



**GCE A level**

1084/01



S16-1084-01

**BUSINESS STUDIES – BS4**

P.M. WEDNESDAY, 22 June 2016

2 hours

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010001

### **ADDITIONAL MATERIALS**

In addition to this examination paper you will need:

- a calculator
- a 12 page answer book.

### **INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Write your answers in the separate answer book provided.

**Page 3** should be torn out and placed in your answer book.

Answer **all** the questions in Section A and **one** question from Section B.

You are advised to spend no more than 1 hour and 15 minutes on Section A.

### **INFORMATION FOR CANDIDATES**

The number of marks is given in brackets at the end of each question.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (Section B).

You are reminded that the essay questions in Section B are synoptic and so will test understanding of the connections between different elements of the subject.

## SECTION A

*Answer all the questions.*

1. Marmite is one of Unilever plc's most successful brands. However, in recent years sales have been falling. In December 2013 the Grocer magazine reported that Marmite sales had fallen 5.1 per cent in terms of value and 1.2 per cent in volume over the previous year.



Explain the impact on Unilever plc of introducing an asset-led marketing campaign based on Marmite. [6]

2. Montague Winters Ltd manufactures specialist sportswear for cyclists. Tony Winters, the current CEO of the business, has been looking at the company's sales revenue for the last ten years (see the table below).

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales revenue £000s	645	681	729	510	501	588	624	696	744	816

The company was badly hit following the recession in 2008, but since then sales have begun to pick up. Tony is particularly pleased that the company's export trade has been steadily increasing. He now wishes to make plans for the future.

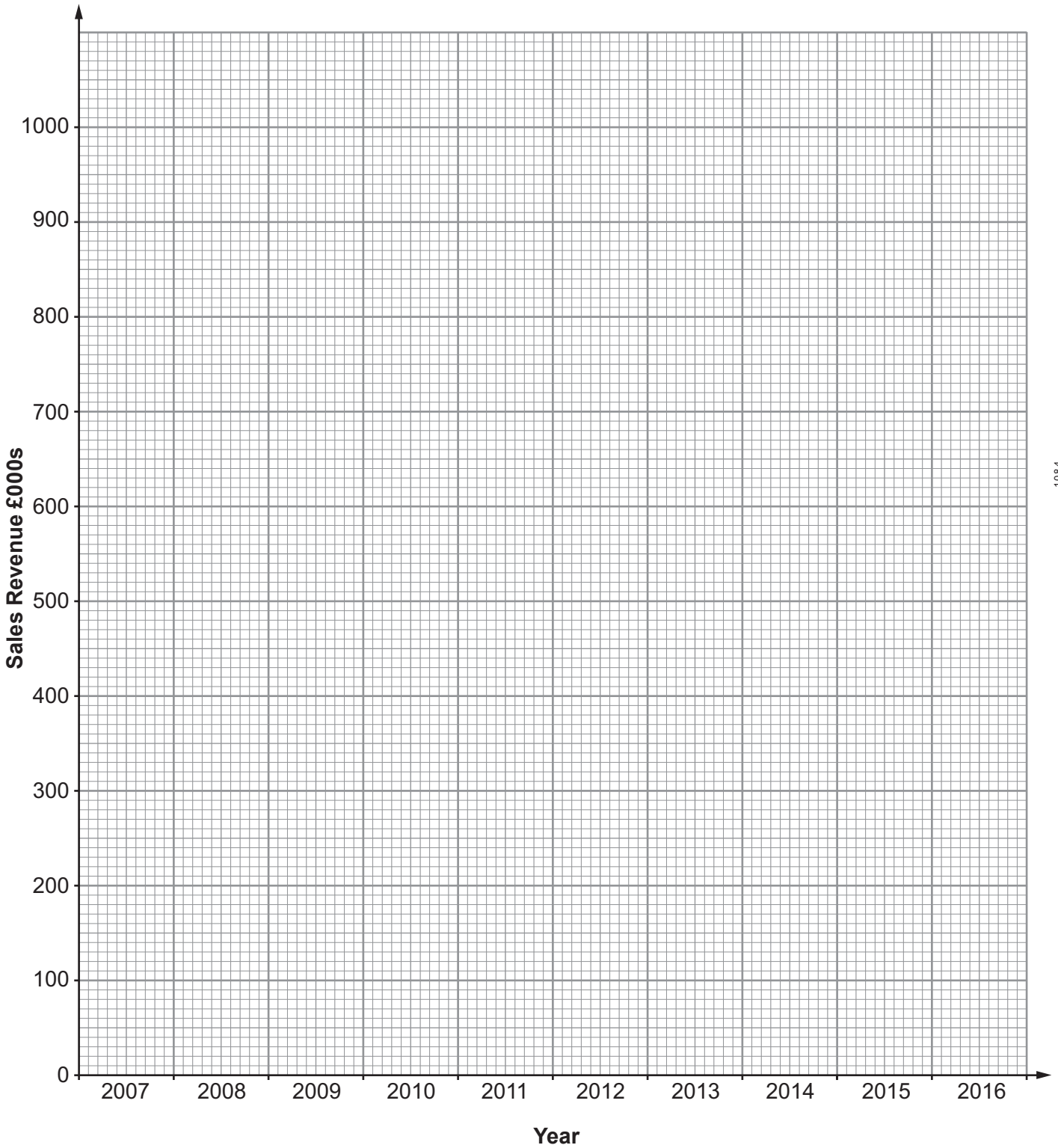
- (a) On the graph on page 3, plot the three-year moving average of the company's sales revenue. (Show all your calculations.) [5]
- (b) In what way might Montague Winters Ltd use the graph to predict future sales? [2]
- (c) Explain how sales forecasting is likely to be useful to Montague Winters Ltd. [5]

