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Practice exam questions

Profit before ethics: the findings of the Grenfell Tower Inquiry

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Check your answer to the question on pp. 20–22 of the magazine. This question relates to the Edexcel specification.

Sample answer

Business ethics refer to how a business's morals are incorporated into business operations. This could involve paying a living wage to staff or choosing more environmentally friendly processes even though this may be less cost effective in the short term.

Vinted's business ethics are important for its success because this is its unique selling point in the market it operates in. The source states that goods such as clothing are recycled and resold, which shows that Vinted's business model encourages customers to resell clothing rather than purchasing new clothes from ethically questionable fast fashion retailers. As a result, this shows a business model that is not only based on the ethical principles of reusing items but also encourages staff and customers to change their behaviour to be more environmentally friendly. The importance of ethics can therefore be argued to be a leading factor in Vinted's success as it is offering what consumers are now interested in – 43% of global customers prefer to purchase eco-friendly and sustainable products. Without this approach, Vinted may struggle to be successful in the clothing market as this can be seen as saturated. As a result of this unique selling point, Vinted can differentiate its product proposition from rivals, therefore increasing profits and growing its customer base to 45 million.

However, following ethical codes of practice in its business operations may not be important to Vinted's success. The source states that 58% of consumers are not swayed in their purchases by clothing being eco-friendly and sustainable. This shows that Vinted's unique selling point of reselling used clothing may be less of a pull factor on customer purchases when compared with factors such as current fashion trends. Customers appear to still favour traditional clothing retailers such as Next even though their clothing ranges are likely to be less ethically appealing than Vinted's. Consumers may prefer the ability to see and try on clothes before purchase rather than having to go through Vinted's time consuming process of paying and then waiting for clothing to arrive through the post. As a result, if Vinted focuses too much on the ethical nature of its business model and ignores other factors such as price or current trends, this may actually lead to a reduction in sales and its 45 million customer base. Ultimately, this could lead to lower sales levels and reduced profits, while spending on more ethical practices that actually deliver no tangible gains to the business.

Overall, ethical considerations are important to Vinted's continued success as moving away from ethical practices would likely damage its unique selling point and could be criticised as 'greenwashing'. It is also important for Vinted to realise that as the fashion market is still dominated by more traditional purchasing methods, practices such as remaining price competitive and on-trend are likely to widen its

customer base. This means that Vinted's objective of being ethical can remain sustainable because the second-hand clothing market looks likely to continue growing in the medium to long term.

Sample examiner comment

Mark: 12/12 (level 4 – an excellent response, fully focused on the question)

A depth and range of knowledge and understanding are shown of the importance to Vinted's success of selling ethically sourced products.

Application is applied effectively throughout the answer.

Analysis is well developed throughout the answer and considers a balanced range of issues appropriate to answering the question.

The answer makes judgments as to the importance to Vinted's success of selling ethically sourced products. The answer shows a balance of competing arguments and a clear focus on answering the question throughout.

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