



Practice Papers for A Level Edexcel Business

Paper 1: Marketing, people and global business

K Evans

zigzageducation.co.uk

POD
12065

Publish your own work... Write to a brief...
Register at publishmenow.co.uk

Follow us on Twitter [@ZigZagBusiness](https://twitter.com/ZigZagBusiness)

Contents

Product Support from ZigZag Education	ii
Terms and Conditions of Use	iii
Teacher's Introduction.....	1
Specification Coverage.....	2
Practice Paper A	3
Data Booklet	3
Write-on.....	8
Non-write-on	17
Mark Scheme: Paper A	19
Practice Paper B	30
Data Booklet	30
Write-on.....	35
Non-write-on	44
Mark Scheme: Paper B.....	46
Practice Paper C	57
Data Booklet	57
Write-on.....	61
Non-write-on	70
Mark Scheme: Paper C.....	72
Practice Paper D	84
Data Booklet	84
Write-on.....	88
Non-write-on	97
Mark Scheme: Paper D	99

Teacher's Introduction

This set of practice papers is designed to adhere to the format of the Edexcel 9BS0/01 A Level Business exam. The papers are carefully designed using the same command words and types of questions that students will face in their examination at the end of the course. As a teacher of Business for a number of years, I found that students engaged much more with relevant and topical case study material that they could identify with. So, with that in mind, I made sure that the real-life business examples I chose were in markets that students could relate to, and I often used brands that I knew they would already be familiar with. Case study material can easily go out of date, so realising that these resources have a shelf life I have tried to use material that is as up-to-date as possible. These papers can be used for mock examinations, or teachers can pick and choose questions and use them for in-class tasks or for homework.

Remember!

Always check the exam board website for new information, including changes to the specification and sample assessment material.

Exam paper structure

Paper 1 examines Business: Marketing, people and global business where questions are drawn from Theme 1 and Theme 4.

Overview of assessment

Each paper has two sections, with two different sets of extracts but the same format for questions, i.e. 4-, 4-, 10-, 12- and 20-mark questions. There is no choice for candidates in these papers – they must answer ALL questions. Each examination has a duration of two hours and there is a maximum of 100 marks available per paper.

K Evans, January 2023

Specification Coverage

Subject Content	Paper 1A	Paper 1B
Topic 1.1 Meeting customer needs		
1.1.1 The market	✓	✓
1.1.2 Market research		
1.1.3 Market positioning	✓	
Topic 1.2 Market		
1.2.1 Demand	✓	✓
1.2.2 Supply		
1.2.3 Markets	✓	✓
1.2.4 Price elasticity of demand		
1.2.5 Income elasticity of demand		
Topic 1.3 Marketing mix and strategy		
1.3.1 Product/service design		✓
1.3.2 Branding and positioning		
1.3.3 Promotion strategies		
1.3.4 Distribution		
1.3.5 Marketing strategy	✓	
Topic 1.4 Managing people		
1.4.1 Approaches to staffing		✓
1.4.2 Recruitment, selection and training		✓
1.4.3 Organisational design		
1.4.4 Motivation in theory and practice		✓
1.4.5 Leadership		
Topic 1.5 Entrepreneurs and leaders		
1.5.1 Role of an entrepreneur	✓	
1.5.2 Entrepreneurial motives and characteristics		
1.5.3 Business objectives		
1.5.4 Form of business		
1.5.5 Business choices		
1.5.6 Moving from entrepreneur to leader		
Topic 4.1 Globalisation		
4.1.1 Growing economies	✓	
4.1.2 International trade and business growth		✓
4.1.3 Factors contributing to increased globalisation		✓
4.1.4 Protectionism		
4.1.5 Trading blocs		
Topic 4.2 Global markets and business expansion		
4.2.1 Conditions that prompt trade	✓	
4.2.2 Assessment of a country as a market	✓	✓
4.2.3 Assessment of a country as a product location		
4.2.4 Reasons for global merger and acquisitions		✓
4.2.5 Global competition		✓
Topic 4.3 Globalisation		
4.3.1 Multinational companies	✓	
4.3.2 Niche markets		
4.3.3 Cultural/social factors	✓	
Topic 4.4 Global industries and companies (multinational corporations)		
4.4.1 The impact of MNCs		
4.4.2 Ethics		
4.4.3 Controlling MNCs		

INSPECTION COPY

COPYRIGHT
PROTECTED



ZigZag Practice Exam

Supporting Pearson Edexcel A Level in Business

Business Advanced

Paper 1: Marketing, people and global business

Practice Paper A: Data Booklet

INSPECTION COPY

COPYRIGHT
PROTECTED



Section A

Read extracts A to C before answering Questions 1 to 5.

