

Surname	Centre Number	Candidate Number
Other Names	64395	2

**GCE A LEVEL – NEW**



A510U20-1



**BUSINESS – A level component 2**  
**Business Analysis and Strategy**

**MONDAY, 19 JUNE 2017 – MORNING**

**2 hours 15 minutes**

Please note the number of extra sheets used to extend answers and the sequence of those answers, indicating the sequence of answering by this student.

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	13	12
2.	14	11
3.	10	10
4.	14	9
5.	14	13
6.	15	12
<b>Total</b>	<b>80</b>	<b>67</b>

**ADDITIONAL MATERIALS**

A calculator.

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer all questions.

Write your answers in the spaces provided in this booklet. If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

**INFORMATION FOR CANDIDATES**

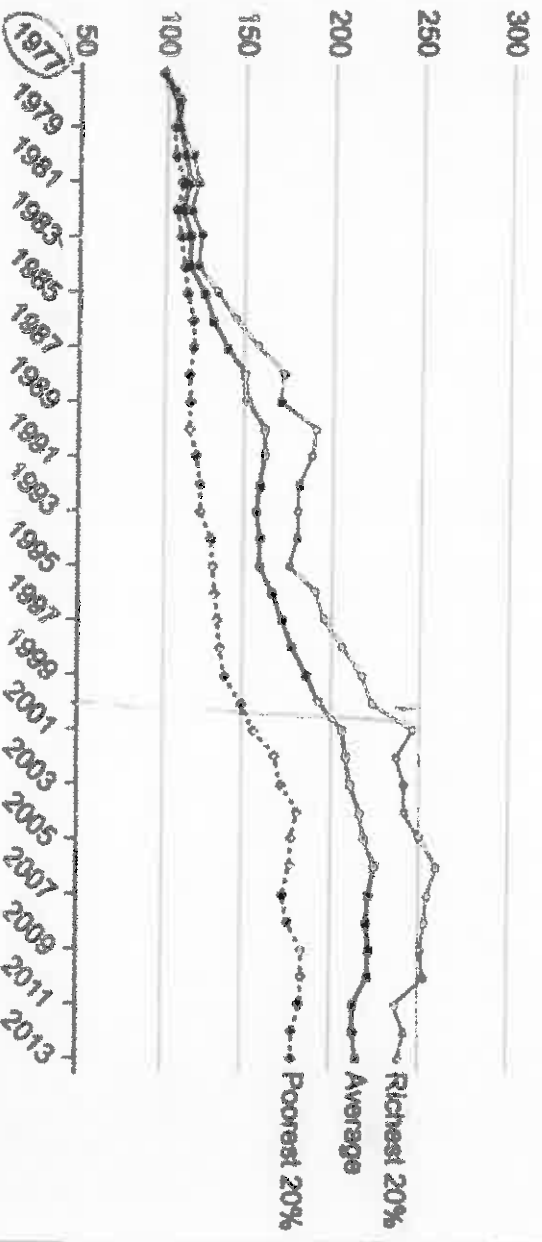
The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.

Answer all the questions in the spaces provided.

1. The graph below shows the mean household disposable income in the United Kingdom, from 1977 to 2013. The information is for the poorest 20 per cent of the population, the richest 20 per cent and the average of all households.

The left-hand axis represents an index number with the base year 1977 = 100.



Source: ons.gov.uk

- (e) Analyse the data to explain the changes in householders' incomes between 1977 and 2013. [5]

It is clear that there has been a significant increase in disposable income for the richest 20% of households and a decrease for the poorest 20%. This suggests that the rich are doing much better than the poor. All groups have experienced an increase in their disposable income. The disposable income of the poor has increased significantly, but it is still much lower than that of the rich. This is due to a combination of factors, including higher wages for the rich and government policies that have supported the growth of the economy.

- (b) Explain how the changes shown in the graph are likely to have affected a manufacturer of motor cars, such as Ford, Toyota or Peugeot. [4]

The positive correlation (increase in disposable income for <sup>all groups</sup> ~~wealthy~~ would lead to an increase in demand for motor cars and they are seen as a luxury good that is income elastic. The underlying gap between the new and old would likely lead to the manufacturer extending their product range. The car for the poor would provide more affordable cars as they <sup>have become</sup> see as a commodity in the lower income needed to travel around and to work.

- (c) Between 2015 and 2016 average household income increased from £26 000 to £26 650. Over the same period of time the quantity of new cars sold in the UK increased from 2.6 million to 2.73 million.

