Mark Scheme (Results)

Summer 2026

Pearson Edexcel International Advanced Level in Economics
WEC13/01A
Unit 3: Business Behaviour

Edexcel and BTEC Qualifications

Summer 2026
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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Section A

Question	Quantitative skills assessed	Answer	Mark
1	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** ***A*** *is not correct because this describes a perfectly competitive market* ***B*** *is not correct because this describes a monopoly* ***C*** *is not correct because a monopolistically competitive market has a large number of small businesses selling differentiated products*	**(1)**
2	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is B** ***A*** *is not correct because the takeover does not move the business closer to the consumer* ***C*** *is not correct as the businesses operate at different stages of production* ***D*** *is not correct as the businesses operate within the same industry*	**(1)**
3	**QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct because total cost is increasing* ***B*** *is not correct because average fixed cost is decreasing* ***D*** *is not correct because average fixed cost is decreasing*	**(1)**
4	**QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is A** ***B*** *is not correct because a decrease in the wage rate paid to Tesla's workers is likely to increase the demand for labour* ***C*** *is not correct because an increase in subsidies paid to electric vehicle manufacturers is likely to increase the demand for labour* ***D*** *is not correct because an increase in the geographical mobility of Tesla's workers is likely to increase the supply of labour*	**(1)**
5	**QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is D** ***A*** *is not correct because in the long-run the industry output will increase* ***B*** *is not correct because in the long-run the firm's output will decrease* ***C*** *is not correct because in the long-run the industry price will decrease*	**(1)**

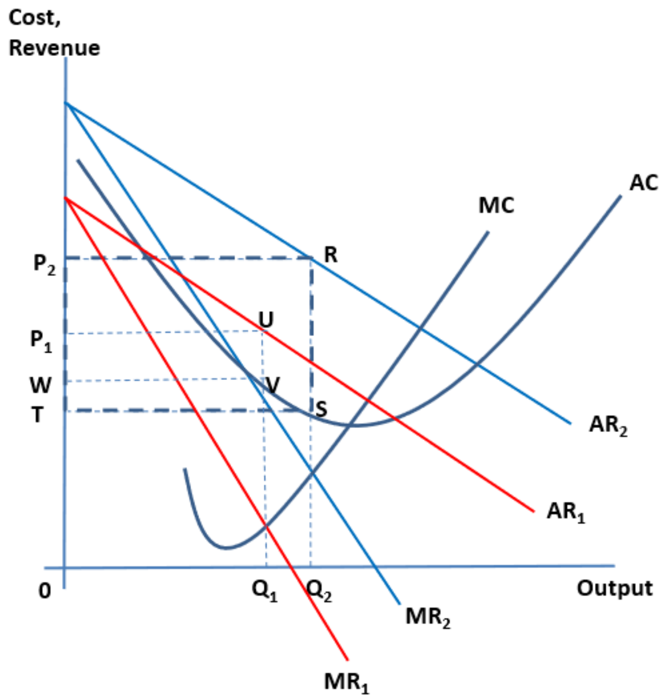
6	**QS6** Calculate cost, revenue and profit (marginal, average, totals) **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms	**The only correct answer is C** ***A*** *is not correct because this is the change in average revenue* ***B*** *is not correct because this is the marginal revenue when price decreases from €1 600 to €1 400* ***D*** *is not correct because this is the marginal revenue when price decreases from €2 000 to €1 800*	**(1)**

Section B

Question	With reference to Figure 1, calculate the percentage change in global smartphone revenue between 2014 and 2024.	Mark
7(a)	**Application 2** **Quantitative skills assessed:** **QS1:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms Up to 2 marks for correct calculation: e.g. • \$467.6 bn – \$325.5 bn = \$142.1 bn **(1)** • (\$142.1 bn / \$325.5 bn) x 100 = 43.66% **(1)** **NB: Award full marks for correct answer (43.66%) regardless of working. Also accept 43.7% or 44%** 1 mark if; no % sign or Bn instead of %. Rounding error e.g 43.6%	**(2)**