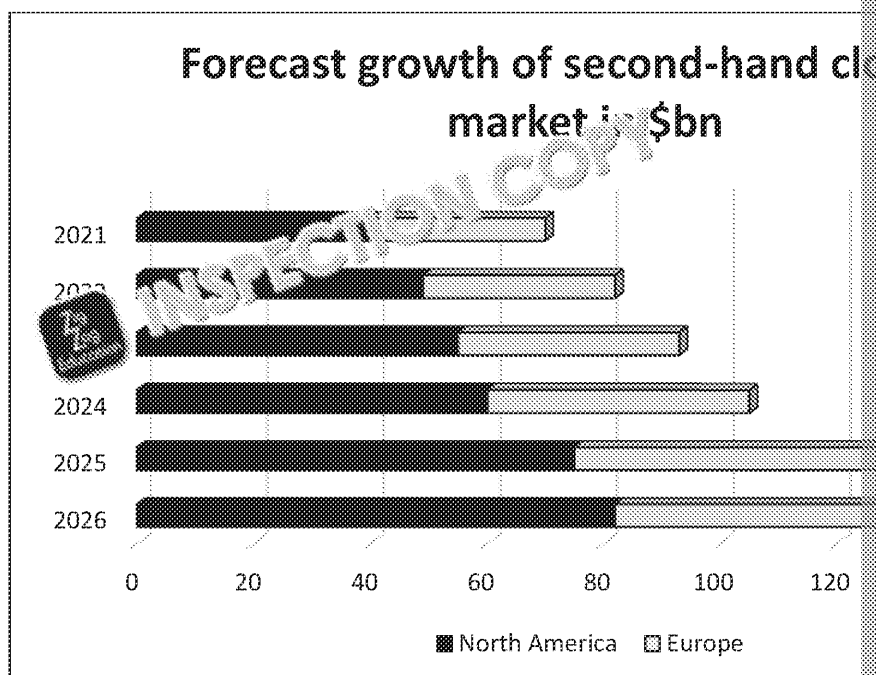
Extract A – Depop

Initially founded ‘for fun’ in 2011 by Simon Beckerman, who previously published a fashion magazine, Depop is an online apparel marketplace with over 30 million registered users. Simon realised that there was a whole generation who were used to making online purchases on their smartphones, and he recognised that there was no app for buying and selling new clothing. Simon has said ‘I’m a massive tech nerd. I’m always observing, adopting and using new technology. When the iPhone had just come out... and so I started thinking: this needs to be an app for buying and selling retail sales through social media platforms such as Instagram, Depop bought into the idea of an influencer-style marketplace where sellers will post high-quality photos of their items. This coincided with an increase in the popularity of vintage clothing.’

The company first became popular in the UK, mostly spreading through word of mouth. The USA, Italy and Australia are responsible for the largest number of downloads. Depop saw sales skyrocket during the coronavirus pandemic, and is seen as a more ethically sustainable business model than the fast-fashion industry which has dominated the industry in the last few decades. Depop has proudly said that roughly 90% of its users are under the age of 26, with the majority of over-35-year-olds unaware of the brand or unregistered.

In 2021, Depop was acquired by Etsy for £1.1bn; there are certainly many similarities between the two companies in terms of a clientele base who like vintage, unique and affordable clothing. The average age of Etsy users is 39, and while the website does sell second-hand clothing, it is more focused on crafts. Josh Silverman, the managing director of US-based Etsy, said that the company would continue long after the recovery from the pandemic, and that it would continue to be a ‘passionate community’ of fashion-conscious young people.’ Gen Z (individuals born between 1997 and 2012) is ‘an enormous demographic and it’s the trendsetter demographic.’

Extract B



COPYRIGHT
PROTECTED



Extract C – Second-hand clothes vs fast fashion

Market research firm GlobalData has estimated that the US resale (second-hand) market is growing at a rate of 11 times faster than the traditional retail market. If current trends continue, the former will outpace the latter by 2030. Thredup, a US-based online store of second-hand clothing, and which is determined to prolong the life cycle of clothing, 'can help solve the fashion waste crisis.' Currently, 94% of its users are based in the US, 51% are female, and its biggest demographic base of visitors is 25–34-year-olds, with 18–24-year-olds in this age bracket. It's second biggest demographic is 18–24-year-olds, with 18–24-year-olds and combined age brackets over the age of 35 years accounting for 48% of all visitors.

Used clothing appears to be popular with older generations, who grew up with clothes made to last, and younger generations, who are more environmentally conscious and value sustainability. The resale market has also been boosted by the popularity of *Tidying Up with Marie Kondo*, which advocates streamlined living and decluttering.

INSPECTION COPY

COPYRIGHT
PROTECTED



Section B

Read extracts D to G before answering Questions 1 to 5.

Extract D

Incomes in China and the UK in USD:

	GDP per capita (2014)	GDP per capita (2015)
China	7,636.1	12,556.3
UK	47,787.2	47,334.4

Extract E

Unilever is a British multinational consumer company; its headquarters are in London. It is a global company with its products available in approximately 190 countries. It has three main divisions: Food and refreshments; Home care; and Beauty and Personal Care. Its largest brands include Ben & Jerry's, Magnum, Dove, Persil and Hellmann's. The beauty and personal care market is estimated to be worth around £25bn and is expected to grow. In 2022, L'Oréal, one of Unilever's major competitors in the beauty and personal care market, had the largest market share (9.8%) and experienced very strong sales figures during the year.

Extract F

Unilever brought its deodorant, Rexona, to the Chinese market in 2008 with the aim of increasing global sales. With China's vast population, strong economic growth and increasing middle-class population, China appeared to be a beacon of growth in comparison to already saturated markets. However, despite a trend among Chinese middle-income earners to desire Western products, figures for Rexona indicated that it had failed to capture the Chinese market. Only 10% of China's population of 1.4bn people use deodorant and it is not used widely outside of urban areas. Frank Braeken, Unilever's former Group Vice President for Unilever, said 'We had an extremely ambitious plan at the time, but cultural differences – biology – scientists have shown that many East Asian people don't have the same level of body hair – scotched those plans.' There are also differing cultural views, with sweat being considered embarrassing in Europe and the US, where it is seen as a sign of strength in China. It is not something that should be halted. This indicates that thorough market research was carried out before launch and that an aggressive marketing approach was perhaps not the best strategy.

INSPECTION COPY

COPYRIGHT
PROTECTED



Extract G

Starbucks has had extraordinary success expanding its stores into China, so that China has the second largest number of stores worldwide. This success has been achieved through a long-term approach adopted by Starbucks when entering the Chinese market with its focus on technology, adapting the product for local tastes, and joint ventures with local partners. Starbucks positioned itself as a premium coffee brand in China, charging 20% higher prices than local competitors, tapping into the desire to show upward mobility and status among the Chinese middle class. The locations of its stores are thoughtfully targeted at upmarket shopping malls and central business districts. They are larger than their US equivalents, with the aim of making customers feel comfortable and spend more time there. This was after they noticed that in the USA, where consumers like to grab a coffee on the go, in China, consumers prefer to sit down for social gatherings and would often order food with their coffee. Starbucks also introduced sweet traditional delicacies to celebrate Mid-Autumn Festival, which is a festival centred around the full moon.

INSPECTION COPY

COPYRIGHT
PROTECTED



ZigZag Practice Exam

Supporting Pearson Edexcel A Level in Business

Business Advanced

Paper 1 Marketing, people and global business

Practice Paper A

Name

Time allowed

2 hours

Instructions

Answer **all** of the questions and use the space provided.

Information

The total number of marks available for this paper is **100**. The number of marks available for each question is shown in brackets.