Centre Number \_\_\_\_\_

Candidate's Name (in full) \_\_\_\_\_

Candidate's Examination Number \_\_\_\_\_

Tear along dotted line and place this page in your answer book



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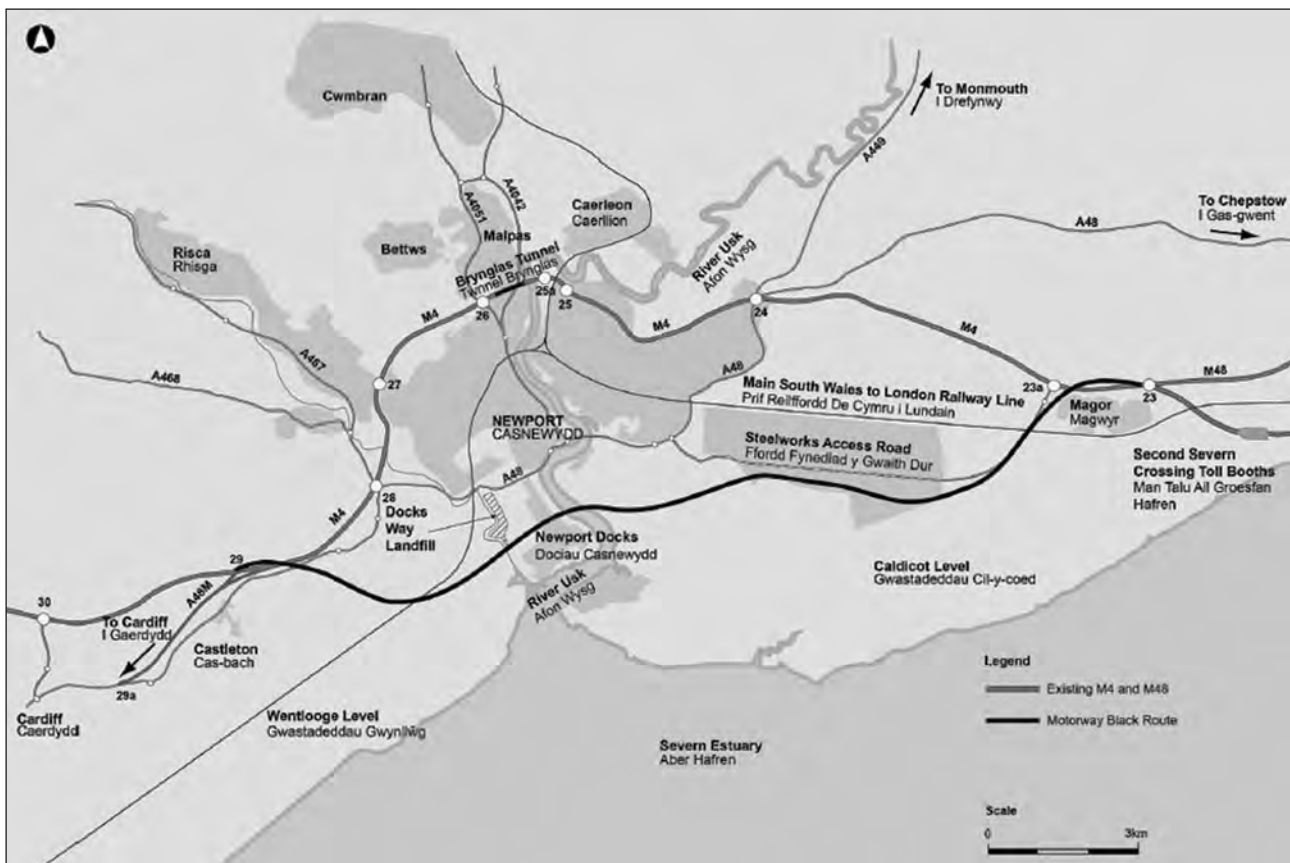
**TEAR OUT AND PLACE THIS PAGE IN YOUR ANSWER BOOK**

