



GCSE

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MONDAY, 12 JUNE 2023 – AFTERNOON

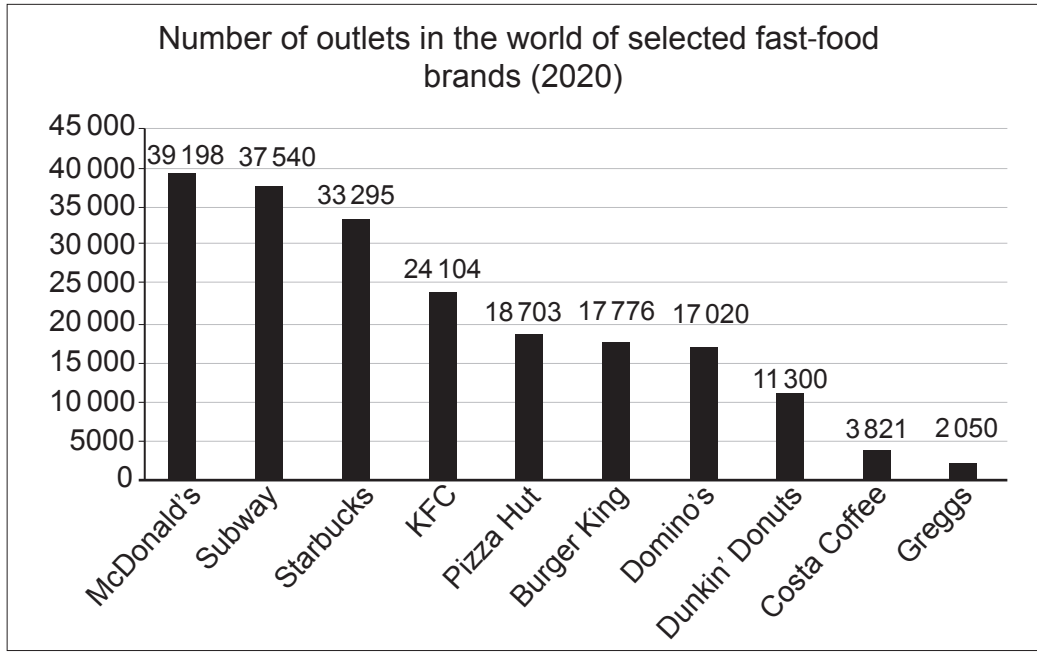
BUSINESS

Unit 2: Business Perceptions

Resource Material

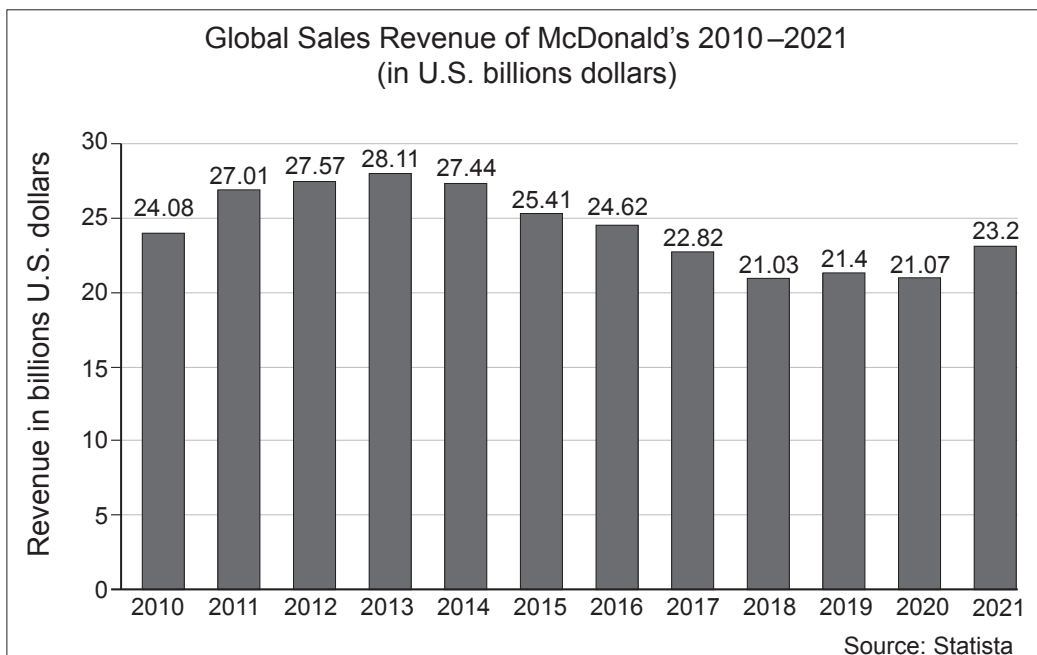
1. McDonald's is a multinational business that is one of the best-known fast-food brands in the world. The fast-food industry is very competitive and businesses are always trying to attract customers to increase sales. **Figure 1** shows the number of outlets in the world of selected fast-food brands in 2020.