Question	With reference to Extract A, explain what is meant by a ‘highly concentrated’ market.	Mark
7(b)	**Knowledge 2, Application 2** **Quantitative skills assessed:** **QS1:** Calculate, use and understand percentages, percentage changes and percentage point changes **QS9:** Interpret, apply and analyse information in written, graphical and tabular forms **Knowledge** The market share of the largest N number of firms **(1)** is a high proportion/percentage of the total market **(1)** Allow 1 mark for any of the following: • Identification of market structure - oligopoly /Businesses are interdependent / **1)** **Application** Up to 2 marks for application to Extract A e.g.: • The global smartphone market is highly concentrated • The two-firm concentration ratio was 80% • The 3-firm concentration ratio for the US smartphone market in 2024 was 88% **(1)** • Apple had a 57% share in the USA **(1)** • Samsung and Apple are the two largest producers in the world **(1)**	**(4)**

Question	With reference to Extract A, analyse **two** ways that large smartphone businesses may benefit from internal economies of scale.	Mark
7 (c)	**Knowledge 2, Application 2, Analysis 2** **Quantitative skills assessed:** **QS9:** Interpret, apply and analyse information in written, graphical and tabular forms **Knowledge and analysis:** Up to 2 knowledge marks for identifying two reasons and up to 2 analysis marks for linked explanation e.g.: • Managerial economies of scale **(1K)** as large smartphone businesses employ specialist managers who increase productivity and efficiency, decreasing long-run average costs **(1AN)** • Technical economies of scale **(1K)** as large smartphone businesses invest in technology that can make the production process more efficient, decreasing long-run average costs **(1AN)** • Financial economies of scale **(1K)** as large smartphone businesses are charged lower interest rates/better access to finance than smaller businesses, decreasing long-run average costs **(1AN)** • Risk-bearing economies of scale **(1K)** as large businesses can diversify their product range and can spread the risk of failure decreasing long-run average costs **(1AN)** **Application** Up to 2 marks for reference to Extract A, e.g.: • Attracting highly skilled and experienced managers **(1)** • Businesses employ senior managers for product design, marketing and global supply chain management **(1)** • Investing heavily in technology and research/ or Apple invested approximately $30 billion in 2024 to improve product design and performance **(1)** • Xiaomi earns 18 times more in profit than it pays in interest on borrowing **(1)** • Diversified product range/ or Apple produces iPads, MacBooks and AirPods **(1)**	**(6)**

Question	With reference to Extract B, examine the impact of an increase in demand for iPhones on Apple's profits. Illustrate your answer with an appropriate diagram.	Mark
7(d)	**Knowledge 2, Analysis 2, Application 2, Evaluation 2** **Quantitative skills assessed:** **QS4:** Construct and interpret a range of standard graphical forms **QS9:** Interpret, apply and analyse information in written, graphical and tabular forms  **Knowledge** Up to 2 marks for drawing a diagram that shows knowledge of: • AR, MR, AC, MC and profit maximising equilibrium **(1)** • Area of initial supernormal profit identified P_1UVW **(1)** **Analysis** Up to 2 marks for showing: • Increase in AR and MR to AR_2 and MR_2 **(1)** • New area of supernormal profit e.g. P_2RST **(1)** **Application** Up to 2 marks for reference to Extract B e.g.: • Global sales increased from approximately 1 million units in 2007 to 225 million units in 2025 **(1)** • Apple released new models to attract customers **(1)**	**(8)**

	• In 2025, the iPhone 17 was released **(1)** which included improved AI features, longer battery life and design changes **(1)** • Sales of Apple iPhones have increased significantly in developing countries such as India, Indonesia and Brazil **(1)/** where rising incomes and a growing middle class made smartphones more affordable **(1)** **Evaluation** Up to 2 marks for evaluative comments (1+1 or 2+0) e.g.: • Developing new models increases costs for Apple **(1)** this means profits may not increase if increased costs outweigh increased revenue **(1)** • There is competition from other smartphone businesses **(1)** therefore the demand for Apple may not continue to increase in the long-run **(1)** • Some countries may experience a fall in demand **(1)** for example, developed countries with low-income growth/ markets may already be saturated **(1)** • Increase in revenue may not increase profits **(1)** due to diseconomies of scale/x-inefficiency occurring **(1)**	

