

1 a

Corporate responsibility is a business's ethical approach to satisfying and caring for all of its stakeholders, not just shareholders.

Aldi show they care about consumers by offering low prices and healthy products. The pricing shows that they care about making their products accessible to all people, which makes them inclusive. Low prices will minimise their profit margins, lowering profits for the shareholders - which shows true corporate responsibility. Although, this could backfire if shareholders do not think they are receiving enough dividends and may stop investing.

Also, Aldi ensures safe working conditions for all their suppliers. This means that manufacturing and making the products are in a safe environment with working machinery. Caring for suppliers ~~will~~ will make relations stronger and Aldi will be able to negotiate better deals on price, ~~which~~ which will reduce unit costs. Therefore, they can pass on their savings. However, Aldi source all meat from Britain, but they could source it from poorer countries and help increase their wealth - whilst promoting their fair trade.

By reducing their carbon footprint, Aldi are protecting the environment because it is reducing the damage



done to the ozone layer. This means that Aldi are helping to control the climate change, which is caring not for ~~shareholders~~ shareholders alone. Therefore, Aldi can show to customers who are aware of environmental damage done by businesses that they are a business worth investing in. This can lead to higher sales and customer loyalty.

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1 b

Aldi has branded itself as cheap and convenient, compared to the big 4 supermarkets: Tesco, Morrisons, Sainsbury's and ASDA.

one difference is that Aldi does not focus on its displays. Tesco uses fancy displays to market its variety of products to consumers whilst they are shopping, whereas Aldi just relies on its above-the-line promotion such as TV adverts to sell the products. This means that Aldi spends less money on each of their stores, and with 4000 stores worldwide leads to large cost savings. This means that they can pass on those savings to buy new stores and grow organically, accessing new geographical markets. A disadvantage to this is that smaller branded suppliers may

choose one of the big Supermarkets to sell their product as the in store promotion could bring them higher sales - which leads Aldi with fewer brands to sell, so people may not do all their shopping there.

A similarity is that all Supermarkets benefit from economies of scale. Due to the large volume of products that the Supermarkets buy, they are able to negotiate a lower price and therefore spread the costs over more products - lowering unit cost. This means that Supermarkets are all able to compete in price wars to win customers, making it a fairly perfect market. Although, due to Aldi's USP of low prices, they are more dedicated to pass on cost savings to consumers, potentially leaving them to make a loss on new products. This could disappoint shareholders and they may not agree with strategies, thus selling their shares.

Aldi chooses to grow through organic growth, whereas some other Supermarkets merge or take over other businesses. This means that Aldi's growth is maintained and smoother to operate as there is no culture clash, like in acquisitions. This ~~means that~~ leads to organic growth becoming faster, which in turn has made Aldi the UK's fastest growing businesses. Although, acquisitions



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

Answer

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Can lead to new talent of employees which can help Aldi's strategy and operations. Also, it could help them move into new geographical markets easier because managers will have more experience. But Aldi has been growing organically since 1962 and will be knowledgeable on expansion.

Another similarity is Aldi's lust for high quality products. They pride themselves on having 'M&S quality', who are renowned for higher prices. Therefore, Aldi can start to attract quality conscious consumers, who would normally shop at Waitrose and M&S, and widen their customer base. This can lead them to higher sales and loyalty, making it easier for profit to grow. Although, it may take a lot of branding and promotion for Aldi to show a 'quality' brand because people associate low prices with low quality. This could lead to developments making them similar to Tesco which will lose their USP.

Overall, Aldi can gain a lot of customers from its cheaper operations and prices, but may fail to target upper class consumers. The success of their strategy depends on the economic climate because if the economy goes into a recession then people won't have money to spend on expensive groceries and will look for the cheapest option.

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1 C

Organic growth is the strategy for growing through using internal resources, such as opening new stores, expanding product range or a new distribution channel.

Aldi aiming to open 1000 new stores by 2020 shows that they are trying to access new regions in the UK. This is a good idea because they can broaden the number of customers they can target, as people tend to do their 'weekly shop' in the nearest Supermarket. By Aldi opening many stores, they can become the most convenient choice, therefore gaining market share. However, this strategy can be slow as setting up brand new stores requires local recruitment and training for new employees, which takes a lot of time.

