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## SECTION A

Read the following extracts (A to C) before answering Question 1.

### Extract A

#### Global smartphone shipments in millions

	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4
Apple	81.5	59.0	46.5	49.2	70.0
Samsung	69.2	74.5	62.5	64.3	58.3
Xiaomi	45.0	39.0	39.5	40.5	33.2
Oppo	33.9	30.9	28.2	29.5	29.6
Vivo	29.3	24.8	25.5	26.0	23.4
Others	112.7	98.1	92.3	92.4	89.4
<b>Total market</b>	371.6	326.3	294.5	301.9	303.9

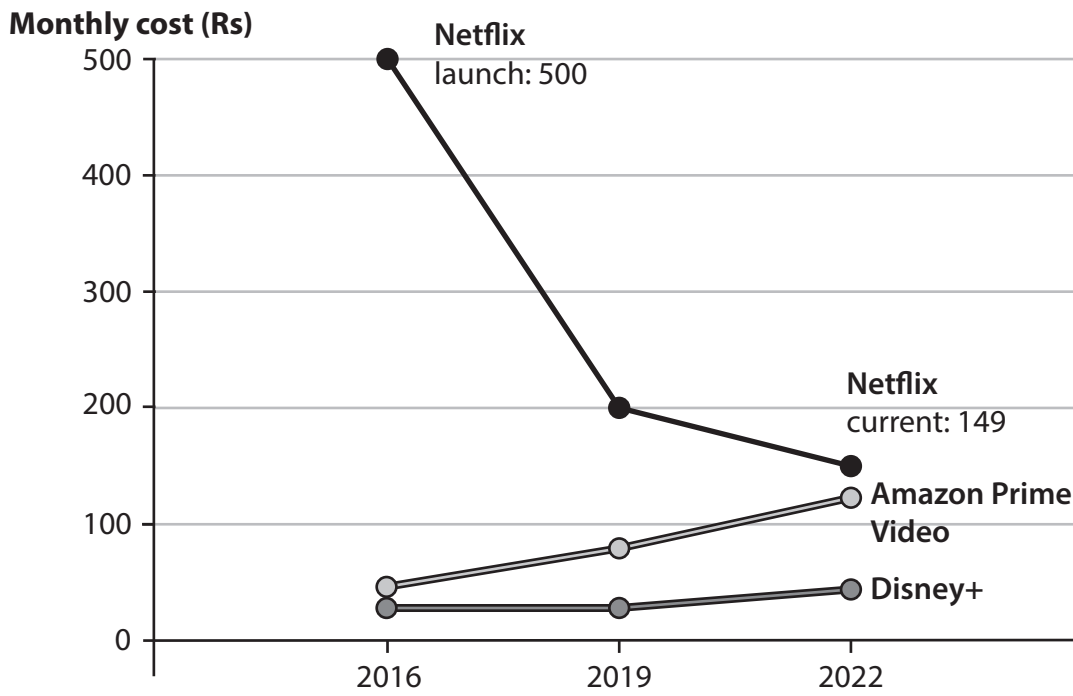
(Source: adapted from <https://www.counterpointresearch.com/global-smartphone-share/>)

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**Extract E**

**Monthly subscription prices for streaming services in India, 2016–2022**



In 2016 Netflix had 0.35 million subscribers. In 2019 it had 2 million and by 2022, 5.5 million, an increase of 175%.

(Source: adapted from Copyright The Financial Times Limited 2023. All rights reserved.)

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## Extract F

### Netflix in India

Since 2021 businesses such as Netflix and multinational media companies operating in India have been expected to follow a code of ethics, drafted by the government. This requires businesses to exercise 'due caution and discretion' when showing content that may threaten India's security or be detrimental to the country's foreign relations.

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The government is also considering extending existing legislation affecting online content to TV streaming. The code requires businesses such as Netflix to improve the accessibility of content to persons with disabilities, and requires parental controls to limit children's access to content aimed at older viewers. Multinational streaming businesses are also expected to consider the impact of content on matters of caste (social class), race, gender, religion, or sexuality.