Question	With reference to Extract C, discuss the likely effects of Apple's monopsony power on businesses **and** consumers.	Mark
7 (e)	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative Skill Assessed** **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms **Businesses:** • Apple accounted for approximately 50% of Foxconn's revenue in 2024 so any reduction in Apple's orders could significantly reduce Foxconn's profits. • Demand from monopsonist - Foxconn will benefit from stable demand with Apple's orders accounting for approximately half of its revenue in 2024 • Foxconn may form a collective agreement with other suppliers and improve negotiating power • Lower costs for Apple – it has the bargaining power to negotiate lower prices for assembly of the iPhone, leading to cost savings (this may be shown on a diagram) • Apple may be able to gain purchasing economies of scale by buying in bulk • Increased profits: Lower input costs contribute to higher profit margins • Increased market power for Apple – Market power over the supply chain allows Apple to influence the prices and terms set for suppliers **Consumers:** • Lower prices/increased consumer surplus - Lower input costs may be passed on to consumers, increasing consumer surplus • Market stability – Monopsonists can provide stability by managing supply chains efficiently and avoiding price fluctuations • Higher profits may result in more investment and more dynamic efficiency resulting in better quality goods **NB: A candidate can achieve a maximum of a level 3 if only one economic agent is discussed**	**(8)**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully, or some stages are omitted.
Level 3	7–8	Demonstrates an accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using relevant examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (6 marks) – indicative content **Businesses:** • Apple's strong bargaining power may result in low profit margins for Foxconn • Low profit margins may force Foxconn to exit the market, reducing the number of available suppliers and potentially harming Apple in the long-run • Increased barriers to entry – Monopsonists can create significant barriers to entry for new businesses, discouraging competition • Relying on Apple can expose Foxconn to increased risk as any changes in Apple's demand would greatly impact Foxconn's profit • The impact of monopsony power depends on the extent of government or regulatory intervention to protect suppliers **Consumers:** • Foxconn may need to cut costs resulting in lower quality iPhones • Apple may not pass cost savings on to consumers if the demand for iPhones is relatively inelastic • Apple's higher profits may be distributed to shareholders and therefore the business may not achieve long-run dynamic efficiency gains • Limited choice – The monopsony determines the available variety of products for consumers, limiting their options in the market

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–2	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	3–4	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially-developed chain of reasoning.
Level 3	5–6	Evaluation recognises different viewpoints and/or is critical of the evidence. Appropriate reference to evidence/context. Evaluation is supported by a logical chain of reasoning.

Section C

<table>
<tr><th>Question</th><th>In Australia the price for a bus journey from Sydney to Canberra in 2024 was $70 AUD for an adult and $35 AUD for a student.

Evaluate the possible benefits of price discrimination for a business and its consumers.

Illustrate your answer with an appropriate diagram(s).</th></tr>
<tr><td>8</td><td>

Indicative content guidance

Answers must be credited by using the level descriptors (below) in line with the general marking guidance.

The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited.

