage of a decentralised organisational structure for *LVMH*.

(4)

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(b) Using the data in Extract B, calculate, to two decimal places, the percentage change in total revenue for *LVMH* between 2022 and 2023. You are advised to show your working.

(4)

LVMH manufactures in France and Italy, which both use the euro as their currency.

(c) Using Extract C, discuss the possible effects on *LVMH* of changes in the euro exchange rate.

(8)

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(d) Assess the possible financial risks to *LVMH* of purchasing Tiffany & Co in 2021.

(12)

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Arnault's five children are being prepared to manage the business when he retires.

(e) Assess the benefits of implementing a succession plan at *LVMH*.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extracts F, G and H in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Evaluate the likely benefits for a business of having a Corporate Social Responsibility (CSR) strategy.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

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

Write your answer in the space provided.

3 Evaluate the possible impact on *Coca-Cola* from its strategic decision to launch Coca-Cola Spiced.

(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

***LVMH Moët Hennessy Louis Vuitton* (*LVMH*)**

LVMH Moët Hennessy Louis Vuitton, commonly known as *LVMH*, is a multinational conglomerate specialising in luxury goods. Its headquarters are in Paris, France. In April 2023, *LVMH* became the first European business to have a value greater than $500bn.

LVMH has around 60 businesses that manage 75 prestigious brands. These businesses are managed independently in six separate business divisions with a decentralised organisational structure: Wines and Spirits, Fashion and Leather Goods, Perfumes and Cosmetics, Watches and Jewellery, Selective Retailing and Other Activities.

LVMH's portfolio of luxury brands includes Louis Vuitton, Fenty Beauty and TAG Heuer watches. Bernard Arnault, one of the original founders of the business, is the Chairman and Chief Executive Officer (CEO).

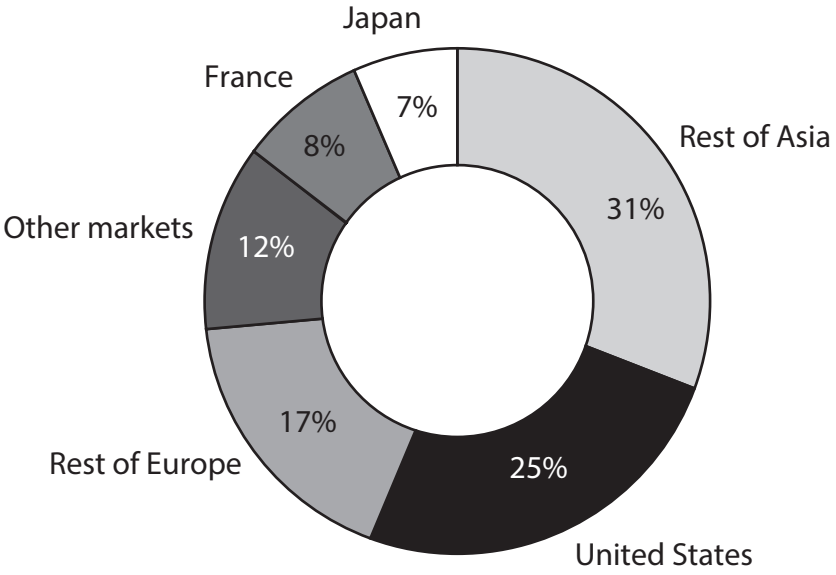
Extract B

Revenue for *LVMH* by business division 2022 and 2023

Division	Top Brands	2022 (€m)	2023 (€m)
Wines and Spirits	Moët & Chandon Hennessy	7 099	6 602
Fashion and Leather Goods	Louis Vuitton Christian Dior	38 648	42 169
Perfumes and Cosmetics	Guerlain Fenty Beauty	7 722	8 271
Watches and Jewellery	TAG Heuer Tiffany & Co	10 581	10 902
Selective Retailing	Sephora La Grande Épicerie	14 852	17 885
Other Activities	Princess Yachts Radio Classique	282	324
Total Revenue		**79 184**	**86 153**

