



GCSE

C510U20-1A



MONDAY, 16 NOVEMBER 2020 – AFTERNOON

BUSINESS – Component 2
Business Considerations

Resource Material

1. Outridge is an outdoor-clothing company based in London. The business specialises in manufacturing all-weather winter coats which are filled with goose feathers for extra warmth.

The feathers are sourced ethically with no harm to the bird. The ethical reputation of Outridge is popular with its customers. The coats manufactured by Outridge are sold globally and are very popular in Canada, USA, Japan and China.

All coats are currently manufactured in the UK and each coat takes five hours to manufacture. The coats are produced to the highest quality resulting in a top quality brand image for Outridge.



The cost of producing the coats is high, this is due to:

- The cost of sourcing feathers
- The length of time it takes to produce the coat
- The high level of labour involved in producing each coat

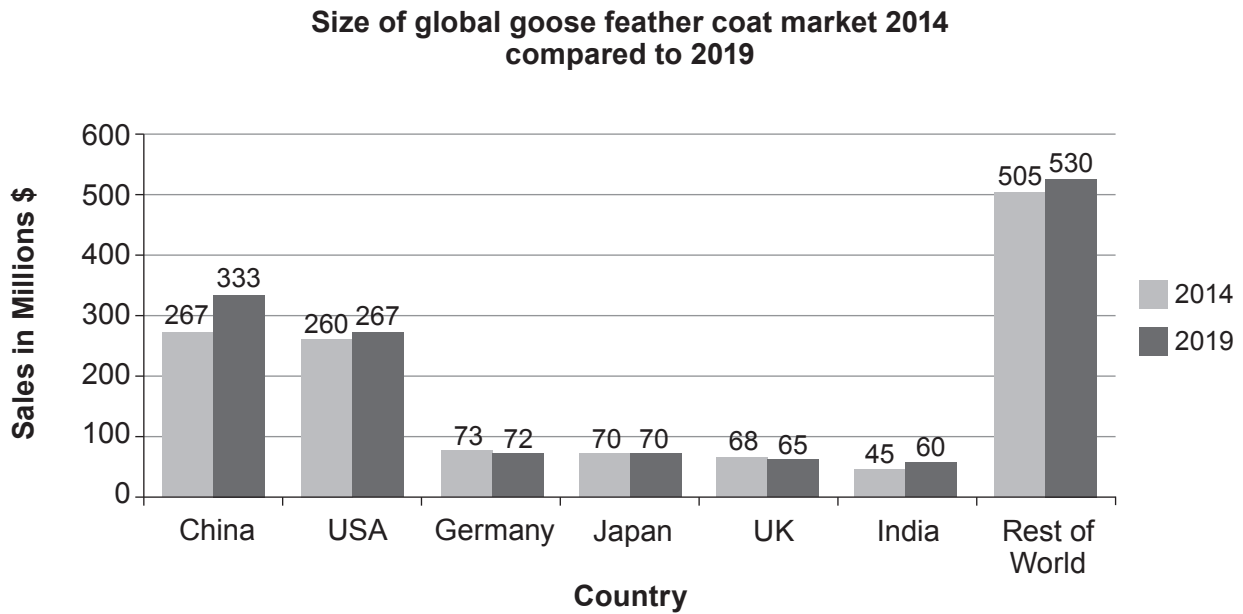
Over the last year, these costs have been rising and as a result Outridge has decided to move production to China. This will make Outridge a multinational company.

The high costs of producing the coats have resulted in Outridge having to charge customers a high price in order to make a net profit. Many competitors are now selling similar coats at lower prices and sales for Outridge are slowing down, especially in the UK market.



Outridge is just one business that operates in this market and Outridge is worried about increased competition from other well-known global brands. In addition, in recent years many new businesses are now manufacturing and selling goose feather filled coats, having recognised the popularity of these coats with all types of customers around the world.

The chart below shows the total global sales for goose feather coats.



Outridge is concerned that moving its production of the goose feather coats to China may have an impact on its ethical reputation.

The move to China will result in over half of Outridge's 900 employees being made redundant. The majority of these employees are members of a trade union. The trade union, on behalf of the employees, is now threatening industrial action despite ongoing negotiations between representatives and managers of Outridge.

2. Haven Holidays is the largest provider of holiday caravan parks in the UK. Customers can rent a static caravan for a holiday and enjoy the parks' facilities. Some customers choose to buy their own static caravans and use them all year round.

A static caravan



Map of Haven Holidays sites – UK



37 caravan parks are situated across the UK and include facilities such as:

- Kids' clubs
- Pools
- Indoor soft play
- Interactive virtual reality experiences
- Crazy golf
- Zip-lines
- Hot-tubs
- Pubs
- Casinos
- Swimming lessons for the over 50s

Haven Holidays has 4 types of static caravans available in its parks: Standard, Deluxe, Prestige and Prestige with Decking. Some caravans have been adapted for extra accessibility for customers who may have extra needs. Some of its parks also have chalets, luxury apartments, beach houses, tents, yurts and areas for visitors with their own caravans or tents.

Haven Holidays is very proud of its reputation for having great customer service. When customers arrive at the park they are given a welcome pack with vital information for their stay. Haven Holidays provide a 24-hour emergency line which customers can use to report any problems during their stay. Haven Holidays also continue the customer service after the customers have left, by emailing discount codes for their next holiday and courtesy calls to check everything was satisfactory with their stay.

Haven Holidays' aims include:

- From the warmest welcome our mission is to give our guests a great time, with memories that last a lifetime.
- Whether holidaymakers or holiday home owners, we dedicate every day and night to our guests' delight.
- We are Haven Holidays, where guests feel great, where our teams can thrive and where service is our passion.

Haven Holidays employs a wide variety of different types of workers. Job roles include entertainment, sales, front of house, gardeners, lifeguards, cleaning and maintenance, catering, management and IT. Haven Holidays carries out a wide range of staff training for all its employees including coaching, job shadowing and job rotation.

Haven Holidays operate in a very competitive market.

Like many other businesses, Haven Holidays have been affected by economic factors, these factors can be positive or negative and include changing levels of consumer income, unemployment and interest rates.

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