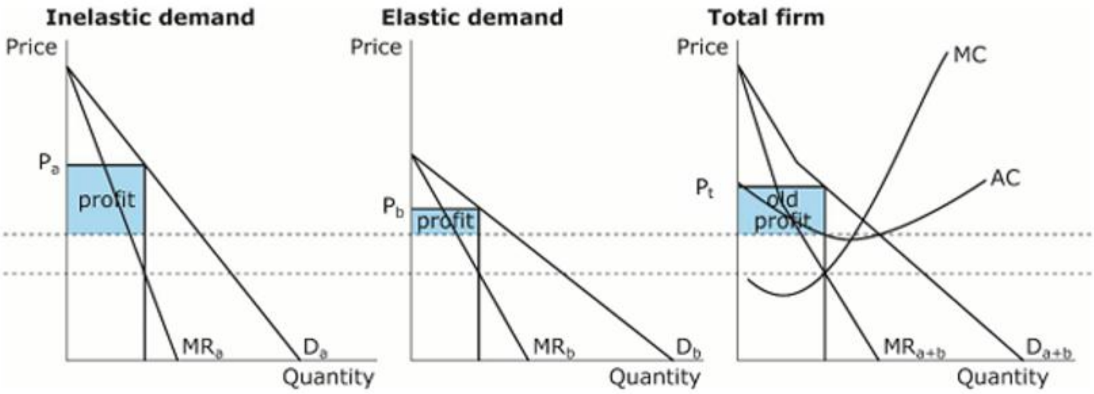
Quantitative Skill Assessed

QS4: Construct and interpret a range of standard graphical forms

QS9: Interpret, apply and analyse information in written, graphical, tabular and numerical forms

Knowledge, Application and Analysis (12 marks) – indicative content

- Understanding of price discrimination – A business charges different prices to different consumers for the same product/service
- Conditions necessary for price discrimination to operate



Possible benefits to the business

- Charging higher prices to those consumers whose demand is relatively inelastic and lower prices to those consumers whose demand is relatively elastic increases revenue for the business
- Adults – demand is more price inelastic, so they are willing to pay more and respond less to changes in the price
- Students – demand is price elastic and more responsive to changes in the price
- Identification of higher profit area on diagram
- Higher profits may be used for future growth of the business
- Lower prices to students can make better use of bus travel in the off-peak period, resulting in economies of scale

</td></tr>
</table>

	• Extraction of consumer surplus to increase producer surplus P**ossible benefits to consumers** • Consumers in the sub-market in which demand is price elastic (students) will benefit from lower prices and higher consumer surplus • Higher profits may encourage further investment by businesses that can improve quality (such as improved service and reliability of buses) and possibly lower prices due to effects of dynamic efficiency • Higher profits enable bus businesses to cross-subsidise and provide discount fares for seats that would not have been purchased • Without price discrimination, the business may make losses and exit the industry reducing consumer choice • Avoids overcrowding – bus operators can use price discrimination to manage demand, preventing overcrowded buses in peak times and encouraging bus travel by students in off-peak times **NB: A candidate can achieve a maximum of level 3 if there is no appropriate diagram** **NB: A candidate can achieve a maximum of level 3 if no context is provided** **NB: A candidate can achieve a maximum of level 3 if only one economic agent is discussed**

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Displays isolated, superficial or imprecise knowledge and understanding of economic terms, principles, concepts, theories and models. Use of generic material or irrelevant information or inappropriate examples. Descriptive approach, which has no chains of reasoning.
Level 2	4–6	Displays elements of knowledge and understanding of economic terms, principles, concepts, theories and models. Limited application of knowledge and understanding to economic problems in context. A narrow response or superficial, only two-stage chains of reasoning in terms of cause and/or consequence.
Level 3	7–9	Demonstrates accurate knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to apply knowledge and understanding to some elements of the question. Some evidence and contextual references are evident in the answer. Analysis is clear and coherent. Chains of reasoning in terms of cause and/or consequence are evident, but they may not be developed fully, or some stages are omitted.
Level 4	10–12	Demonstrates accurate and precise knowledge and understanding of economic terms, principles, concepts, theories and models. Ability to link knowledge and understanding in context using appropriate examples which are fully integrated to address the broad elements of the question. Analysis is clear, coherent, relevant and focused. The answer demonstrates logical and multi-stage chains of reasoning in terms of cause and/or consequence.