Calculate the income elasticity of demand for new cars (showing your workings). [4]

$$I.E.D = \frac{\% \text{ change in demand}}{\% \text{ change in income}}$$

$$\text{Income} = \frac{26650 - 26000}{26000} = \frac{650}{26000} = 2.5\%$$

$$\text{demand} = \frac{2.73 - 2.6}{2.6 \text{ mil}} = \frac{0.13 \text{ mil}}{2.6 \text{ mil}} \times 100 = 5\%$$

$$\frac{5}{2.5} = 2\%$$

This suggests the cars are luxury good relatively income elastic.

12
13

2. The following is an extract from the balance sheet of Marks and Spencer plc as at 28<sup>th</sup> March 2015.

	£m
<b>Fixed (non-current) Assets</b>	
Property, plant and equipment	5033.7
Other	1707.4
<b>Total Fixed Assets</b>	<b>6741.1</b>
<b>Current Assets</b>	<b>1455.0</b>
<b>Current Liabilities</b>	<b>2111.6</b>
<b>Long-term (non-current) Liabilities</b>	<b>2885.7</b>
<b>Total Assets – Total Liabilities</b>	<b>3198.8</b>
<b>Shareholders' Funds (Total Equity)</b>	<b>3198.8</b>

- (a) Use the information provided to calculate and outline the meaning of
- (i) Working capital.

[4]

The capital being used in the business for  
concrete day to day trading operations

AP12 Working C = current assets - current liabilities

AP22 Working C =  $\$1455.0 - \$2111.6 = \text{£} - 656.60 \text{ mil}$

4

- (ii) Capital employed

[4]

The capital employed in the business is

generate revenue in the business

AP1 = 1 Capital employed = Long term L + Shareholders' F

AP2 = 2 CE =  $\text{£}2885.7 + \text{£}3198.8 = \text{£}6084.5 \text{ million}$

3

The following table shows the value of Marks and Spencer's property, plant and equipment as at 29<sup>th</sup> March 2015.

	Land and buildings £m	Fixtures, fittings and equipment £m	Assets in the course of construction £m	Total
Cost	2817.1	6198.1	312.4	9327.6
Accumulated depreciation	(305.5)	(3988.4)	0	(4293.9)
Net book value	2511.6	2209.7	312.4	5033.7

- (b) With reference to the data, explain the reasons why Marks and Spencer depreciates the value of its fixed assets. [6]

DEPRECIATION IS CAUSED BY USING UTILISE OVER TIME  
 ASSETS NOT BEING USED CAUSES DEPRECIATION, WEAR  
 AND TEAR AND OBSOLETE (DEMAND CHANGE).

THIS CALCULATION IS MADE BY MARKS AND SPENCER  
 AS IT TAKES INTO ACCOUNT DEVALUING AND  
 GAINING TO KNOW THE COMPANY WHAT VALUE  
 LAND AND BUILDING FOR £2817.1 AND USE DEPRECIATION  
 ASSETS INTO ASSET USE. IT SHOULD SHOW THE COST  
 £2511.6. THIS MEANS M+S HAS THE ASSETS

PLANNING AHEAD TO USE UP THE INVESTMENT  
 OF A FIXED ASSET WITH THE PROFITABLE. THIS  
 ALSO MEANS MARKS AND SPENCER IS TRYING TO  
 AVOID PROBLEMS. THEY WILL BE ABLE TO SEE  
 AND VALUE UP FIXED ASSETS AS THEY WANT TO

PO 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

3. Starbucks is one of the world's most successful businesses. Its first store, which opened in Seattle, USA, in 1971, sold coffee beans, tea and spices. Today there are over 17 000 Starbucks coffee houses in over 50 countries.

Starbucks' original mission statement was to "Establish Starbucks as the premier purveyor of the finest coffees in the world while maintaining our uncompromising principles as we grow".



However, Starbucks hit trouble a few years ago with falling revenues from the recession and increased competition from McDonalds, Costa and several other coffee shops who entered the quality coffee market.

As one of their responses to these challenges, Starbucks changed their mission statement so that it now reads: "to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time".