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(Source: adapted from Copyright The Financial Times Limited 2023. All rights reserved. and <https://www.hindustantimes.com/india-news/govt-mulls-code-of-ethics-what-ott-platforms-may-have-to-follow-101614147645811.html>)

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Level	Mark	Descriptor
	0	<ul style="list-style-type: none"> <li>• A completely inaccurate response.</li> </ul>
Level 1	1-2	<ul style="list-style-type: none"> <li>• Isolated elements of knowledge and understanding – recall based.</li> <li>• Weak or no relevant application to business examples.</li> <li>• Generic assertions may be presented.</li> </ul>
Level 2	3-4	<ul style="list-style-type: none"> <li>• Elements of knowledge and understanding.</li> <li>• Which are applied to the business example.</li> <li>• Chains of reasoning are presented, but may be assertions or incomplete.</li> <li>• A generic or superficial assessment is presented.</li> </ul>
Level 3	5-6	<ul style="list-style-type: none"> <li>• Accurate and thorough knowledge and understanding.</li> <li>• Analytical perspectives are presented, with developed chains of reasoning, showing cause(s) and/or effect(s).</li> <li>• An attempt at an assessment is presented using quantitative and/or qualitative information</li> <li>• Supported throughout by use of the business behaviour/context, though unlikely to show the significance of competing arguments.</li> </ul>
Level 4	7-10	<ul style="list-style-type: none"> <li>• Accurate and thorough knowledge and understanding.</li> <li>• A coherent and logical chain of reasoning, showing cause(s) and/or effect(s).</li> <li>• Assessment is balanced and well contextualised, using quantitative and/or qualitative information</li> <li>• Supported throughout by relevant and effective use of the business behaviour/context, and shows an awareness of competing arguments/factors leading to a supported judgement.</li> </ul>

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Question Number	Indicative content	Mark
1(d)	<p><b>Knowledge 2, Application 2, Analysis 4, Evaluation 4</b></p> <ul style="list-style-type: none"> <li>• Price skimming means initially charging a high price when a new product is launched, then moving to a lower price later</li> </ul> <p><b>Usefulness of price skimming</b></p> <ul style="list-style-type: none"> <li>• Samsung is charging \$1 600 for its S23 ultra, which could be aimed at taking advantage of early adopters who wish to purchase the increased storage before other customers</li> <li>• The S23 ultra may be seen as new and different for some customers, who will feel justified in paying a premium price. This could potentially increase Samsung’s revenues</li> <li>• Price skimming tends to be appropriate for a well-established, well-known business, with an innovative product. In Samsung’s case this could apply to its foldable phone that has already been launched.</li> </ul> <p><i>Potential counterbalance</i></p> <ul style="list-style-type: none"> <li>• Price skimming only works for products that customers see as new and different, otherwise these customers will not be prepared to pay the high initial price. It is questionable if design features such as increased storage or foldability justify the \$1 600 price</li> <li>• Price skimming only tends to be possible for a limited time period. As competitors such as Apple develop their own similar phones, the price customers are prepared to pay is likely to fall due to the increased choice</li> <li>• An alternative pricing strategy, such as penetration pricing, might be more appropriate for Samsung. In a competitive and dynamic market, customers might be encouraged to purchase new and different phones if the price is initially lower than competitors, such as Apple.</li> </ul> <p><i>Potential judgement</i></p> <ul style="list-style-type: none"> <li>• Price skimming is often a feature of dynamic markets, such as consumer electronics, which includes smart</li> <li>• phones. Early adopters are often willing to pay a higher price, particularly for products of recognised brands, such as Samsung. Customers may feel that the innovations, such as high-performance cameras, justify the price.</li> <li>• The smartphone market is highly competitive, with brands, such as Apple and Huawei developing different products and software. Given this choice, higher prices from Samsung may not be appropriate. An alternative strategy,</li> </ul>	

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	<p><b>Products/services</b> – Smartphone sales are driven by price and reliability for some customers. The consistency in an organisation that can be supported by a paternalistic approach could help to support this reliability.</p> <p><b>Situation</b> – Samsung is at an important point, with competition in the premium phone market from Apple, and the mid/low range market from Huawei. An effective strategy to compete in this market may be more supported by a paternalistic approach.</p>	<b>(20)</b>
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