INSPECTION COPY

COPYRIGHT
PROTECTED



Section A

Read extracts A to C before answering Question 1

1. a) Using **Extract A**, explain how Depop has used market segmentation to increase sales.

.....

.....

.....

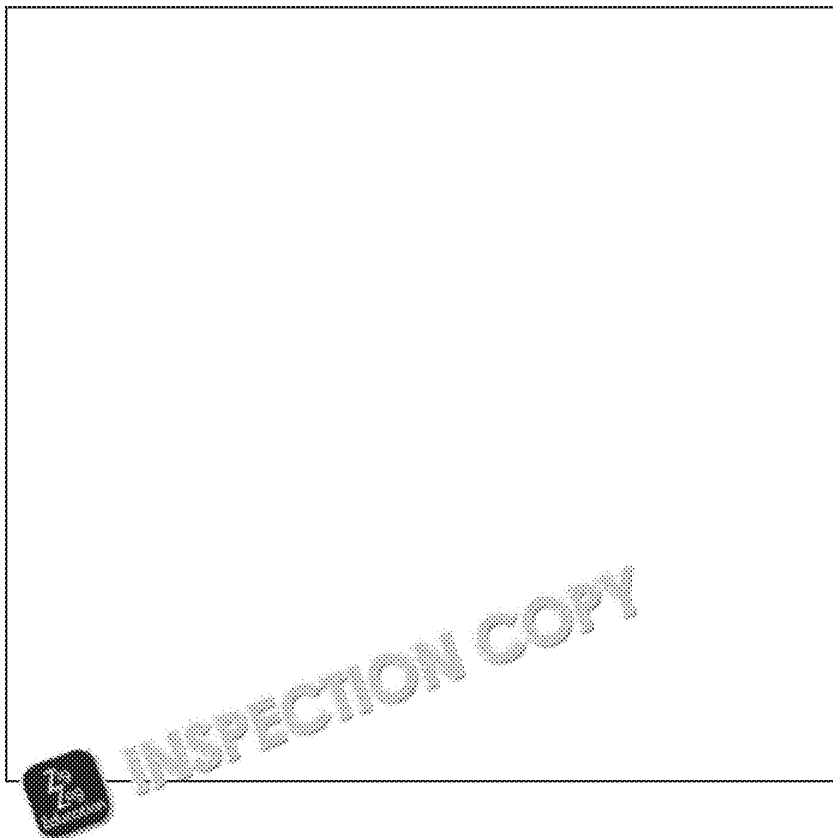
.....

.....

.....

.....

- b) Using the information in **Extract C**, draw a demand and supply diagram to show the effects on sales of changing tastes and preferences in the US market for Depop.



Question 1 continues overleaf

INSPECTION COPY

COPYRIGHT
PROTECTED



c) Assess the possible benefits to Depop of being market-oriented.

INSPECTION COPY

Question 1 continues overleaf

**COPYRIGHT
PROTECTED**



- d) Assess the characteristics and skills needed by entrepreneurs such as S help run a successful business.

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 1 continues overleaf

- e) Depop is looking for ways to increase its profitability. It could target the most of whom are unaware of the business, or it could try to expand use 16–25-year-olds in the United States.

Evaluate these two options and recommend which may be more profitable, such as Depop.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



End of Question 1

Section B

Read extracts D to G before answering Question 2.

2. a) Using **Extract D**, calculate to two decimal places the percentage change in capita from 2014 to 2022. You are advised to show your working.

.....

.....

.....

.....

.....

.....

.....

.....

- b) Unilever attempted to extend the product life cycle of Rexona by entering the UK market. Explain one alternative extension strategy that Unilever could use in the UK market.

.....

.....

.....

.....

.....

.....

.....

.....

.....

Question 2 continues overleaf



**COPYRIGHT
PROTECTED**



INSPECTION COPY

- c) Using the extracts, assess the push factors that may have contributed to a business such as Unilever.

INSPECTION COPY

Question 2 continues overleaf

**COPYRIGHT
PROTECTED**



- d) Assess the factors that a business such as Unilever should consider when entering the Chinese beauty and personal care market.

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 2 continues overleaf

- e) Multinational corporations can take either an ethnocentric, a polycentric approach to global marketing. On the understanding that an ethnocentric approach was not successful for Unilever with regard to its deodorant product in China, discuss whether to take a more geocentric approach or whether to stick with its ethnocentric approach but choose its products more carefully.

Evaluate these **two** options and recommend which is most suitable for Unilever when entering a foreign market, such as China.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



End of Question 2

ZigZag Practice Exam

Supporting Pearson Edexcel A Level in Business

Non-write-on

Business Advanced

Paper 1 Marketing, people and global business

Practice Paper A

Time allowed

2 hours

Instructions

Answer **all** of the questions.

Information

The total number of marks available for this paper is **100**. The number of marks available for each question is shown in brackets.

INSPECTION COPY

**COPYRIGHT
PROTECTED**



Section A

Read extracts A to C before answering Questions 1 and 2.

1. a) Using **Extract A**, explain how Depop has used market segmentation to increase its sales.
b) Using the information in **Extract C**, draw a demand and supply diagram to show the effects on sales of changing tastes and preferences in the US market for vintage clothing.
c) Assess the possible benefits to Depop of being market-oriented.
d) Assess the characteristics and skills needed by entrepreneurs such as Sam to help run a successful business.
e) Depop is looking for ways to increase its profitability. It could target the market of women who are unaware of the business, or it could try to expand its market to 16-year-olds in the United States.

Evaluate these two options and recommend which may be more profitable for a business such as Depop.

Section B

Read extracts D to G before answering Questions 2 and 3.

2. a) Using **Extract D**, calculate to two decimal places the percentage change in per capita income from 2014 to 2022. You are advised to show your working.
b) Unilever attempted to extend the product life cycle of Rexona by entering the Chinese market. Explain one alternative extension strategy that Unilever could use to enter the UK market.
c) Using the extracts, assess the push factors that may have contributed to the growth of a business such as Unilever.
d) Assess the factors that a business such as Unilever should consider when entering the Chinese beauty and personal care market.
e) Multinational corporations can take either an ethnocentric, a polycentric or a geocentric approach to global marketing. Explain the understanding that an ethnocentric approach is not successful for Unilever with regard to its deodorant product in China. Evaluate whether to take a more geocentric approach or whether to stick with its ethnocentric approach but choose its products more carefully.