To what extent is Starbucks' new mission statement likely to be of greater benefit to the business than its original one? [10]

A substantial reassessment shows the present purpose and value of the organisation is still among the consumer is emphasising the values and retaining all employees have the same goals. It is likely that the new mission statement will be more beneficial to Starbucks as the objective is clearer. Starbucks now uses the SMART principle when identifying the business objective. Due to the growing revenue they experienced Starbucks need to rebuild brand loyalty. The specific target of "one person, one cup and one neighbourhood" shows the objective is more clearly under customers and employees. It is also beneficial to Starbucks as due to the increase in competitors Starbucks need to grow an improving in the short term with accountable targets like "one person"

or a venue and this will be more motivating  
 for the employee than a reward and  
 difficult seemingly objective would be  
 as it would surely be demonstrating.  
 The main mission statement would  
 more important than the previous MS  
 as Starbucks is now established and  
 needs to focus on maintaining and gaining  
 market share.

Ap1 = 2

Ap3 = 2

Ap2 = 2

Ap4 = 4

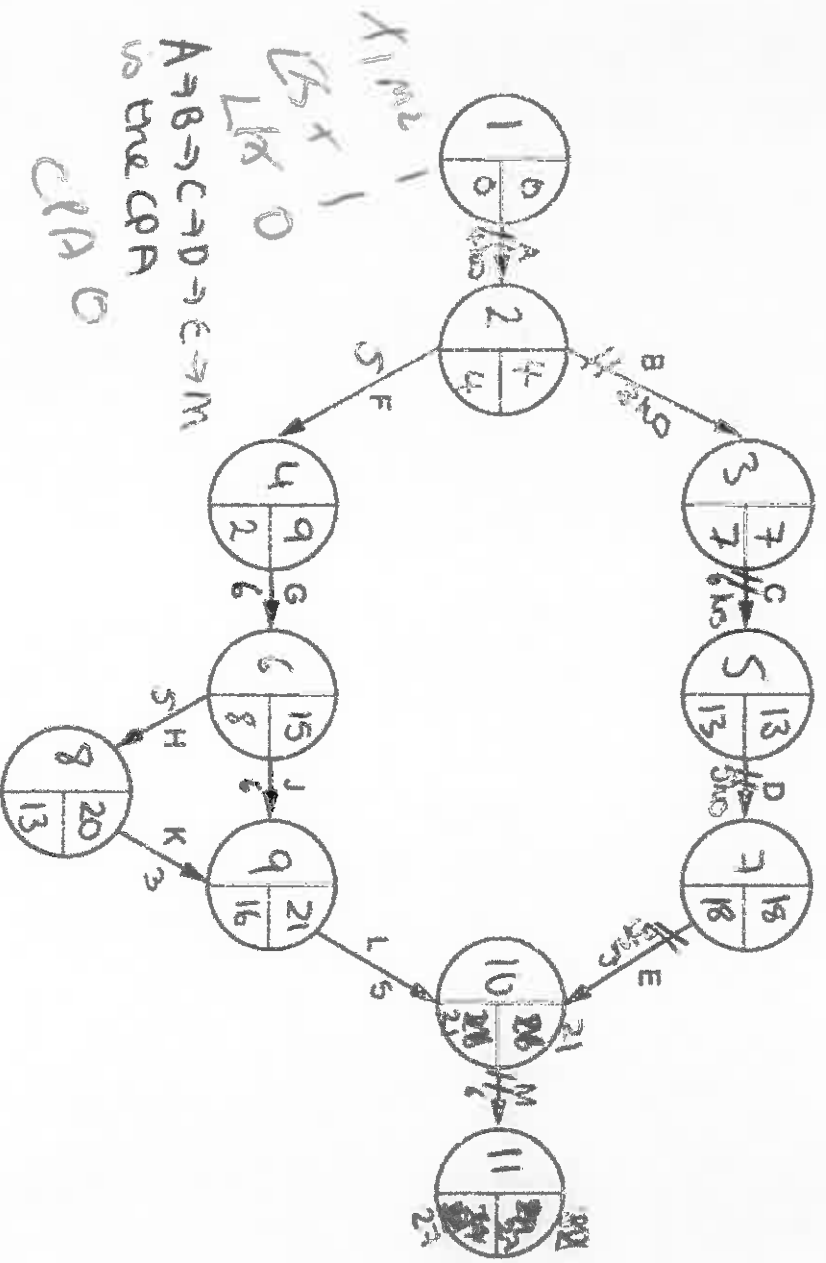
10	✓
10	

4. John Scott Ltd are involved in setting up stages for outdoor music festivals, such as Bestival and Glastonbury. The table and network diagram below give information about the time it takes to set up one of the main stages.