	Evaluation (8 marks) – indicative content **The business:** • Higher revenue/profits depend on the extent to which the business can maintain the conditions necessary for price discrimination • May only apply in the short-run. If a new business enters the market because of the supernormal profit being made, price discrimination may not be possible • If costs of separating the sub-markets are high, the extra revenue gained may be limited • If the effects are judged to be anti-competitive and there are regulatory bodies in place, then the business may be fined • Bus businesses may be price-regulated so not pure price makers • Damage to reputation of business **Consumers:** • Consumers with inelastic demand will be paying higher prices resulting in a loss of consumer surplus • Price discrimination may make it more difficult for consumers to make rational choices • Bus businesses may not use additional profits to improve quality • $35 price may not be low enough to encourage students to travel by bus

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–3	Identification of generic evaluative comments. No supporting evidence/reference to context. No evidence of a logical chain of reasoning.
Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially developed chain of reasoning.
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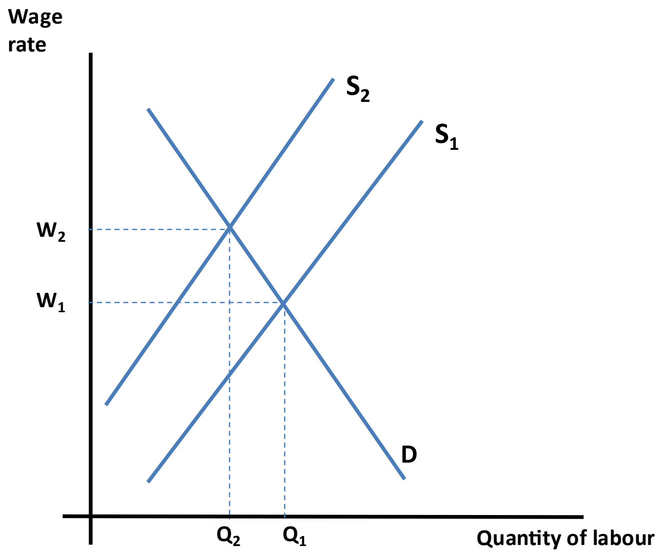
Question	South Korea's low birth rate and its ageing population has contributed towards labour shortages in many occupations including: • farmers • English teachers • factory workers Evaluate the possible factors influencing labour supply in an occupation of your choice. Refer to an occupation(s) of your choice in your answer
9	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative Skill Assessed** **QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms **Knowledge, Application and Analysis (12 marks) – indicative content** • Wage rate – in comparison to other similar occupations • Job satisfaction – occupations with higher job satisfaction result in a higher labour supply • Skills required – cost and ease of education and training, qualifications required – highly skilled occupations have a lower supply of labour • Skills required – highly skilled occupations have a more inelastic supply of labour • Workforce demographics – low birth rate and ageing population suggest a low labour supply e.g. farmers in South Korea • Labour market failure – occupational and geographical immobility of labour can make vacancies hard to fill • Trade union power – occupations with trade union power may experience an increase in supply of labour • Public sector organisations may have a higher supply of labour compared to private sector organisations due to non-wage benefits such as pensions • Migration – Net inward migration increases supply of labour • Government regulation – such as labour subsidies, retirement age changes, and childcare subsidies can influence the supply of labour • Social and cultural factors – e.g. increased female participation rates increase total labour supply • Labour market supply and demand diagram illustrating leftward shift in the supply curve



NB: A candidate can achieve a maximum of level 3 if there is no appropriate diagram

NB: A candidate can achieve a maximum of level 3 if there is no reference to an occupation

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	Evaluation (8 marks) – indicative content • In low-skilled jobs, wage rates and working conditions may be the most significant factors • In high-skilled professions, training and qualifications may be the most significant factors • In the short-run, labour supply is inelastic because workers cannot quickly retrain or relocate • The supply of labour is more elastic for occupations requiring little training or where skills are easily transferable • Non-wage factors can offset wage differences • Barriers to work – study or care commitments • Discrimination may affect significance of factors • Combination of factors is likely to have a bigger impact on supply of labour than any single factor • Trade union power varies between industries

