Examiners' Report

Principal Examiner Feedback

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Pearson Edexcel International Advanced Level

In Business (WBS13/01)

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Introduction

This was the second paper for the new WBS13 paper and overall, candidates' performance showed a sound grasp of business concepts. Answers suggested that candidates, on the whole, had been well prepared for this paper. There appeared to be good use of business terminology throughout all sections of the paper.

The better candidates demonstrated excellent application of their knowledge to the precise question set, compared to candidates who attempted questions from a 'common sense' approach rather than demonstrating any business concepts.

The examination paper required candidates to apply their understanding; better candidates performed strongly, with clear development of points. Examination timing appeared to be very good with the majority of candidates completing the paper in the allocated time.

Question 1a:

This was marked using a points based mark scheme with Knowledge =1, Application =2, Analysis = 1.The Knowledge mark was awarded for the aim of portfolio analysis and not the definition and this will always be the case for an 'Explain' question. Many candidates did start their response with a definition which cannot be rewarded. Marks were awarded for a valid aim and most candidates focused on how portfolio analysis could be used to manage the product portfolio such as identifying products that might need to be withdrawn from the market. Application marks were awarded for using the information from the Extracts and many referred to the 1,600 products in Kellogg's product portfolio or the different types of products such as snacks and breakfast products it offered in different market segments. Some candidates only used one piece of Application and this question requires two separate pieces of Application. For the Analysis mark, marks were awarded for how Kellogg's could use this information to make strategic decisions such as which products needed support or which food areas needed innovation.

Question 1b:

Many candidates were able to correctly calculate the percentage of total sales revenue that came from Europe in 2017. Some candidates did not give their answer to two decimal places and did not include the percentage sign. Correct answers which are not calculated to do not include the percentage sign can only achieve a maximum of 3 marks so it is essential the correct units are always used. This is the same for not giving the answer to two decimal places. It is advisable to show all workings including the formula. Marks can still be awarded for showing a correct percentage formula and correct workings even with an incorrect answer.

The New Marking Levels – a holistic approach

The new IAL specification continues to use marking descriptors for all levels-based questions. It is essential that centres look at these and understand how these are different to the legacy specification. The levels based mark schemes are applied in a holistic way rather than looking for individual Assessment Objectives. This means that a candidate who attempts evaluation with some context will not necessarily be placed in the top levels and could only achieve level 2 if the evaluation is weak.

Question 1c:

This was the first levels-based question on the paper and marks were awarded for use of the Extracts to discuss the possible benefits for Kellogg's of operating the summer hours scheme. Many candidates were able to talk in detail about the benefits for Kellogg's in terms of productivity, motivation and perhaps a reduction in labour turnover from the scheme. Unfortunately, many candidates simply copied large chunks of the information from the Extracts rather than **using** it to support their argument. For the counter argument marks were awarded for some understanding that this non-financial scheme might not be beneficial for all employees and that many employees would prefer financial rewards rather than finishing early on a Friday. Many candidates ignored the command word 'Discuss' and only gave a one-sided response. A conclusion is not required for 8 mark questions.

Question 1d:

This is the first 12 mark Assess question on the examination paper and was marked with 4 levels. Marks were awarded for an assessment of how the UK Government policy to cut sugar in breakfast cereals by 20% before 2020 would impact on Kellogg's corporate strategy. The Extracts did provide many examples which candidates could use to help contextualise their responses. Many candidates were able to show how this might fit into Kellogg's corporate strategy due to its successful reduction of sugar and in Coco Pops and how this might support its aim of being the best provider of breakfast products. The counter argument was often lacking or non-existent. Some candidates considered the problems of having to adapt so many if its breakfast products and that this advantage might be short lived if rival businesses followed suit. A conclusion/judgement was required for 12 mark question but was not often seen. Evaluation was often poor and candidates must provide a balanced assessment and an awareness of competing arguments to access the higher levels.

Question 1e:

The second 12 mark Assess question was focused on the financial performance of Kellogg's in 2017. Marks were awarded for accurate calculation of financial ratios rather than a description of the content of the figures in Extract E. Some candidates were able to successfully comment on the results of the ratios and whether this allowed Kellogg's to pursue its strategy of funding new acquisitions and launching new products outlined in Extract A. Unfortunately, the counter argument was often lacking or non-existent in terms of comparing these figures with rivals businesses, the need for both qualitative and quantitate information and the fact the financial figures were just for one year. A conclusion was required for this question but was often lacking.

Question 2:

This question required candidates to carry out an evaluation of the best way for Under Armour to compete using Porter's Strategic Matrix (cost leadership, cost focus, differentiation leadership, differentiation focus). Unfortunately many candidates confused Porter's Strategic Matrix with Porter's Five Forces or with Ansoff's Matrix so were unable to access any marks. The quality of the evaluation was key to accessing the higher levels and candidates did not have to evaluate all four methods to do so. Some of the better responses were much more selective in their approach, focusing on the depth of evaluation rather than breadth. Better candidates used the information in the Extracts to help contextualise responses rather than copy out large chunks. There was no correct 'way' and many of the responses in level 4 were able to provide an effective conclusion that suggested a solution and/or recommendation for Under Armour.

Question 3:

This question required a detailed evaluation of whether Netflix should fund its expansion by using long-term loans. Unfortunately many candidates ignored the reference to long-term loans and instead focused on Netflix expansion into new markets thereby not answering the question set. Marks were awarded for a detailed evaluation of the use of long-term loans in terms of Netflix being able to borrow a large amount of finance and then be able to pay back the loan over a long period of time. Better candidates also consider the benefits of using loans over share capital and Netflix not having to dilute ownership to fund its expansion. The counter argument was centred around the disadvantages of using long-term loans in terms of having to repay large amounts of interest, the impact on its gearing ratio and difficulties in repaying the loan if the expansion was unsuccessful in new markets. Overall the performance and the quality of evaluation was significantly weaker compared to Question 2.

Summary

There are several points which could raise performance in future sittings. Based on their performance on this paper candidates are offered the following advice:

- Read the questions carefully in terms of the command words. It was clear that some candidates were not aware of the demands of the question or how to structure their responses.
- Quantitative Skills will be tested throughout the paper and these may be in the form of calculations, diagrams or using the data from the Extracts.
- For calculation questions, it is essential that the answer has the correct units or is to two decimal places (if specified).
- The 'Explain' questions will always have two Application marks so ensure that there is enough context in the response to gain both marks.
- Do not define the key term in the 'Explain' questions. The Knowledge mark is for the reason, the impact or the aim.

- Discuss – this question requires both sides of an argument and is **not** one-sided. A conclusion is not required.
- The command words 'Assess and 'Evaluate' are evaluative command words so candidates must provide both sides of a business argument in order to achieve full marks with a supported conclusion.
- Use of relevant context is required throughout and this can be from the Extracts provided or using examples provided by the candidate themselves. The Extracts are there for a reason – so use them however do not copy out large sections of the Extracts. For Application to be rewarded, it must be used and integrated into the response rather than separate.
- Use business concepts rather than generic 'common sense' answers.
- Examination timings – make sure there is enough time to answer the 20 mark questions in Section B and Section C.