Activity	Preceding Activity	Time (hours)
Unload the equipment	W	4
Prepare the ground	B	3
Erect the stage scaffold	G	6
Put on sides	G	5
Put on roof	E	3
Lay electrical cables	F	5
Connect electricals on stage	G	6
Assemble sound equipment	W	5
Set up lighting	J	6
Test sound equipment	K	3
Put sound and lighting equipment in place	L	5
Arrange stage	M	6

(a) (i) Complete the network diagram below, including: the time required for each task, the earliest start times and the latest finishing times. [5]

(ii) Mark on the diagram the critical path. [1]





AD  
Setting up storage very  
expensive - disk mainly  
drives  
able to produce amount  
of time for workers, loaded

D15  
difficult to determine  
unforeseen change not allowed for  
total weather, wet ground

(b) Discuss the usefulness of critical path analysis to John Scott Ltd when carrying out this kind of work. [8]

Critical path Analysis (CPA) would be useful  
for John Scott Ltd (JSL) as it would allow the  
business to predict the amount of time  
required for the project. This is particularly  
beneficial for JSL as they have the potential  
to lose the latest ground time and cannot  
afford for the water course to be damaged or  
reputation and delay the project. However,  
CPA may not be useful as any unforeseen  
changes are not allowed for in the planning.  
This is particularly crucial for JSL as they set  
up water storage for unpredictable elements  
such as the weather and wet ground may  
causing delay the set up of storage. Therefore  
JSL may want to factor this in as especially  
in England bad weather is very common.  
CPA would also be useful to JSL as the tasks  
they complete are very steep they making  
it easier to predict tasks and timings. Alth-  
ough relying on estimates is not as much as a  
downside of CPA the JSL have likely constructed

Apr 2  
Apr 3 2  
Apr 2 150  
Apr 3 81  
0.5 for raise

9  
14



The NEXT retail chain was launched in February 1982. It started by selling stylish clothes, shoes and accessories for women. When this became successful the company added collections for men and children. Later NEXT started to sell furniture and accessories for the home.

Today NEXT trades from more than 500 stores in Great Britain and Ireland and around 200 stores in more than 40 countries overseas. It employs 3600 people in 12 countries, including 2700 in factories, which it owns. Over the last few years several larger fashion and home stores have opened across the UK. In August 2011, NEXT opened its first combined fashion, home and garden store in Sussex.

The company's mail order operation the NEXT Directory was launched in 1988 with a hardback book containing 350 pages and has been successful. Online shopping was introduced in 1999 and the entire book became available to shop from on the internet, page by page – another first in home shopping in the UK. NEXT Directory now also serves customers in around 70 countries outside the UK. The company continues to improve customer service, introducing new initiatives such as standard free next day delivery for orders placed before midnight.

NEXT state that "corporate responsibility means addressing key business-related social, ethical and environmental matters and ensuring we run our business in a responsible way. We see corporate responsibility as a key element of how we conduct our business as we believe it makes good business sense".

#### Key statistics from Next plc

Year ended January	2015	2014
Total Sales	£4.0 billion	£3.8 billion
Group profit before tax	£782 million	£695 million
Total employees	50018	52533
Total full time equivalents	29469	28568
Great Britain and Ireland NEXT stores – number	539	541
Great Britain and Ireland NEXT stores – sq. footage	7.4 million	7.0 million
Average active Directory customers	4.1 million	3.7 million