Extract C

***LVMH*'s revenue by region as a percentage of its total revenue in 2023**



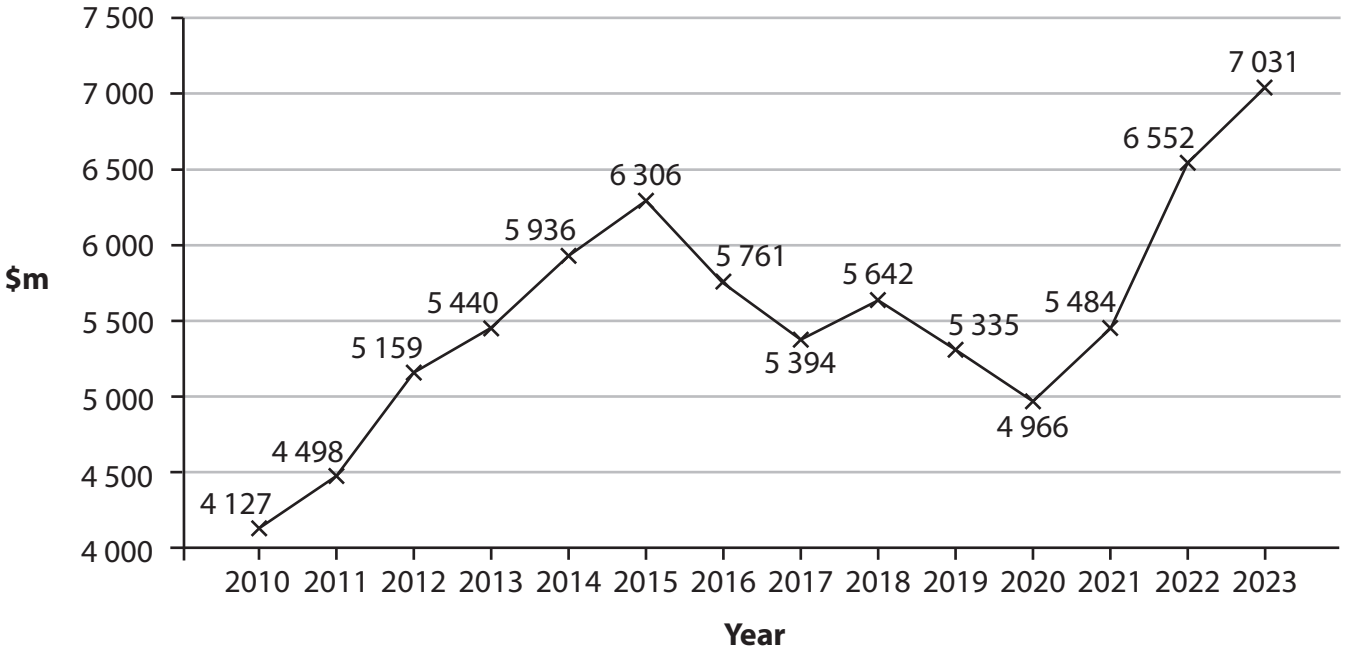
LVMH has 118 production facilities and craft workshops in France and 26 in Italy. It has over 213,000 employees and a retail network of 6,000 stores worldwide.

Extract D

***LVMH* takeover of Tiffany & Co**

On 7th January 2021, *LVMH* bought all Tiffany & Co shares for a total of $16.1bn. The purchase of the iconic Tiffany & Co jewellery brand has reinforced *LVMH*'s position in the high-priced segment of the jewellery market and further expanded its presence in the US. 5

Brand value ($m) of Tiffany & Co from 2010 to 2023



Extract E

Succession planning at *LVMH*

LVMH's CEO Bernard Arnault, 74, is one of the world's wealthiest people, with a fortune of about $161bn. He has been preparing his five children to take over by having them working in a variety of roles at different business divisions at *LVMH*. Arnault has been developing a succession plan for the luxury empire he founded.

In February 2024, Arnault nominated his sons Alexandre, 31, and Frédéric, 29, to join the board at *LVMH*. These board nominations are subject to a vote at the company's Annual General Meeting in April. The appointments demonstrate the family's control of *LVMH*. Arnault and his family own about 48% of *LVMH* shares and nearly 64% of voting rights.

In 2022 Arnault raised the age limit for the Chief Executive Officer to 80, extending the time he could remain as CEO.

Sources for use with Section B

Extract F

Heinz unveils plan to make sustainable ketchup bottles from paper

Heinz is the most widely sold brand of tomato ketchup around the world. Plans have been made to develop a paper, renewable and recyclable bottle made from 100% sustainably sourced wood pulp.

