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Other names

Pearson
Edexcel GCSE

Centre Number

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Candidate Number

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Business Studies

Unit 3: Building a Business

Friday 9 June 2017 – Afternoon

Time: 1 hour 30 minutes

Paper Reference

5BS03/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Pearson

SECTION A

Answer ALL the questions. You should spend 40 minutes on this section.

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 (a) Which **one** of the following is the **most likely** advantage to a business from improved customer loyalty?

Select **one** answer.

(1)

- A Lower margin of safety
- B Higher revenue
- C Lower productivity
- D Higher break-even point

- (b) Outline **one** method a business could use to collect qualitative market research.

(2)

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- (c) Identify **two** elements of the Boston Matrix.

(2)

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(d) Explain **one** benefit to a business if it improves communication with its employees.

(3)

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(Total for Question 1 = 8 marks)

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Ed's Easy Diner is a chain of 1950s American-themed restaurants. Since opening its first outlet in London, the chain has expanded rapidly. It now has 40 diners across the UK. Each restaurant serves classic American food such as hamburgers, hotdogs and milkshakes. In May 2015, Ed's Easy Diner trialled its new doughnut burger in some of its outlets.

(Source: www.edseasydiner.com)

Ed's Easy Diner in Meadowhall, Sheffield constructed a break-even chart (Figure 1) to demonstrate how many doughnut burgers it would have to produce and sell in a week to reach its break-even level of output.

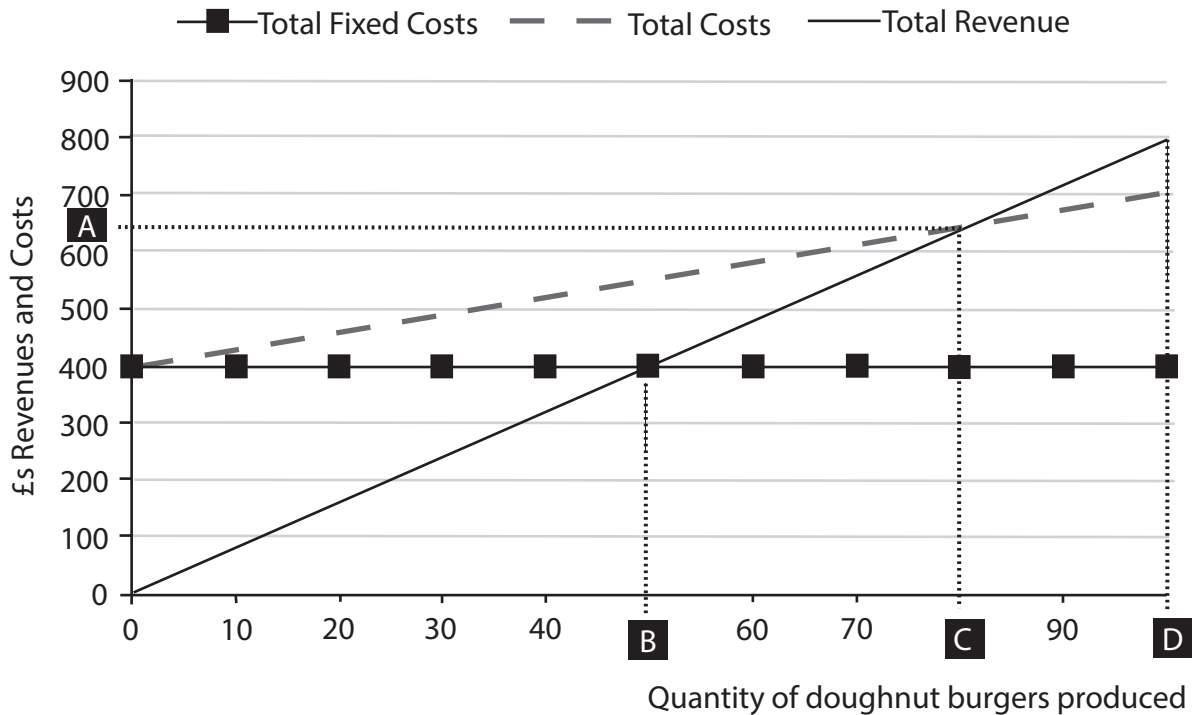


Figure 1



(a) Using Figure 1, identify the break-even level of output. It is at point:

Select **one** answer.

(1)

- A** A
- B** B
- C** C
- D** D

(b) State **three** methods of remuneration that *Ed's Easy Diner* might use to reward its employees.

(3)

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(c) Explain **one** possible advantage to *Ed's Easy Diner* if the trial of its doughnut burger is successful.

(3)

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(d) Explain **one** possible disadvantage to *Ed's Easy Diner* from having 'expanded rapidly'.