Evaluate these **two** options and recommend which is most suitable for Unilever when entering a foreign market, such as China.

INSPECTION COPY

COPYRIGHT
PROTECTED



Preview of Questions Ends Here

This is a limited inspection copy. Sample of questions ends here to avoid students previewing questions before they are set. See contents page for details of the rest of the resource.

Mark Scheme: Paper D

Section A

Question 1a

Total for this question: 4 marks (Knowledge 1, Application 2, Analysis 1)

Knowledge/understanding: 1 mark for understanding what is meant by recruitment and

- To recruit new workers, the company needs to make information about the job vac available to individuals who are seeking employment. The company could put out an advertisement or recruit through CVs, both of which cost money and would be classed as recruitment costs.
- There is also the opportunity cost of using existing staff to sift through CVs to shortlist applicants. Time spent doing this could be better spent elsewhere.
- There are also costs involved with training new staff – in terms of using up other members of staff. If external courses they may be sent on, this will also have a cost.

Application: up to 2 marks for contextualised example, e.g.:

- Good working conditions, such as a cost-of-living bonus described in Extract C, are likely to lead to staff feeling more valued and appreciated. In turn, this is likely to lead to high staff loyalty, which will reduce the number of staff leaving the partnership, reducing the labour turnover.

Analysis: 1 mark for developing a benefit of having a low labour turnover on costs

- Good working conditions mean that staff will be more satisfied in their roles and less likely to leave for work elsewhere. This will mean that the John Lewis Partnership will be spending less on recruitment costs, which will overall improve profitability for the firm.

Question 1b

Total for this question: 4 marks (Knowledge 1, Application 3)

Quantitative skills assessed:

Q52: Calculate, use and understand percentages and percentage changes

Q57: Interpret values of price and income elasticity of demand

Q59: Interpret, apply and analyse information in written, graphical and numerical forms

Knowledge: 1 mark for:

- Income elasticity of demand = $\frac{\% \text{Change in quantity demanded}}{\% \text{Change in income}}$

Application: up to 3 marks for:

- $\% \text{Change in quantity demanded} = \frac{4,926 - 4,722}{4,722} \times 100 = 4.32\%$ (2 dp)
- $\% \text{Change in income} = \frac{£46,209.11 - £43,166.16}{£43,166.16} \times 100 = 7.05\%$
- $YED = 4.32 / 7.05 = 0.61$ (income inelastic)

NB Answer should be the same when rounding to two decimal places regardless of which method is used below:

- $YED = 4.3202033 / 7.04938776 = 0.6128491$ (rounded to 2 dp = 0.61)
- $YED = 4.3 / 7.1 = 0.6056338028$ (rounded to 2 dp = 0.61)

Award 4 marks if candidate gives the correct answer without working shown.

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 1c**Total for this question:** 10 marks (Knowledge 2, Application 2, Analysis 3, Evaluation 3)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–2	<ul style="list-style-type: none"> Isolated elements of knowledge and understanding – recall only. Weak or no relevant application to business examples. Generic assertions may be presented.
Level 2	3–4	<ul style="list-style-type: none"> Elements of knowledge and understanding, which are applied. Chains of reasoning are presented but may be assertions. A generic or superficial assessment is presented.
Level 3	5–6	<ul style="list-style-type: none"> Accurate and thorough knowledge and understanding, supported by relevant business behaviour/context. Analytical perspectives are presented, with developed chains of reasoning and/or effective use of quantitative information. An assessment or an assessment is presented, using quantitative information, though is unlikely to show the significance of the findings.
Level 4	7–10	<ul style="list-style-type: none"> Accurate and thorough knowledge and understanding, supported by relevant business behaviour/context. A coherent and logical chain of reasoning, showing cause and effect. Assessment is balanced, wide-ranging and well contextualised. Includes qualitative information, and shows an awareness of complexity leading to a supported judgement.

Indicative content

- A partnership is where there are two or more owners of a business organisation.
- The joint owners (partners) will share responsibility for running the business and share the profits.
- In a partnership, the partners between them own all the business assets and owe all the business liabilities. Partnerships are unincorporated.

Benefits of an employee-owned partnership

- The partners in a partnership are involved in the decision-making process of the company. This means that the workforce in key decision-making and realising the potential and commitment of the company. That a partnership leads to a more satisfied workforce as employees feel their opinions are valued and likely to get the most out of their employees in terms of a high productivity rate.
- As workers feel that their input into the decision-making process is valued, they are more satisfied. Extract A states that the structure leads to a 'happier workforce' (can be used here). This in turn is likely to lead to a lower labour turnover rate which will reduce recruitment costs for John Lewis.
- Extract A states that the partnership structure leads to a 'more accountable management'. Managers have more direct responsibility for the consequences of the decisions – the rewards and the punishment (Extract A).
- Partnerships tend to be easier to set up as a form of business as opposed to a private company. There is less paperwork. However, partnerships tend to be much smaller, with between two and 20 partners. John Lewis, with over 80,000 partners, is an exception. It is not clear if a partnership due to its scale. As it has been trading for well over 100 years, set-up costs are not relevant here.
- The John Lewis Partnership benefits from having a good reputation as an employer. This is reflected in Extract C, which states that JLP is 'one of the best payers on the high street'. This helps to recruit new members of staff (partners) as it is deemed a desirable place to work with.

Potential costs of a partnership

- Some of the benefits – such as partners involved in the decision-making process, and the reward – may not be as relevant for the John Lewis Partnership as they are for smaller partnership structures. Typical partnerships, which are much smaller, tend to have a clear voice in the decision-making process. JLP has over 80,000 partners. The shop floor may not feel like they have a direct say in key decisions as there will be many layers of management between them and key decision-makers at the top.
- JLP has traditionally paid a more competitive rate for its workers than other major retailers. Many other companies are now paying higher rates and it appears that gap is closing. If other companies become partnerships, so it could be argued that the benefits of an employee-owned partnership are reduced.