Availability  
 Just Soe  
 productivity  
 MS  
 employee sat

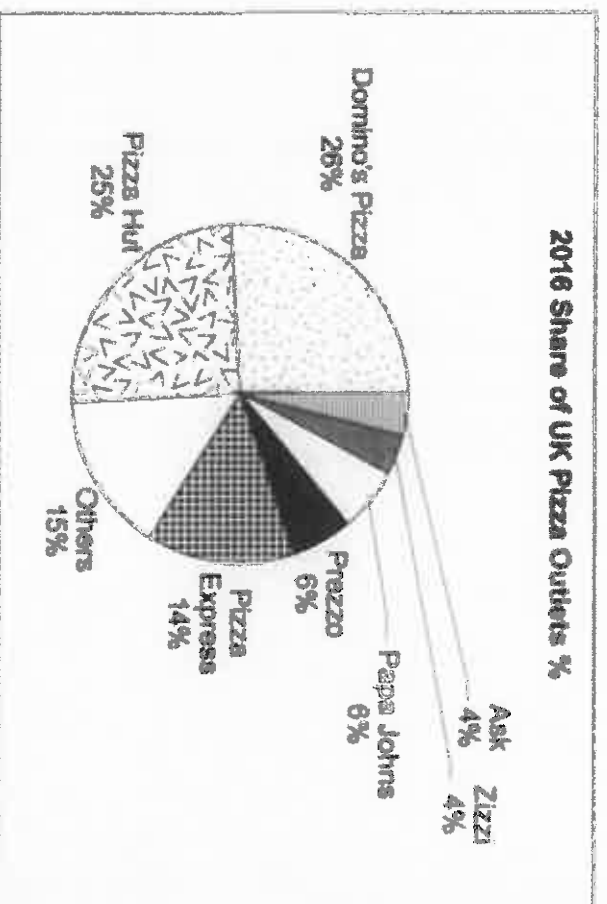
Discuss the non-financial measures that Next plc might use in order to evaluate its performance. [14]

Next may measure its non-financial performance through its customer satisfaction. Customer satisfaction is crucial for NEXT as it may use consumer goods and rely on word returning customers for success.

As Next continue to improve customer service through offering standard guaranteed day delivery, customers are encouraged to purchase from Next with the added benefit of feeling happy they are getting free delivery and making the most of when they are shopping further in a year. Next has expanded on warehouse in sales by £0.2 billion which could indicate customer satisfaction with the price, good and delivery service. Another non-financial measure would be employee satisfaction as Next need to ensure productivity is maintained and reduce absenteeism. Between the years 14-15 Next has expanded a labour turnover of 4.9% which is relatively low. However, this may be due to becoming more efficient reducing number of part time employees and full time workers has increased by 90%. Despite the <sup>slightly</sup> increase in number of employees this is not viewed as employee satisfaction as Next aim to offer lower staff responsibility. Another non-financial measure would be the market share. As Next operates in a dynamic and highly competitive environment it is crucial to gain through its market gaining brand loyalty. As Next have over 700 stores worldwide it is likely to expect that Next operate with high market share as they spread across 40 countries.

8. Over the last few years British consumers have developed a taste for pizza. Between 2006 and 2011 the UK pizza market grew by 13% and between 2011 and 2016 it increased by a further 22%. The total market is now worth around £1.85 bn.

The graph below shows the percentage of pizza outlets in the UK in 2016 owned by different businesses. Domino's Pizza now has over a quarter of the total number of outlets.



- (a) Outline Porter's Five Forces Framework.

[3]

porter's five forces should be considered the position of a business both in the industry and in the future. Considering, the threat of new entrants and substitutes (for future) and the power of the buyers, suppliers and existing competitors that the business needs to consider to be successful. Calling areas of improvement needed and strengthen

(b) With the use of Porter's Five Forces Framework analyse and evaluate the position of Domino's Pizza in the market.

### Threat of New Entrants:

Due to the increase of market entry by 35% in the last 10 years, the target market

is charge which is appealing for new entrants to want to set up and gain some of the £1.85bn market worth. Furthermore <sup>the</sup> cost of setting up a delivery group like Dominos is much lower than buying a restaurant as location is less critical as majority of <sup>shop</sup> sales are delivered. However, the new entrants will face established businesses with extremely brand loyal consumers which could be seen as a barrier to entry. Overall, due to Dominos well established position in New entrants are not a significant threat if they are completely new to the market.

### Power of buyers -

Due to the existence of price comparison sites and online reviewers the buyers have a strong position over the pizza outlets and are able to maintain <sup>of</sup> prices under to ensure continued success

and avoid customer switching. However, due to the strong brand cap dominos they are able to charge relatively high prices as there are loyal consumers are willing to continue paying for them. Overall although buyers do have control as pizza is relatively luxury good Dominos are in a

10

12

15

END OF PAPER

For continuation only.