(3)

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(Total for Question 2 = 10 marks)

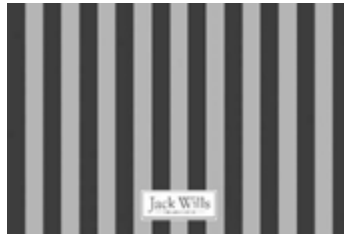
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3



Jack Wills is a retail clothing brand that was established in Salcombe, Devon in 1999. Its clothes are targeted at students in the UK. Since it was established it has built up a reputation for selling British-styled 'preppy' clothing. It uses the slogan 'Fabulously British' in its marketing.

(Source: <http://www.jackwills.com/en-gb/about-jack-wills> and <http://www.indeed.co.uk/cmp/Jack-Wills/reviews>)

(a) A slogan is **most likely** to be associated with which of the following?

Select **one** answer.

(1)

- A** Pricing strategy
- B** Quality assurance
- C** Strong branding
- D** Stock control

At the end of February 2015, *Jack Wills* decided to de-stock its range of winter coats and jumpers.

(b) Explain **one** advantage to *Jack Wills* from the process of de-stocking.

(3)

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In 2015 *Jack Wills* was rated by its employees as one of the best clothing retailers to work for. One employee described it as 'a great place to work'.

- (c) Explain **one** method, other than increasing pay, which *Jack Wills* could use to maintain the motivation of its employees. (3)

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Jack Wills imports large amounts of its clothing into the UK from manufacturers in India and China. These imports are subject to different types of import protection imposed by the EU.

- (d) Explain **one** impact that EU import protection might have on *Jack Wills*. (3)

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(Total for Question 3 = 10 marks)



4



In 2014 *PepsiCo* launched Pepsi True, a rival to Coca-Cola Life. Pepsi True is a cola drink that contains 30% less calories than normal Pepsi-Cola, but more than Diet Pepsi or Pepsi Max. The special ingredient is Stevia, a natural plant-based sweetener that allows *PepsiCo* to reduce the sugar content of the drink. All of the cans of Pepsi True are coloured green. When Pepsi True was launched it was only available for sale in the UK through online retailer *Amazon*.

(Source: <http://www.independent.co.uk/news/business/news/pepsi-cola-launches-new-steviabased-soft-drink-pepsi-true-9768072.html>)

(a) Identify **one** method *PepsiCo* could use to immediately improve cash-flow.

Select **one** answer.

(1)

- A** Allow customers to pay later
- B** Launch an advertising campaign
- C** Increase stocks of raw materials
- D** Pay suppliers later

Before Pepsi True was launched *PepsiCo* built up stock in its warehouses.

(b) Outline **one** disadvantage to *PepsiCo* from increasing the amount of stock it holds.

(2)

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(c) Explain **one** possible reason why *PepsiCo* has used green in the packaging of Pepsi True.

(3)

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SECTION B

Answer ALL the questions.

You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 and 6.

HOTEL Chocolat.

BRITISH COCOA GROWER

Hotel Chocolat manufactures and retails high-quality chocolates in the UK. It produces luxury slabs and boxes of chocolates with a high cocoa content such as the 'Rocky Road giant slab' and the 'Chocs to Chill H box'. *Hotel Chocolat* uses product differentiation to allow it to charge high prices for its products. For example, a 500 gram slab of its 'Billionaire's Shortbread' chocolate retails at a price of £16. This is approximately four times the price charged by rival manufacturers, such as Cadbury, for a similar sized bar. However, the company has grown quickly and now has 81 shops across the UK.

Hotel Chocolat has also purchased its own cocoa farm in St Lucia and has opened restaurants and coffee bars in London and Leeds. With the move into these new markets, *Hotel Chocolat* has decided to introduce a decentralised organisational structure.

(Source: <http://www.hotelchocolat.com/uk>)

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5 (a) What is meant by the term **product differentiation**?

(2)

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(b) Outline **one** consumer protection law that affects *Hotel Chocolat*.

(2)

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(c) Explain **one** possible advantage to *Hotel Chocolat* from owning its own cocoa farm.

(3)

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P 4 8 5 5 7 A 0 1 3 2 4

(d) State **one** possible benefit and **one** possible drawback to *Hotel Chocolat* from using a decentralised organisational structure. For each, explain the likely effect on *Hotel Chocolat*.