INSPECTION COPY

**COPYRIGHT
PROTECTED**

Potential judgement

- JLP is an unusual form of partnership due to its scale and size, so it is difficult to apply operating as a partnership to it. One of those benefits is that the more owners in a partnership can be raised, which clearly does not apply to JLP.
- Even though it is unusual to have such a large partnership, JLP has shown everyone it can be successful on this scale, as opposed to its competitors who are public or private limited companies.
- The traditional benefits of operating as a partnership are often in relation to ease of raising capital and access to other forms of business. As JLP is so well established, that doesn't really apply here.
- The good reputation that JLP has as an employer is largely down to the partnership's history as a ruthless, profit-driven plc. It is difficult to quantify the value of their strong reputation and market share.

NB Candidates might go into the traditional benefits of setting up a partnership, e.g. not information, more owners can raise capital, etc. Some marks can be awarded for this but do not give application marks as this is not relevant to the John Lewis Partnership.

Question 1d

Total for this section: 16 marks (Knowledge 2, Application 2, Analysis 4, Evaluation 4)

Level	Marks	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–2	<ul style="list-style-type: none"> Limited understanding and knowledge of business theory is presented. A basic attempt to apply business theory/knowledge/information to the question, but very limited in scope. Only a very superficial/basic assessment is presented.
Level 2	3–4	<ul style="list-style-type: none"> Some understanding/knowledge/information of business theory is presented. Business theory/knowledge/information is applied to the context, but is limited in scope. Some chains of reasoning are presented but may be incomplete. Only very generic or surface-level assessments are presented.
Level 3	5–8	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory is presented in a whole answer. Business theory/knowledge/information is, in the most part, applied accurately to the question. Some coherent and logical chains of reasoning are applied. An attempt at judgement is made using quantitative and qualitative data, but may not be sufficiently balanced or does not show adequate understanding of differing lines of argument.
Level 4	9–12	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory is presented in a whole answer. Business theory/knowledge/information is applied accurately to the question. Coherent and logical chains of reasoning are applied throughout the answer. Valid judgements are made where the candidate provides a balanced analysis of quantitative and qualitative data.

Indicative content

Distribution refers to how a business gets its product/service to the customer; online distribution involves customers purchasing items on the Internet, such as through the company's website, for example, and then the items are shipped or collected by the customer.

Consequence: online distribution

- A number of factors have contributed to the growing trend of customers ordering goods online (JLP's sales rose 10% in 2021 for JLP); ease and convenience of Internet shopping, and the coronavirus pandemic. The increased demand for goods bought online has led large retailers such as JLP having to keep pace with demand. Extract B states that John Lewis has just leased an additional 1.5 million square feet. This is required to store John Lewis products; they won't make it in the stores but will instead be processed here and then sent out directly to the customer or to a store.
- John Lewis now has 10 large distribution centres to deal with the increased demand for goods. You could draw a demand and supply diagram to illustrate a rightward shift of the demand curve and a rightward move of the supply curve creating a new equilibrium.

**COPYRIGHT
PROTECTED**



- There will be efficiency and cost savings with the new distribution centre being in the second-largest distribution centre in Milton Keynes. This means that customer order packaging will be reduced, and transport costs will fall. These efficiency and cost savings will increase the company's overall profits.
- Renting large and often out-of-town distribution centres is often considerably cheaper than a store or a store in a shopping centre. So, JLP will be reducing its overall costs if it can shorten by selling directly to customers online.
- There has been a clear change in social trends, with JLP seeing an increase in 20% per year. It is important for John Lewis to remain competitive by responding and adapting to these trends. As much the trend is likely to continue. John Lewis could lose business to competitors if it does not have the capacity to meet the additional demand, and this could impact the long-term profits.

Potential counterbalance

- Although cost savings will be made ramping up online distribution compared to in-store sales, there are costs associated with these large distribution centres. These include the rent that needs to be paid, the insurance bill to cover as well as 24-hour security to mitigate the risks associated with the large amounts of stock.
- JLP is right to respond quickly to changing consumer spending habits; however, there is a temporary phase of recovery from the coronavirus pandemic and lockdowns. Customers are still recovering from the pandemic, and JLP needs to monitor these trends closely. If online sales continue to grow, the extra costs associated with the additional distribution centres will be offset.

Potential judgement

- It is unlikely that online sales will fall relative to in-store sales as the ease and convenience of online shopping seems set to stay. So, it is sensible and practical for JLP to increase its online sales.
- Overall, increasing online distribution is much cheaper than opening new stores and maintaining them. So, this change in social trends is advantageous to many businesses, including John Lewis. They can make the most of it to boost revenue and profits.

**COPYRIGHT
PROTECTED**



Question 1e**Total for this question:** 20 marks (Knowledge 4, Application 4, Analysis 6, Evaluation 6)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–4	<ul style="list-style-type: none"> 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 show consequence(s)/effect(s).
Level 2	5–8	<ul style="list-style-type: none"> Elements of knowledge and understanding, which are applied. Arguments and chains of reasoning are presented, but consequences/effect(s) are incomplete. Attempts to address the question. A comparison or judgement may be attempted but will not show the key features of business behaviour or business situation.
Level 3	9–12	<ul style="list-style-type: none"> Accurate and thorough knowledge and understanding, supported by effective use of business behaviour/context. Well-developed chains of reasoning, so that cause(s) and/or effect(s) are complete, showing an understanding of the question. Arguments are well developed. Quantitative and qualitative information is introduced in an attempt to show a partial awareness of the validity and/or significance of competing arguments, which may lead to a conclusion.
Level 4	13–20	<ul style="list-style-type: none"> Accurate and thorough knowledge and understanding, supported by effective use of the business behaviour/context. Uses well-developed, logical and coherent chains of reasoning and/or effect(s). Arguments are fully developed. Quantitative and/or qualitative information is used well to show awareness of the validity and significance of competing arguments, comparisons, judgements and an effective conclusion that provides and/or recommendations.

Indicative content

- Customer satisfaction is when customer needs are met. Most businesses will have it as a goal as satisfaction is likely to lead to repeat sales. If customers are happy with the level of service they are likely to return. A loyal customer base and positive experiences of the business spread through word of mouth, leading to future sales of the business.
- If employees feel that their needs are met and are sufficiently motivated then this will lead to higher performance, which will feed through to higher customer satisfaction through higher quality services provided.
- Financial incentives include wages/salaries but also bonuses and any other benefits such as private health insurance.
- Non-financial incentives are ways of encouraging workers to increase performance. These could be done through several ways, e.g. consultation, flexible working practices, etc.