By implementing 'chill spaces', it means that a lot of good goods which require can be kept fresh. This means that each store can hold more stock, thus being able to top up the shelves instead of keeping them empty. This means that they can sell a higher volume of goods and increase their output, which will increase their utilisation of machinery, increasing the ROCE. However, this can only increase sales to an extent because ~~only~~ each store only has a small geographical



market and may not need extra products. Therefore, 'chill spaces' should only be implemented in stores where the products regularly run out, to prevent excess unsold stock.

Aldi only have 1500 core products, which allows them to focus on each of them. But this limits the attractiveness of the store to customers, because people will try to do their shop in one place and if Tesco has a wider variety of products then they may choose to shop there. This can make Aldi lose out on loyal customers, but their low prices may still encourage people to shop there, depending on the PED of their products.

To conclude, Aldi's plans of opening stores and retaining low prices will lead to loyalty - but it could happen faster with external growth. In the short term, acquisitions are expensive and employees may lose morale if there is a culture clash, but long term Aldi can grow faster and receive a higher profit from many geographical markets if they purchase a chain. Although, Aldi have lots of experience with organic growth so fewer mistakes are likely to be made, which saves money.

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1 d

Glocalisation allows a business operating in multiple countries and regions to adapt their operations to best suit that area of customers.

Aldi adapt to areas by changing their products. For example, in Spain, they sell a lot more meat and cheese products than in the UK and so can focus on providing quality products and a variety of them. This leads to success because they can target and fulfil specific needs which helps them to obtain higher sales and thus revenue. Although, to be successful in new locations, businesses will need to build a brand so that consumers in new markets can trust them and trial their products.

Working practises need to be altered to fit to local health & safety standards. Even though countries in the EU have the same standards, standards outside may have different ones that need to be fulfilled. If they are not, then Aldi could face legal action from the local government and may have to pay a fine - which is not good for its reputation. By adapting their practises, Aldi can continue to run smoothly and the morale of the employees are maintained.

Also, Aldi would need to

consider adapting its prices to reflect local needs. For example, in a poorer country like Greece, cheaper prices are better but in capital cities, like London, they can charge higher prices. This is important for success as charging too low a price could lead to Aldi not making the most of its products, but too high a price will lead to a fall in demand and competitors undercutting on price. However, for a brand, similar prices can be charged anywhere and the PED for the products can be decreased as people are willing to buy a brand - but as Aldi's USP is cheap prices, this does not specifically apply.

Overall, Aldi needs to adapt otherwise competition will be favoured, but the big question is: 'What is success?'. If success is high sales, then adapting is crucial to be attractive to each market, but if lower costs is success then selling the same products anywhere can be cheaper.

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1 e

Britain leaving the EU will bring benefits and drawbacks to businesses, but the industry and where they operate will change the extent.

Employees in British Aldi will benefit by having less competition from migrant workers. Brexit may result in Britain leaving the single market which could decrease the flow of labour. This means that employees for Aldi have a higher sense of security in their job which motivates them and leaves them with satisfaction. However, the employees will have a smaller selection of jobs to work in as they may not be able to easily work abroad, this could leave them with an undesirable lifestyle change.

Aldi shareholders will be negatively impacted because there will be less tourism into the UK due to potential barriers related. This could lead to fewer sales in British stores and thus lower revenue and dividends. However, Aldi is multinational and will still have stores in the EU which will benefit from free movement and keep the sales high. Also, it presents an opportunity for shareholders to see Aldi develop within the EU.

Customers of Aldi could see a greater variety of products. This is because imports of fruit & veg may



be restricted into the UK, so Aldi may not be able to sell as many products. This could lead to Aldi needing to raise prices if their products are in low supply which leads customers having to pay more for all supermarkets. This may leave customers unsatisfied and the economy suffering. However, ~~if~~ when the UK leaves the EU, they could set up new trade links with different countries, and potentially be able to import more exotic products which could regain the variety for customers.

Overall, the extent of the consequences to Aldi's stakeholders will depend on what deals are made for Brexit, and how free the trading of products, capital and labour are. Also, Aldi may be least affected ~~to~~ due to operating in many international markets where they've spread the risk.