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### 3. New £1bn motorway to ease South Wales congestion

A £1bn relief road for the M4 around Newport has been confirmed by Welsh Transport Minister Edwina Hart. It is the largest capital investment programme ever announced by the Welsh Government. Supporters say it will improve transport in South Wales, ease congestion and boost jobs. But opponents have criticised the plan because of its environmental impact and one group has dubbed it a “billion pound mistake”.

The new road will run between Junctions 23 and 29, include a new bridge and could be completed by the spring of 2022. Three routes were under consideration, with the Black Route being chosen, Mrs Hart commented that “none of the alternative solutions proposed could reasonably deliver the objectives” of easing congestion. She said it was important that Wales has “an effective economic infrastructure which improves our competitiveness and access to jobs and services.”



Some environmental and business groups have criticised the preferred route as unnecessarily damaging and costly. Friends of the Earth said the decision will see a six-lane motorway “plough through part of one of Wales’ most protected and environmentally sensitive landscapes – the Gwent Levels”.

Source: [www.bbc.co.uk](http://www.bbc.co.uk) 16 July 2014

Explain the advantages and disadvantages of using cost-benefit analysis when making decisions on projects such as the Newport relief road. [6]

#### 4. Farmers give up on organic despite increasing demand

British farmers are rejecting organic food production despite higher demand for it. The amount of land in organic production is rising in most European countries but falling in Britain. Only 3.3% of land is farmed organically in Britain compared with 18.5% in Austria and 15.8% in Sweden.

In 2014 sales in organic products in the UK rose 4% to £1.86bn, although many of these products are imported. Sales of organic eggs were up 16% and account for 6% of all egg sales. Organic yoghurt sales increased by 13.8%. Despite this, overall organic food and drink accounts for only 1.3% of the UK market.

Aldi, the discount retail chain, last year launched a range of 'affordable' organic vegetables, saying its research showed shoppers wanted more organic food but were deterred by high prices.

Tim Bevan, farm business adviser to the Soil Association, the main organisation representing producers of organic food in the UK, said that more generous subsidies this year should help to reverse the decline in UK organic production.

Recently, the Soil Association conducted a survey of English organic producers in order to find out their opinions about current prices for organic agricultural products. The results are given in the table below.

Are current prices high enough to sustain organic production?

	Definitely	Probably	Not sure	Probably not	Definitely not
Cattle	25%	40%	15%	11%	9%
Lamb	5%	26%	19%	27%	23%
Pigs	25%	44%	-	7%	24%
Chickens	25%	52%	-	23%	-
Milk	32%	48%	8%	6%	6%
Eggs	46%	23%	6%	5%	20%
Grain	6%	37%	33%	14%	10%
Fruit and vegetables	22%	38%	17%	15%	8%

Source: *Organice Research Centre / Organic Data Network*

To what extent might this information be useful to:

- (a) a farmer thinking of moving into the production of organic food? [4]
- (b) a supermarket thinking of expanding its range of organic produce? [4]

5. Evaluate the usefulness of contingency planning to airline companies such as Virgin Atlantic, easyJet or British Airways. [8]

**SECTION B**

*Answer one of the following questions.*

6. “Businesses that adopt an ethical approach to their operations are likely to achieve greater success than those that do not.” Discuss. [20]
7. “Most money spent on advertising is wasted, whereas money spent on capital investment is always likely to be more beneficial to a business.” Discuss. [20]
8. Assess the view that, for many businesses considering operating in the global marketplace, the challenges that they face may well be greater than the rewards. [20]

**END OF PAPER**