Option 1

- JLP has a flexible working policy and supports its part-time workers with progression. This is a stumbling block for part-time workers. Examples of non-financial incentives to improve employee performance. Having more flexible working practices means that employees can balance their time with commitments outside of work, such as childcare. If employees are happy with their type of working and are understanding of external commitments in their lives, they will be more eager to improve. This should lead to higher employee performance. Improved customer satisfaction, will hopefully translate into improved customer satisfaction.
- A flexible workforce can have several benefits to a company, such as being able to respond to changes. For example, if more workers are needed quickly, say for the busy Christmas period, a firm can make use of temporary workers. Extract C states that there are an additional 10,000 temporary workers. Customers will be more satisfied if there are more members of staff in stores to cope with the busy Black Friday weekend and in the run-up to Christmas.
- Non-financial methods could include consultation with staff, ensuring that they feel they have some influence over the decision-making process. We can see in Extract C that the company's policies are a direct result of consultation and feedback given by workers. This will make them feel more valued, and will potentially lead to enhanced performance and better customer satisfaction.

INSPECTION COPY

**COPYRIGHT
PROTECTED**

Option 2

- Financial incentives, such as the £500 cost-of-living bonus given to every employee, support workers through a difficult economic period. This is quite unusual and certainly similar retailers in the UK. This shows how much the partnership values its partners' feeling of goodwill from the workers to the company. This can translate into improved tasks, and perhaps even mean that workers talk of the company in a more positive light.
- JLP has a reputation for paying above average wages with a rate of £11.05 per hour and 4% for entry-level pay. These are financial incentives to try to attract – and retain – staff. If the labour retention is high, then loyal customers may get used to seeing the visits and get a more personalised customer service experience.
- JLP has introduced a generous parenthood paid leave package, which is an example of a generous package, combined with the fact that there is equal paid leave for men and women, is much more valued and appreciated. In the past, workers may not have felt much loss of return after a period of parental leave if it was deemed to be less than generous. If the thoughtful package (two weeks' paid leave for pregnancy loss), workers will return to work after paid leave. Also those that plan to start a family in the future are likely to stay on to receive the paid leave. This also leads to a higher retention rate which means that workers with customers will be more experienced and knowledgeable about procedures and higher quality service.

Potential judgement

- It could be argued that both financial and non-financial incentives are required to improve customer satisfaction. It certainly looks as if John Lewis (as of 2022) is committed to perhaps more emphasis on financial incentives, which is likely to be in response to rising incomes due to energy and food price increases. Perhaps in 'normal times' JLP will focus more on non-financial incentives.
- Temporary and younger workers tend to be more motivated by financial incentives. Over the Christmas period, it would make sense to offer financial incentives to a specific demographic/cohort. This is important as it should lead to higher employee performance (if customer service, they are unlikely to return).
- Managers may feel more empowered by non-financial incentives, such as responsible team working, etc., so for these workers these types of incentive may have more impact than financial incentives.
- Possible recommendations depend on the personal circumstances of individual employees and differing issues.

**COPYRIGHT
PROTECTED**



Section B

Question 2a

Total for this question: 4 marks (Knowledge 1, Application 2, Analysis 1)

Knowledge/understanding: 1 mark for understanding the benefits of operating in a global niche market.

- Operating in a global niche market, rather than a mass market, allows firms to signifi- economies of scale.
- Targeting a global niche market provides a clearer focus on potential customers; it re
- There is often less competition in a global niche market compared to a global mass m

Application: up to 2 marks for contextualised example, e.g.:

- Nestlé has identified that there is growing demand for vegan products; therefore, the on its marketing and promotional campaigns as there is a specific group to be targete
- Nestlé can charge a higher price in this global niche market, especially as it is a rapid competitors yet in the industry. This is significant as the price of the KitKat V bar is original, and 40% of people surveyed said they would be willing to move to a more
- Customers tend to be loyal in a global niche market, so if Nestlé has successfully targ likely to create a loyal custom.

Analysis: 1 mark for developing an advantage of this strategy:

- If Nestlé is able to successfully charge a premium price for KitKat V (and keep costs d profit margins.
- If Nestlé is successful in getting repeat customers, it will see an increase in its market growing industry.

Question 2b

Total for this question: 4 marks (Knowledge 1, Application 3)

Quantitative skills assessed:

Q52: Calculate, use and understand percentages and percentage changes

Q57: Interpret values of price and income elasticity of demand

Q59: Interpret, apply and analyse information in written, graphical and numerical forms

Knowledge: 1 mark for:

- Price elasticity of demand = %change in quantity demanded / %change in price

Application: up to 3 marks for using appropriate data:

- $-1.5\% / 8.3\% = -0.18$

Award full marks even if the candidate misses off the negative sign (-) but gets the answer

INSPECTION COPY

COPYRIGHT
PROTECTED



Question 2c**Total for this question:** 10 marks (Knowledge 2, Application 2, Analysis 3, Evaluation 3)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–2	<ul style="list-style-type: none"> Limited understanding and knowledge of business theory A basic attempt to apply business theory/knowledge/info to the question, but very limited in scope. Only a very superficial/basic assessment presented.
Level 2	3–4	<ul style="list-style-type: none"> Some understanding/knowledge/information of business theory Business theory/knowledge/information is applied to the question but is limited in scope. Some chains of reasoning are presented but may be incomplete Only very generic or superficial assessments are presented
Level 3	5–6	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory Business theory/knowledge/information is, in the most part, applied to the context outlined in the question. Some coherent and logical chains of reasoning are applied An attempt at judgement is made using quantitative and qualitative data, but the answer may not be sufficiently balanced or does not show significance of differing lines of argument.
Level 4	7–10	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory Business theory/knowledge/information is applied accurately to the question. Coherent and logical chains of reasoning are applied throughout Valid judgements are made where the candidate provides quantitative and qualitative data.

