

Write your name here

Surname	Other names
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Centre Number

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Candidate Number

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**Edexcel GCE**

**Business Studies**

**Advanced Subsidiary**

**Unit 2A: Managing the Business**

Tuesday 25 May 2010 – Morning <b>Time: 1 hour 15 minutes</b>	Paper Reference <b>6BS02/01</b>
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**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 in Section A and Section B.
- Answer the questions in the spaces provided  
– *there may be more space than you need.*
- You may use a calculator.

### Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Question 13 in Section B. This question is indicated with an asterisk\*  
– *you should take particular care on this question with your spelling, punctuation and grammar, as well as the clarity of expression.*

### Advice

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

Turn over ►

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**SECTION A**

**Answer ALL the questions in this section.**

**Write the letter of your chosen answer in the box and then explain your choice in the space provided.**

**You should spend 30 minutes on this section.**

- 1 (a) JD Wetherspoons, the pub (bar) chain, recently announced record sales figures (Jan/Feb 2009).

Which **one** of the following is the **most likely** reason for this?

(1)

- A Increased prices and revenue as the demand for beer is price elastic
- B Value for money, including a pint of beer for 99p
- C Increasing its borrowing from banks
- D A government clampdown on under-aged drinking

Answer

- (b) Explain why this answer is correct.

(3)

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**(Total for Question 1 = 4 marks)**



2 (a) NRS Retail, a firm specialising in modernising retail stores, went into liquidation in January 2009.

Which **one** of the following is the **least likely** cause of its decision to stop trading? (1)

- A Loss of a large contract
- B Reduction in availability of bank loans
- C A movement of retailers from city centres to existing retail parks
- D Late payments from customers

Answer

(b) Explain why this answer is correct. (3)

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**(Total for Question 2 = 4 marks)**



3 (a) Eako, a company selling products ranging from belts to garden benches, made from recycled materials, is making profits after less than 2 years in business.

The **most likely** reason for this is:

(1)

- A responding to many consumers' wishes to be more environmentally friendly.
- B increased competition.
- C all consumers will pay more for recycled goods.
- D increased cost of labour.

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 3 = 4 marks)**



4 (a) Dustbag.co.uk sells vacuum cleaner bags and has seen sales grow 40% year on year since it began trading online.

Which **one** of the following is **least likely** to be the reason for this growth?

(1)

- A Low costs of online trading
- B Increasing willingness of consumers to shop online
- C Carefully targeted online advertising
- D A growth in competition among online retailers

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 4 = 4 marks)**



5 (a) Chipotle, a fast food restaurant chain, sells its Mexican-themed food for higher prices than rivals. From having one restaurant in 1993 it now has 800 in the USA.

Which element of the marketing mix might **best explain** the company's growth?

(1)

A Packaging

B Price

C Profit

D Product

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 5 = 4 marks)**



6 (a) Financial incentive schemes such as piecework are likely to be used **most successfully** in which **one** of the following occupations?

(1)

- A Auditors of financial accounts
- B Architectural designers
- C Packers of biscuits
- D Beauty technicians

Answer

(b) Explain why this answer is correct.

(3)

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**(Total for Question 6 = 4 marks)**

**TOTAL FOR SECTION A: 24 MARKS**



## SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

### Evidence A

#### In a Buoyant Mood

Buoyant Upholstery Ltd has been manufacturing furniture for 100 years. It employs 300 people and produces 3 000 pieces of furniture per week, mainly in its Nelson, Lancashire, plant. Buoyant supplies over 600 independent retailers, as well as larger multiple chains. Its furniture is positioned at the quality end of the market, particularly for leather sofas, the company's 'cash cows'.

5

Five years of profits have been followed by two years of losses, reflecting the downturn in the UK economy, but a recent company restructure has resulted in the predicted loss for 2008-09 (around £800,000) being halved. Mike Aramayo, the firm's new managing director, has led the firm to a 15 per cent sales growth in the last quarter of 2008. Aramayo has stated that Buoyant has recently been approached by multiple chains they had never supplied before.

10

Buoyant now manufactures more sofas in the UK. Retailers have moved away from Far East manufactured furniture, seeking quicker delivery and stable prices, without the need for large levels of stock holding. Lead times are shorter in the UK. The recent depreciation of sterling against some major currencies has improved competitiveness. "Last year, seven leather sofas in our range were manufactured abroad; this year there is only one," stated Aramayo.

15

Ninety per cent of employees at the Nelson factory are permanent. The company maintains numerical flexibility of its labour force by bringing in small groups of overseas workers at busy times, so that its labour costs are able to reflect the demand for its products. Labour budgets are reviewed every three weeks.

20

MD Aramayo points to the following major reasons why the business will prosper, despite the current economic gloom:

The new Buoyant has never missed a Christmas or Easter delivery

Damage/return rate is currently just 0.7%

TQM techniques

JIT/lean production techniques – groups of 10 workers see each piece of furniture through from beginning to end; checks are made at each stage.

25

The final reason may give a good indication as to why the business is confident of its future – the balance sheet is cash rich – the firm doesn't operate an overdraft.

### Evidence B

Buoyant Upholstery is committed to being the supplier of choice for volume upholstered furniture. Through product and service excellence we strive to be an innovative and professional business partner to all of our clients. With emphasis on Design, Quality and Value our aim is to be the number one destination for a wide portfolio of furniture retailers.

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**7** Briefly explain **two** ways in which shortened lead times might result in decreased costs for Buoyant Upholstery Ltd.

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**(Total for Question 7 = 4 marks)**

**8** Buoyant uses lean production techniques. Describe how this may help enhance the company’s image.

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**(Total for Question 8 = 4 marks)**



9 In times of economic recession Buoyant has remained competitive, despite recent losses, while other firms have folded. Analyse why cash may be more important than profit in the short-term.

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**(Total for Question 9 = 4 marks)**



**10** (a) Buoyant aims its furniture at the quality end of the market. What is meant by the phrase 'niche market'?

(2)

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(b) Evidence B on page 8 shows the corporate aims and objectives of Buoyant Upholstery Ltd.

How might Buoyant use marketing to become the supplier of choice for volume upholstered furniture?

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**(Total for Question 10 = 6 marks)**





**12** Assess the likely value of the Boston Matrix to Buoyant Upholstery Ltd.

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**(Total for Question 12 = 8 marks)**



**\*13**To what extent is short-term use of overseas workers likely to have a beneficial effect on Buoyant?

Lined area for writing the answer to question 13.



(Total for Question 13 = 12 marks)

**TOTAL FOR SECTION B: 46 MARKS**  
**TOTAL FOR PAPER: 70 MARKS**



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