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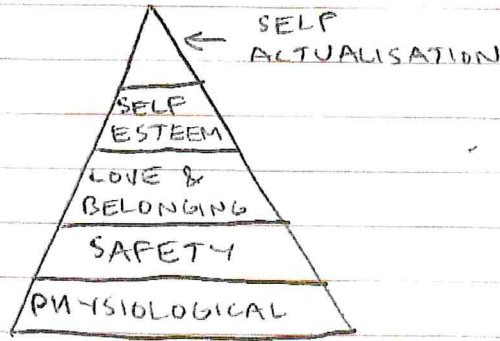
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2 a

Maslow's hierarchy of needs is a motivation theory based on an employee meeting each step of the hierarchy before being motivated by the next



The physiological needs involve paying a wage. At John Lewis, every worker will receive at least the minimum living wage which is nationally set. This motivates the workers because they need money for clothes, food and shelter.

Safety needs will motivate workers at John Lewis because a contract will be signed with set hours and criteria. By allowing safety to a shop floor worker, they are less likely to leave to find a new job because they know that work and wages are guaranteed.

At John Lewis, love & belonging is a motivator through allowing team work and giving out a company discount card. The employee feels part of a team and emotional connections to the business allows them to work hard to try and help the business do as



well as possible.

John Lewis could use self esteem to motivate a shop floor worker by giving them a decision to make or a new duty to fulfil, such as redesigning a display. This will give them employee a sense of pride because they have been trusted and want to do a good job to show their manager, and to prove to themselves that they are good employees. Thus they do a better job.

Finally, self actualisation is when the employee feels most content in their work situation. John Lewis could offer a shop floor worker a promotion if they are efficient and work hard, which could entail new authority and tasks. This would make the employee feel very good about themselves and motivate them to strive to be the best.

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2 b

Businesses need a variety of resources to survive, and to create the product or fulfill the service. These could include; machinery, the product, branding, market research, effective leaders or capital. Nearly all of them are needed for the day-to-day running of the business.

Machinery is a very important resource. For a car manufacturer like VW, nearly the whole production line is automated, so to create cars that are identical, to high standard and quickly, machines are very necessary. This means that without machinery, then VW would not have an efficient business and would struggle to make a high volume of cars - forcing it to raise prices and be undercut by competition. Although, when machines break down, it is the employees who phone the mechanic to repair the machine and they are mostly operated by employees. In VW, they need workers ~~just as much~~ as well as machines to keep the business running smoothly.

Another important resource a business can have is its brand image. Apple have the ability to release a new phone or laptop, and customers would buy it regardless of the price. This is because brands



can portray a sense of quality, which allows its PED to be very small - therefore allowing Apple to maximise its sales revenue. However, for a company to create a brand, employees are needed to devise a marketing campaign, develop a worthy product and be in the shops selling them. A brand can assist a business in being successful, but in the short term employees are needed to initially build the brand.

For Dyson, the products that are invented and sold are a very important resource. The vacuum cleaners were so innovative, that nearly every household needed one and bought one. This means that they were able to sell a product just through the product, and didn't need a brand initially or effective leadership. The product being the most important depends on how innovative and necessary it is, otherwise it would need assistance from other departments.

Nearly every business requires finance. To buy stock, pay employees, establish a distribution channel - finance is required. A business can't expand if it does not have any finance, and many businesses have to acquire loans to expand or just setting up the business. With-

our finance, a business can't exist, and then employees would not have anything to work for.

Workers are important because they keep all the departments running - they assist in manufacturing the product, they come up with marketing strategies, they create business plans to obtain finance and they motivate everyone. In a restaurant, the food has to be of high quality, but many prices are set due to the service that is given by the waiting staff. Any service requires an employee to run it, there are no businesses without staff. Although, too many staff can lead to diseconomies of scale as they are expensive to hire and too many layers of hierarchy can make mistakes.

Overall, the extent that workers are most important depends on the industry. In manufacturing, machinery is important and in the tertiary sector then employees are needed. A combination of resources are required to run a business, with finance tying it all together to make the business survive and grow. In the short term, finance will always be needed to start a business, and long term each resource will need to work together.

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