Indicative content

- Promotion is an important element of the marketing mix which is aimed at obtaining a response from target markets. Strategies to promote products to global niches are often based around the brand name of the brand. Nestlé is a very well-known brand in global markets; as it's attempting to enter a new market, promotion needs to be more targeted than in a mass market.
- Promotion means communicating to customers about the product/service and persuading them to buy. Nestlé will need to make potential global customers aware of the health and sustainability benefits of the product.
- As there are many different languages spoken in the EU, Nestlé will have to be very careful of the KitKat V bar as it will not want to make any unnecessary mistakes or cause offence.
- Nestlé could opt for above-the-line promotion which involves advertising using media channels.
- Nestlé could try below-the-line promotion which involves any type of promotion that is not above-the-line. This could be introductory sales promotions when launching the new KitKat V, or coupon promotions.
- Nestlé may decide to use its significant resources by improving public relations for the product. This could be through press releases or perhaps sponsorship deals with major sporting events.
- Nestlé could use a similar strategy to Cadbury by having a pop-up store in a bustling city centre to increase potential customers' awareness of the product.

Potential counterbalance

- Advertising campaigns can be very expensive, so Nestlé will have to pick carefully which media channels to use.
- Market research will need to be carried out to understand which media outlets (social media, TV, radio, etc.) the target audience will be most receptive to. It is unlikely that TV and radio will reach the target audience, which is of a younger demographic and likely to be more receptive to social media.
- The news of the launch of KitKat V is likely to be spread by word of mouth. KitKat is a well-known brand, so many people are likely to pass on this information to friends/family who are also interested in a plant-based diet. This indicates that there may not be such a strong need for a large advertising campaign.

Potential judgement

- Nestlé doesn't have to choose between above-the-line promotion and below-the-line promotion; it can use a combination of both to try to increase awareness and sales of its new product.
- Press releases are often used for the launch of new products so it would make sense for Nestlé to use them for the launch of KitKat V, especially in the 15 European countries it is about to enter. As the product is new, other promotional methods such as below-the-line sales promotions could also be used.

INSPECTION COPY

**COPYRIGHT
PROTECTED**

Question 2d**Total for this question: 12 marks** (Knowledge 2, Application 2, Analysis 4, Evaluation 4)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–2	<ul style="list-style-type: none"> Limited understanding and knowledge of business theory is presented. A basic attempt to apply business theory/knowledge/information to the question, but very limited in scope. Only a very superficial/basic assessment is presented.
Level 2	3–4	<ul style="list-style-type: none"> Some understanding/knowledge/information of business theory. Business theory/knowledge/information is applied to the context, but is limited in scope. Some chains of reasoning are presented but may be incomplete or flawed. Only very generic or surface-level assessments are presented.
Level 3	5–8	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory. Business theory/knowledge/information is, in the most part, applied accurately to the question. Some coherent and logical chains of reasoning are applied. A judgement at judgement is made using quantitative and qualitative data, but not be sufficiently balanced or does not show adequate understanding of lines of argument.
Level 4	9–12	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory. Business theory/knowledge/information is applied accurately to the question. Coherent and logical chains of reasoning are applied throughout. Valid judgements are made where the candidate provides a balance of quantitative and qualitative data.

Indicative content

- Cost-plus pricing is a pricing strategy that ensures it covers all costs of producing a product and adds a markup onto the unit costs.
- This markup is usually a percentage of the unit cost that is added on to ensure that the business makes enough to generate a profit.
- Global niche markets exist when the local market for a product is too small to be profitable. As we can see from Extract E, costs are more expensive than the standard KitKat, so mean the final price of the vegan bar is significantly more than the original.

Advantages of using cost-plus pricing

- This is a common pricing strategy for businesses to use because it is relatively straightforward.
- For Nestlé, the production costs of the KitKat V are high, so it is important for them to take these costs into consideration and add a markup; otherwise, Nestlé could be faced with a product at the same price point as its regular KitKat.
- Price increases can then be justified on the grounds of cost. If, for example, the price of cocoa increases, the overall price of the KitKat V will increase but profit margins will be retained. This is similar to what companies such as Hershey's, will also be experiencing similar increases in costs.

Disadvantages of using cost-plus pricing

- Using cost-plus pricing ignores price elasticity of demand, which shows how sensitive demand is to price. If the product is very elastic and the price of the product is increased because of an increase in costs, it could mean that sales drop by a greater percentage than the increase in price. This would reduce the revenue and profit generated.
- This method ignores market conditions. For example, there may be recession, or a change in market demand, or a change in customer preferences (e.g. customers more price sensitive (elastic)).
- Cost-plus pricing ignores the level of competition in the particular market. With this method, a business might have a price compared to rival, similar products from competitors, but it does not take into account the competitive advantage of the business.
- If Nestlé were to use this strategy, it would have less incentive to control costs as the price is set by the cost plus a markup. Extensive research and development for the KitKat V bar, and more intense marketing, mean the costs of this new product higher than for the original KitKat. Nestlé is actively trying to make the KitKat V so that it is more in line with the original, suggesting that Nestlé does not want to use cost-plus pricing.

Potential judgement

- The confectionery industry is extremely competitive, so it would be wise for Nestlé to consider pricing strategies that consider the price of rival products.
- The PED for the US chocolate market is very inelastic (at -0.18), suggesting that companies using a cost-plus pricing strategy and still get away with strong sales if they did have to raise prices.
- As Nestlé is launching into 15 new European markets, cost-plus pricing might be the best option to ensure that calculate pricing to ensure that profit margins are retained.

INSPECTION COPY

COPYRIGHT
PROTECTED

Question 2e**Total for this question:** 20 marks (Knowledge 4, Application 4, Analysis 6, Evaluation 6)

Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> An answer worthy of no marks.
Level 1	1–4	<ul style="list-style-type: none"> Limited understanding and knowledge of business theory is present. A basic attempt to apply business theory/knowledge/information to the question, but very limited in scope. Only a very superficial/basic assessment is presented.
Level 2	5–8	<ul style="list-style-type: none"> Some understanding/knowledge/information of business theory is present. Business theory/knowledge/information is applied to the context, but is limited in scope. Chains of reasoning are presented but may not be fully developed and develop cause(s) and effect(s) of issues analysed. An assessment / a judgement may be made but it is not supported and is limited in scope.
Level 3	9–14	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory. Business theory/knowledge/information is, in the most part, outlined in the question. Some coherent and logical chains of reasoning are presented and in the question. Candidate accurately identifies and develops issues analysed. A judgement is made, using quantitative and qualitative data balanced or may show only a partial understanding of the significant argument. There may be a conclusion, but this might not be supported.
Level 4	15–20	<ul style="list-style-type: none"> Comprehensive/accurate understanding and knowledge of business theory/whole answer. Business theory/knowledge/information is applied accurately to the question. Coherent and logical chains of reasoning are applied throughout complete and relevant to the context outlined in the question cause(s) and effect(s) of issues analysed, which is well developed. Valid judgements are made where the candidate provides a balanced quantitative and qualitative data. Effective judgements are made on competing arguments that lead to a supported conclusion.