Figure 1



Most McDonald's restaurants are franchises with 93% of its restaurants in 2020 owned by franchisees. **Figure 2** shows how much sales revenue McDonald's earned each year between 2010 and 2021.

Figure 2



McDonald's serves burgers, fries and drinks that taste the same in every restaurant. To achieve this, an effective supply chain is important. McDonald's procures its ingredients from a wide range of suppliers. Well-organised logistics ensure that restaurants receive stock when it is needed.

The McDonald's app allows customers to place orders and pay for them via their mobile phones. The app locates the phone and once the customer gets near the restaurant the order will be made, ready for the arrival of the customer. The customer can choose whether they wish to collect the order in-store or at the Drive-thru. The customer only pays once they have collected the order. As well as being an ordering app, it also allows users to save their favourite meals, recent orders and payment details.

As well as developing its own app, McDonald's has agreements with Uber Eats, Deliveroo and Just-Eat which allow McDonald's customers to order products online and have them delivered.

As a multinational business, McDonald's is aware of its impact on the environment and it is committed to becoming a more sustainable business.

McDonald's has been making the following changes to reduce its impact on the environment:

- Reducing food waste, by making food to order
- Turning other food waste into compost
- UK lorries run on bio-diesel, made from McDonald's old cooking oil
- Using recycled paper to make packaging (not cutting down trees)
- Using paper straws and paper cups that can be recycled
- New restaurants will use renewable energy

McDonald's still gets criticism from pressure groups that believe it could do more to reduce its impact on the environment. Customers have also been quick to complain about the quality of the environmentally friendly alternatives such as the paper straws, which customers claim dissolve in drinks. McDonald's introduced its McPlant vegan burger in 2022, joining other fast-food chains such as Burger King and KFC in offering meat alternative products.

2. Maria Alonso is a sole trader who opened her own hairdressing salon, His 'N' Hers, 21 years ago in her local town in North Wales. When she first started the salon there were two other salons in the town centre, both specialising in women's haircuts. Maria decided that her salon would offer a unisex service, which meant that she would cut both men's and women's hair. Maria employed one other hairdresser when the business first opened but she now employs three hairdressers as the business has gained regular customers. There are now 5 other salons in the town, including 2 barber shops and a Toni&Guy franchise, which is a well-known unisex salon brand.



Maria has always enjoyed running the business and particularly managing the staff, although she does work long hours (about 60 hours a week). She pays herself a basic salary of £3 000 per month but withdraws extra cash from the business when it is doing well. For example, Maria is planning to withdraw £2 000 from the business bank account in August to pay for her holiday.

She feels that she has developed good communication skills and the business has benefited from having effective communication between Maria and her staff. However, Maria is aware that this wasn't always the case and that her poor communication skills caused problems when the salon first opened.

Like all business owners, Maria must comply with government legislation. Maria uses government websites to ensure that she understands and follows current employment laws.

Maria knows the importance of business planning and she thinks it is a key reason for the success of the business. Maria uses financial documents, like cash-flow forecasts, to help plan the next steps for the salon. **Figure 1** shows Maria's expected cash-flow for the next 6 months.

Figure 1

	April	May	June	July	Aug	Sept
Receipts	£	£	£	£	£	£
Turnover	9 000	10 000	10 200		12 000	11 800
Payments						
Rent	700	700	700	700	700	700
Rates	315	315	315	315	315	315
Wages	7 400	7 400	7 400	7 400	7 400	7 400
Stock/hair products	450	500	510	563	600	590
Cash withdrawal for Maria					2 000	
Total Payments	8 865	8 915	8 925	8 978	11 015	9 005
Net cash-flow	135	1 085	1 275	2 282	985	
Opening bank balance		2 135	3 220	4 495	6 777	7 762
Closing bank balance	2 135	3 220	4 495	6 777	7 762	10 557

After looking at the cash-flow forecast, Maria feels she can afford to advertise the salon as a way of improving the revenue of the business. The costs of advertising have not been included in the cash-flow forecast as Maria is unsure of the cost. Maria is undecided what media to use when advertising her business, but she is only considering using either local radio or leaflets.

Maria has been contacted by a person who is very interested in buying her salon and running it as their own business. Now that Maria is 55 years old and has been an owner for 21 years, she is seriously considering the offer. The buyer has offered Maria £100 000 for the business which would mean they would get all of the equipment and can keep the name His 'N' Hers. Maria doesn't own the building so the new owner would have to continue paying rent. **Figure 2** shows some financial data for His 'N' Hers.

Figure 2

	2019	2020	2021	2022
	£	£	£	£
Sales	117 500	118 020	121 080	118 490
Net profit	10 350	5 786	7 258	5 843
Net profit margin	9%	5%	6%	5%

Maria is looking for advice before deciding on whether to accept the offer of £100 000 for her business.

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