4) B. many changes before you can use previous experience not auditor general to aid the estimator. Although CPA has the potential to avoid potential pitfalls, JSL will be able to avoid this using their experience during planning. Furthermore CPA would be subject to JSL as it would require some game for the workers to use to win as if they are in target for completion. It can also be used by JSL to estimate the number of workers needed to complete the task and amount of time they have. Furthermore, it could be useful to identify any areas and tasks that could be shortened in order to reduce costs for JSL and improve and maintain a good reputation of setting up stages quickly. Overall, although there are some risks associated with CPA due to relying on estimates and not allowing for unexpected change. Overall CPA would be a useful planning technique for JSL as it will provide a schedule to work to and efficient planning should reduce risk of overrunning. This is especially beneficial to JSL as they are established stage builders so can plan with that in mind to be altered slightly to adapt to all possible (depending on scope of stage). Therefore JSL should use CPA along with other planning tools to ensure starting a project.

5) The high market share is a good indicator of long success and suggests Next is a competitive position and will benefit from economies of scale such as purchasing and financial buying and competitive advantage. The loyalty of customers is shown through the increase in active direct customers of 0.4 million. This suggests they are happy with the sense of Next and continue to repeat purchase. Another method of non-financial performance is the productivity of Next. Due to popularity maintaining high productivity remains crucial to meet demand.

Through continuing procurement vertical integration through owning 2700 factories Next are in a competitive position to maintain high production costs which will allow Next to reduce <sup>prices</sup> costs of clothing or offering discounts to entice customers and to compete with other big clothing retailers. Overall, through maintaining high quality Next have been able to build brand and retailer loyalty in many different locations. This has ultimately improved Next's competitive position as they have been able to achieve high % of market share across a wide product range of clothing, and more wear to extend the target audience that Next are able to





Centre number:  
6 4 3 9 5

Candidate number:

Paper reference:

Date of Examination:

A 5 1 0 0 2 0 - 1  
Shown on the front of the question paper

1 9 0 6 1 7  
D O / M O N T H / Y E A R

Subject/Unit title:

Business - A-level Comp 2

Surname:

Other names:

Candidate signature:

I declare this is my own work.

Write in the white box how many answer books you have used  
PLEASE PUT YOUR PAPER REFERENCE, CENTRE NUMBER AND CANDIDATE NUMBER ON EACH BOOK AND INSERT ALL ADDITIONAL BOOKS INSIDE THE FIRST BOOK

3

INSTRUCTIONS TO CANDIDATES

- Use black ink or black ball point pen only. Do not use pencil or gel pen. Do not use correction fluid.
- Write the information required in the spaces above and complete in BLOCK CAPITALS. Make sure you correctly copy the paper reference. This is provided on the question paper.
- Use both sides of the paper. Please only write within the white areas of the book.
- Write the question number in the two boxes provided in the left hand margin at the start of each answer, for example 0 1
- If you make an error when filling in the question number boxes, fill in both boxes completely and write the question number in the space immediately below the boxes you have filled in.
- Leave at least a space of two lines between each answer.
- Do all rough work in this answer book. Cross through any work that you do not want to be marked. Do not tear out any part of this book. All work must be handed in.
- Check that you have written the information requested on each book used.
- DO NOT ANSWER MORE THAN ONE EXAMINATION IN THIS PINK BOOKLET.
- Write the numbers of the questions you answer, in the order attempted, in the boxes under 'Question No.' provided above.



W J E C 4 9 8 2 0 1 8 V 1

AB 4



0201

Question No.	Mark
Total	EXAMINER USE ONLY

5 sell to. In order to improve non-financial performance Next should consider offering rewards like free delivery to increase potential customers. Next's weakest area would be its decrease in employees which Next need to work upon so that absent-eeism does not seriously affect areas like productivity and quality. as this is likely to reduce enough demotivation of staff. To conclude, it is clear that the union finally Next are performing well and need to just continue and maintain this

Sell

6 B Strong position as they have very loyal <sup>high</sup> consumers willing to buy Demos <sup>fast</sup> therefore as long as D continue strong consumer base they will maintain relative strength over buyers

Power of suppliers -  
Due to the existence of many power outlets it could be argued that the suppliers have a strong position. If they are able to move and supply another outlet if Demos are unwilling to pay the prices of raw materials like flour. However, on the other side due to Demos's significant market share it is likely the supplier needs Demos purchases to survive as they have a duty decision place. Not only this but due to Demos strong market position they will have economies of scale. Overall, although maintaining strong relations with Suppliers is



6 b  
no crucial substitutes. Dominus has the power over its suppliers and should look at backward vertical integration.