Indicative content

- Market share is the proportion of the total market that a particular firm, brand or product has. The market share that KitKat V has in the plant-based confectionery markets in European countries.
- Most firms wish to increase their market share, and it is a common business objective. Increasing market share means that sales revenues increase, and if a firm has a bigger market share over its competitors, it may be able to lower costs and thus increase profit margins.
- As the firm with the larger market share has a higher level of output, this means that economies of scale and might be able to lower costs and thus increase profit margins.

Option 1 – Competition

- Competition is the number of other firms operating in a particular market; in this case, competitors would be Cadbury and Hershey's.
- The level of competition in a market can have many influences; for example, when Nestlé launches the new KitKat V in European markets. Nestlé will need to be aware of the competition already in the market, such as those that are in development and about to be launched by other firms. Nestlé will need to benchmark its pricing. If the KitKat V has a much higher, premium price than its competitors, it may have poor sales revenue and low market share.
- If Nestlé priced the KitKat V low compared to its competitors, it could gain market share but at the cost of development costs and making losses rather than profits.
- Nestlé is a large multinational corporation so already benefits from significant economic experience in the supply chain and has the marketing and promotional resources at its disposal. So, Nestlé is perhaps much better placed than smaller firms as it is more experienced in launching new products in new markets.
- It could be argued that it is also less risky as Nestlé already has a plethora of successful products. For a smaller firm, or a new entrant, there would be huge costs involved and the firm would need to have the experience/knowledge for launching new products in new markets.

INSPECTION COPY

**COPYRIGHT
PROTECTED**

- Cadbury is similar to Nestlé in so far that it is a well-loved household name in the UK that sells across many markets and is, therefore, a strong competitor. Its launch of Plant is showing that there is sufficient demand for dairy-free chocolate products. Cadbury has a large market share in the plant-based confectionery market, so Nestlé may have some work to do in marketing to increase its market share.
- Hershey's is an American-based confectionery company which doesn't appear to have a strong presence in European markets. So, although Hershey's has added some vegan alternatives to its range, it is largely targeted at the US market so should not have too much of an impact on Nestlé's European market.

Option 2 – External influences

- Exchange rate fluctuations are an external influence on Nestlé as they will impact on the relative final price of KitKat V. The nature of multinational corporations is that their manufactured materials will be sourced from all over the world in the currency of the different countries as it is likely to source its cocoa from different countries with more than one meaning that the company is subject to changing input costs with exchange rate fluctuations.
- The cost of living crisis, as mentioned in Extract F, is impacting consumers in the UK. This is an external influence that will affect demand for KitKat V when Nestlé launches into the market. When consumers struggle to pay for basics such as heating and fuel, they may not view chocolate as a necessity.
- The data for the USA shows that there is inelastic demand for confectionery products. This is similar, that means that the price can continue to rise to reflect increasing costs, but by a lesser percentage.
- The war between Ukraine and Russia might disrupt supply chains, meaning that trading with these countries and sourcing materials may be tricky.
- Social influences may be relevant here. Extract D states that the cocoa used by Nestlé is sourced from the UK. Increasingly, there is mounting pressure coming from consumers for firms to reduce their carbon footprint and take measures to reduce it. These social factors could be quite relevant for the KitKat V in European countries, and the global vegan market is set to double in the next few years.
- Trade factors also have a role to play in external influences. Many, if not all, of the countries Nestlé is launching its product in are within the European Union. This means that there is free movement of capital and labour between EU member countries. This may be a positive influence on Nestlé's production was based in Germany. This would mean that the KitKat V could travel across the EU without the need for bureaucratic checks and import tariffs. This means that the cost of distribution is lower, meaning that it can potentially benefit from higher profit margins.

'External influences' is a broad topic so give credit for any relevant influences raised, even if not specifically mentioned on this mark scheme.

Potential judgement

- The success of Cadbury's Plant bar, with its pop-up store, may actually have benefited Nestlé by creating opinions and facilitated non-vegan customers to try vegan chocolate when they might not otherwise.
- The confectionery industry is a saturated market where there is a significant amount of competition. Consumers are considering a move to a more plant-based diet. It is likely they would still prefer their favourite existing chocolate bar. This suggests that competition plays a significant role in Nestlé's market share.
- Hershey's is a US firm with a US focus so it may not prove to be fierce competition in Europe. Nestlé needs to be conscious of other competitors such as Lindt and Galaxy.
- Timing is important when launching a new product into new markets. Cadbury has been successful in the UK. So, Nestlé is right to move forwards into new markets. If it had tried to enter first-mover advantage. The rice-based bar was two years in development. If it had been quick to enter this niche market, it may have lost of future sales to competitors in the market.
- There will always be the threat of external influences on the success of a new venture. Nestlé is targeting of 15 European markets which have similarities in culture but also in currency. This limits the volatility of currency fluctuations when producing, distributing and selling.
- The confectionery market is very competitive and dynamic. There is also a certain amount of risk that Nestlé can successfully produce a dairy-free alternative that is not too high in price, and that it can achieve growth in the plant-based sector.
- As the market is dynamic, and tastes and social influences change rapidly, it could be that KitKat V is a 'fad' and tastes may change again soon. Despite this, 'four in 10' persons questioned preferred plant-based alternatives, so this opportunity to gain market share in a new and growing market is significant.

**COPYRIGHT
PROTECTED**



Preview of Answers Ends Here

This is a limited inspection copy. Sample of answers ends here to stop students looking up answers to their assessments. See contents page for details of the rest of the resource.