(8)

Benefit

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Explanation

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Drawback

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Explanation

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(Total for Question 5 = 15 marks)



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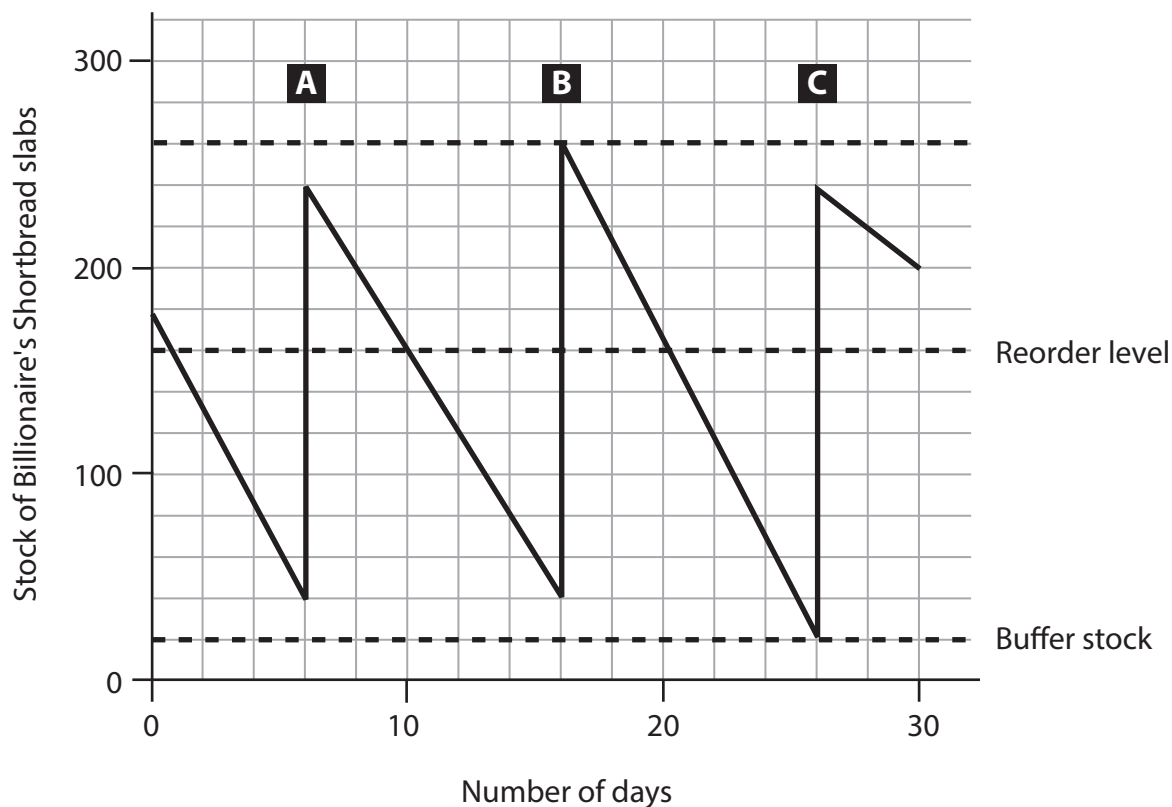
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QUESTION 6 BEGINS ON THE NEXT PAGE.



- 6 The diagram below shows the bar gate stock graph for Billionaire's Shortbread slabs at *Hotel Chocolat's* Plymouth store during April 2015. During April this store received three deliveries of Billionaire's Shortbread slabs, A, B and C.



- (a) What is meant by the term **buffer stock**?

(2)

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- (b) (i) Identify the highest number of Billionaire's Shortbread slabs held by the Plymouth store during April 2015.

(1)

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(ii) Calculate the number of Billionaire's Shortbread slabs in delivery C. Show your workings.

(2)

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(iii) Calculate how many days it took for delivery B to arrive after it was ordered. Show your workings.

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*(c) Assess the likely impact on *Hotel Chocolat's* profit from charging high prices for its products.

(8)

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(Total for Question 6 = 15 marks)

TOTAL FOR SECTION B = 30 MARKS

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SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.

GIBBS

SPORTS AMPHIBIANS



Gibbs Sports Amphibians (GSA) is one of the world's leading producers of specialist sports amphibious vehicles (vehicles that can operate on both land and water). Its latest product is the Quadski. It has this name because it is a quad bike and Jet Ski in one. GSA invested more than £115 million in developing this high-performance quad bike, which can be converted into a Jet Ski at the touch of a button. During research and development, GSA considered the design mix carefully. The Quadski is able to reach speeds of 45 miles per hour on both land and water. This is significantly faster than any other amphibious vehicle but it still meets all health and safety regulations.

The Quadski was available for purchase in 2013 at a price of £24,000. A normal Jet Ski retails for approximately £3,000. During 2014–15, GSA attempted to improve productivity at its US factory.

(Source: <http://www.gibbssports.com> and <http://www.cnn.com/id/49478405/>)



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7 What is meant by the term **design mix**?

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(Total for Question 7 = 2 marks)

8 Outline **one** possible drawback to GSA from stricter health and safety regulations.

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(Total for Question 8 = 2 marks)



***10** Using your knowledge of business, assess the importance to GSA of improving its productivity.

(10)

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Handwriting practice area with 10 horizontal dotted lines.

(Total for Question 10 = 10 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 90 MARKS



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