Threat of substitutes -

Although there is no substitute good for food there are plenty of alternative goods for recreational and unhealthy food. However, Dominus has extended its product range to cater for more consumer tastes than just pizza - strengthening its position. Furthermore due to a change in consumer tastes many now want to be healthier with choice of food Dominus may need to consider healthier alternatives to continue to meet needs of consumers. Overall, Dominus has power over firms as often if customer wants Dominus pizza they will not opt for an alternative.

Threat of existing competitors

Due to the large alternatives in pizza outlets it could be argued that a large number of firms are producing similar goods. However, Dominus has the largest / or market share therefore is more strong position as it is likely D will be able to afford better marketing and seeking up more locations for shops. Overall, although D need to be careful of Pizza hut its closest rival they are in a strong position within the market. Likely price makers and market leader so will have control.

SP



1 a  
of the average two power sports and though sugary as it is much more stable as between 2000 - 2013 there has been very little change. Both the rich and poor experienced a slight decline 2005 to 2011 which suggests that both groups are most affected by recession and experience the greatest loss of disposable income during the downturn of economy.

1 b  
Although the rich have experienced increases in disposable income it is likely manufactured like Ford and Toyota would not focus on <sup>adding</sup> this as the rich are more likely interested in luxury brand names like Jaguar and Porsche.

3  
The new museum statement also indicates the potential premium market as it is now not just coffee for the less more general and affordable. This is beneficial for Starbucks with expansion the global sales revenue as this affordable but still maintaining quality will obviously perhaps new customers can and old customers to consume more of the good. Furthermore still clearing the objectives vague means they can use adapted of the market conditions change. Although the museum statement is clearer it is also still remain the original therefore giving the consumer less of a need for Starbucks' services and history as the previous museum statement



Centre number:

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Candidate number:

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Paper reference:

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Date of Examination:

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Shown on the front of the question paper

Subject/Unit title:

Business - Level 2

Surname:

Other names:

Candidate signature:

Teacher's initials

Write in the white box how many answer books you have used  
PLEASE PUT YOUR PAPER REFERENCE, CENTRE NUMBER AND CANDIDATE NUMBER ON EXOJ BOOK AND INSERT ALL ADDITIONAL BOOKS INSIDE THE FIRST BOOK

3

Question No.	Mark
EXAMINER USE ONLY	
Total	

**INSTRUCTIONS TO CANDIDATES**

- Use black ink or black ball point pen only. Do not use pencil or gel pen. Do not use correction fluid.
- Write the information required in the spaces above and complete in BLOCK CAPITALS. Make sure you correctly copy the paper reference. This is provided on the question paper.
- Use both sides of the paper. Please only write within the white areas of the book.
- Write the question number in the two boxes provided in the left hand margin at the start of each answer, for example 0 1
- If you make an error when filling in the question number boxes, fill in both boxes completely and write the question number in the space immediately below the boxes you have filled in.
- Leave at least a space of two lines between each answer.
- Do all rough work in this answer book. Cross through any work that you do not want to be marked. Do not tear out any part of this book. All work must be handed in.
- Check that you have written the information required on each book used.
- DO NOT ANSWER MORE THAN ONE EXAMINATION IN THIS PAPER BOOKLET.
- Write the numbers of the questions you answer, in the order attempted, in the boxes under 'Question No.' provided above.

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had done. therefore, this will need to be something that is targeted by Starbucks in advertising, as it is crucial that customers will stand the Starbucks ethos as it will encourage the consumers to feel connected and more likely to purchase Starbucks. Overall, the Starbucks mission statement will likely be more developed (however - banks do it as easier (more specific so the employees understand), it is more achievable (this will motivate employees to want to achieve it) and it is also more updated. This is important as Starbucks operate in a dynamic market so need to constantly updated the mission statement each time the businesses present purpose alters over slightly, although their mission statement talks little about Starbucks history or ethics <sup>the</sup> importance and Starbucks should consider either adding it in or including it in promotional information or advertising.

2 B

Not only this but if the business requires promotional funding, the bank manager will be able to look at the total value of the assets which is £503.7 mil to decide whether selling assets would be more beneficial even or how furthermore, through depreciation the business can better understand value and identify weaknesses and important aspects of assets held.



Write the two digit question number inside the boxes next to the first line of your answer

Answer

Leave Blank

2 B Purchasing another.

6 B Overall Dominus attain a victory position in terms of power of buyers and suppliers. However need to be careful of the threat of new entrants due to structural nature of the market and also increasing competition due to number of openings available and the close MS of PTVL but should work at attracting competitor sales to strengthen position in the market.

Sc