It says it is exploring "the ketchup bottle of tomorrow" as part of its goal to become the first-ever sauce brand to have entirely renewable packaging. The new containers form part of *Heinz*'s long-term plan to make all its packaging recyclable, reusable or compostable by 2025.

Extract G

Lidl tests detergent refill stations

Instead of buying a new bottle of detergent, *Lidl* customers can now just refill their old one. The German discount supermarket is running a trial in ten Dutch supermarkets with the aim to reduce plastic consumption.

For six months, customers will find refill stations for detergents and fabric softeners in the ten shops. As an incentive, customers can see on the screen how much plastic they save by reusing the old container. Customers will get a discount with each refill. By 2025, *Lidl* aims to reduce plastic use in its own label products by 30%.

Extract H

TOMS: One for One model

The popular footwear brand, *TOMS* is built on a social impact model and the primary mission of the business is to donate a pair of shoes for every new pair sold. While the unique style of *TOMS* footwear is a major selling point for the company, it also appeals to the sustainability-conscious consumers and, as a result, has provided children in underprivileged communities with 100 million pairs of shoes. It gives one-third of its profits to local charities.

Source for use with Section C

Extract I

Coca-Cola is launching its first new flavour in years

Coca-Cola has added its name to the latest brands trying to benefit from the trend for spicy snacks and beverages. From Flamin' Hot Cheetos to Sweet Heat Starburst, snacks are getting spicier. Now, the fizzy drinks giant, *Coca-Cola*, has become part of the trend.

Coca-Cola has been exploring ways to get younger drinkers excited about its signature cola. In 2022, it launched Coca-Cola Creations, a series of eight limited-edition cola flavours in colourful cans and bottles. *Coca-Cola* experimented with adding hints of coconut, strawberry, watermelon and other flavours to the drinks.

Coca-Cola has now introduced Coca-Cola Spiced, the first new permanent product to its North American portfolio in three years. Coca-Cola Spiced and Coca-Cola Spiced Zero Sugar will go on sale in the US and Canada in February 2024.

What does the new flavour taste like? Coca-Cola Spiced does not have a lot of heat despite the name. The main flavour that drinkers will notice is a hint of raspberry. *Coca-Cola* will not name the spices it added – it guards its recipes closely – but they taste like boosted-up versions of the spices in regular Coca-Cola.

It usually takes *Coca-Cola* at least a year to develop a new drink flavour but Coca-Cola Spiced took just seven weeks based on customer research.

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Acknowledgements

Extract A adapted from: https://www.theguardian.com/business/2023/apr/24/lvmh-becomes-first-european-company-to-reach-a-500bn-valuation LVMH becomes first European company to reach $500bn valuation | Luxury goods sector | The Guardian

Extracts B and C adapted from: https://www.lvmh.com/investors/profile/financial-indicators/#groupe Key figures by business and region, income statement - LVMH group

Extract D adapted from: https://www.statista.com/statistics/985289/tiffany-and-co-brand-value-worldwide/ Tiffany & Co.: brand value worldwide 2010-2023 | Statista

Extract E adapted from: https://www.ft.com/content/f2e39e43-cc0c-414f-8e9a-ce554ec891dc Bernard Arnault to nominate two more sons to LVMH board (ft.com)

Extract F adapted from: https://www.independent.co.uk/climate-change/sustainable-living/heinz-paper-ketchup-bottles-sustainable-b2080177.html Heinz unveils plan to make sustainable ketchup bottles from paper | The Independent https://www.telegraph.co.uk/business/2023/09/23/dyson-sharkninja-high-court-claim/

Extract G adapted from: https://www.retaildetail.eu/news/food/lidl-tests-detergent-refill-stations/ Lidl tests detergent refill stations – RetailDetail EU

Extract H adapted from: https://sustainabilitymag.com/esg/top-10-brands-for-diverse-corporate-social-responsibility Top 10: Brands for Diverse Corporate Social Responsibility | Sustainability Magazine

Extract I adapted from: https://www.independent.co.uk/life-style/food-and-drink/new-coke-flavour-coca-cola-b2495065.html New type of Coke flavour as Coca-Cola launch its first new flavour in three years – with added spice | The Independent