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Level 2	4–6	Evidence of evaluation of alternative approaches. Some supporting evidence/reference to context. Evaluation is supported by a partially developed chain of reasoning.
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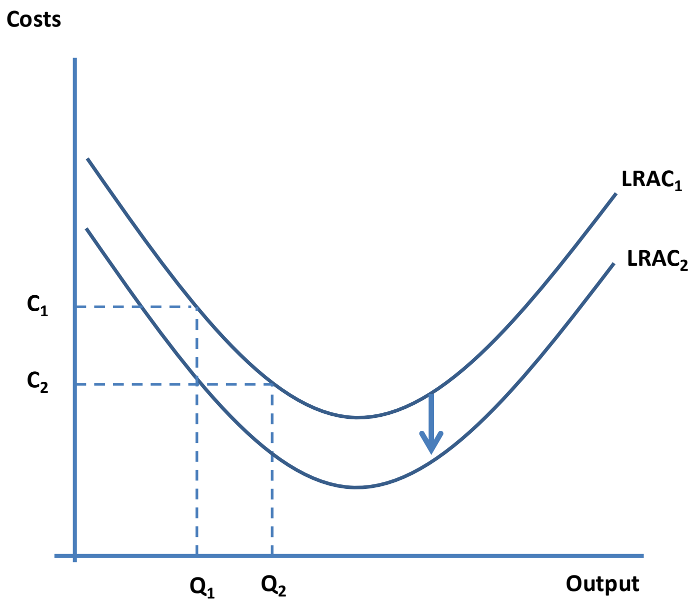
Question	In September 2023 the Government of Portugal announced plans to partly privatise the country's largest airline, TAP Air Portugal. Evaluate the possible benefits of privatisation of a business for its consumers **and** its workers. Illustrate your answer with an appropriate diagram(s).
10	**Indicative content guidance** Answers must be credited by using the level descriptors (below) in line with the general marking guidance. The indicative content below exemplifies some of the points that candidates may make, but this does not imply that any of these must be included. Other relevant points must also be credited. **Quantitative Skill Assessed** **QS4:** Construct and interpret a range of standard graphical forms **QS9**: Interpret, apply and analyse information in written, graphical, tabular and numerical forms **Knowledge, Application and Analysis (12 marks) – indicative content** • Privatisation is the transfer of assets from public to private ownership • Privatised businesses act rationally to maximise profits as opposed to government-owned businesses that may prioritise consumer welfare, producing at the allocative efficient level of output • A privatised business has an incentive to cut costs in order to maximise its profits **Consumers** • A privatised business may reduce x-inefficiency • Use of diagram, e.g.: 

	• Lower costs may be reflected in lower prices for flights for consumers, increasing consumer surplus • Privatisation may increase competition resulting in an increase in choice and quality for consumers – improving consumer welfare • A privatised business has an incentive to innovate to increase sales • A privatised business may become more dynamically efficient • Wider share ownership- consumers may be able to buy shares in a privatised business **Workers** • In a privatised business, managers' wages are often based on performance, incentivising them to increase efficiency • Reduced x-inefficiency may result in a more motivated workforce • A privatised business may lead to improved working conditions • A privatised business may invest more heavily in training • A privatised business has an incentive to innovate and expand, which may result in more job opportunities or promotion • Workers may gain the opportunity to buy shares in the privatised business, benefiting from dividends

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	Evaluation (8 marks) – indicative content **Consumers** • Competition may not increase if the airline becomes privately owned by a monopolist • A natural monopoly may still exist - private monopolies aim to profit maximise, restricting output, increasing prices, reducing consumer surplus and welfare • A privatised business may become x-inefficient if there is a lack of competition in the private sector • Choice may be reduced if the airline(s) become unprofitable and shuts down • A privatised business may focus on short-term profits to please shareholders rather than long-term welfare • Private investors may sell assets (asset stripping) for a short-term profit rather than improving the business **Workers** • A privatised business may reduce costs and improve efficiency by decreasing wages or cutting jobs • Short-term focus on profit may lead to less investment in improving working conditions or training • A privatised monopoly may gain monopsony power over employees, allowing it to push down wages and worsen working conditions **General evaluation** • TAP Air Portugal may only be partly privatised and the Government would still retain some control over the business e.g. through price regulation **NB: A candidate can achieve a maximum of level 3 if there is no appropriate diagram** **NB: A candidate can achieve a maximum of level 3 if no context is provided** **NB: A candidate can achieve a maximum of level 3 if only one economic agent is discussed**

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