

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Thursday 19 January 2012 – Morning
Time: 1 hour 15 minutes

Paper Reference

6BS02/01

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 12 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. Use the data to support your answers where relevant. You may include diagrams and annotate them in your answers.

1 (a) When seeking to fill the position of Football Development Officer at the East Riding County Football Association, the Board of Directors discussed whether to recruit internally or externally.

Which **one** of the following is the best argument for **internal** recruitment of this post?

(1)

- A Those that are not promoted may become demotivated
- B An external agency does not need to be hired
- C Valued employees who are clearly not qualified may apply
- D External candidates may be better qualified

Answer

(b) Explain your answer.

(3)

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(Total for Question 1 = 4 marks)



2 (a) Skeltons, a family run bakery for over 100 years, renowned for good customer service, has closed down.

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

- A Well managed cash flow
- B Effective stock control
- C Competition from supermarkets
- D Longer credit terms from suppliers

Answer

(b) Explain your answer. (3)

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(Total for Question 2 = 4 marks)



3 (a) Asher Moses, a London based taxi driver, drives his cab at night. To generate extra income, he has decided to rent his taxi to another driver during the day.

This decision illustrates the concept of

(1)

- A improving capacity utilisation.
- B under-utilisation of capacity.
- C surplus capacity.
- D management of stock.

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) In summer 2010, it was reported that there had been the biggest fall in alcohol consumption in Britain in 60 years.

Which **one** of the following might explain this?

(1)

- A Greater availability of quality British wine
- B A rise in duties (taxation) on alcohol
- C Increased prices of non-alcoholic drinks
- D Discounted supermarket prices for beer

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) When setting up their baby and toddler clothing business, one of the first things Jason and Anita Pritchard did was to trademark the name 'Dijjie' and the bear's head logo in their design.

All of the following would be an advantage of doing this, **except**

(1)

- A to protect the brand.
- B to gain bargaining power when negotiating with retailers.
- C to make the business more attractive to potential investors.
- D to prevent other businesses from setting up in the same market.

Answer

(b) Explain your answer.

(3)

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(Total for Question 5 = 4 marks)



- 6 (a) All staff at Sainsbury plc are expected to gain from a £70m payout, averaging at £580 each, after a successful year in 2009 for Britain's third-biggest supermarket chain.

This payment could **best** be described by which **one** of the following?

(1)

- A Piecework
- B Job enrichment
- C Bonus
- D Performance related pay

Answer

- (b) Explain your answer.

(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

The Loss Making Online Retailer

Ocado is an online grocery retailer operating from a state-of-the-art warehouse in Hatfield, Southern England. It buys its groceries from the supermarket chain Waitrose in a deal that is valid until 2017. Ocado has traded since 2002 and in 2009 had sales revenue of £422m. Sales grew by 30 per cent in the first half of 2010 and this trend continued into the second half of the year. However, Ocado has yet to make a profit, although analysts predict that it will do so in 2011.



Ocado was founded by three former investment bankers and has some high profile investors such as Al Gore, the former vice president of the USA, and Jorn Rausing, the Tetra Pack billionaire. In 2010, in an attempt to raise £500m to develop the Hatfield site, to pay off debt and to build a new warehouse in the Midlands, Ocado floated on the London Stock Exchange, to become a public limited company. The share flotation did not raise enough new capital to enable Ocado to fund its ambitious plans and any delays in opening the new warehouse will slow its growth.

Its own customers have a high opinion of the business according to a recent survey. Retail analysts also believe it has built up a good brand and offers great customer service. Furthermore, in 2009 Ocado won the Green Retailer of the Year award for its low environmental impact.

As part of the original contract with Waitrose the supermarket agreed not to deliver groceries itself in certain regions of the country. This non-competitive arrangement expires in 2012, which will allow the supermarket to deliver groceries directly. Tesco is the UK market leader in online retail groceries with Sainsbury and Asda now in the market and Morrison's considering its position. Ocado states that its business model – operating from a highly automated distribution centre - is completely different from that of its supermarket rivals.

Ocado believes it is attracting between 20 and 25 per cent of new online shoppers. Independent research suggests that the average cost of delivery, which includes driver wages, diesel and van maintenance, is £14-£15. The charge per customer is £5.99. Ocado will need to grow its average spend per customer, which in 2010 was £113.59, and increase its market share if it is to become profitable.

(Source: adapted from articles in The Sunday Times, 18 July 2010, and from The Times, 8 September 2010)

(image from: <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/7893139/Ocado-float-firmly-on-track-say-bankers.html>)



7 Briefly describe **two** ways that the £500m raised by Ocado could affect its working capital.

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(Total for Question 7 = 4 marks)

8 Explain why 'low environmental impact' is important to Ocado (see Evidence A).

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(Total for Question 8 = 4 marks)



9 By 2010, Ocado had been trading for over 8 years without making a profit. Analyse **two** reasons why lenders might still be prepared to provide further funds.

Handwriting practice area consisting of 20 horizontal dotted lines for writing the answer to Question 9.

(Total for Question 9 = 8 marks)



11 Evaluate the likely difficulties Ocado might experience in forecasting sales for the next few years.

A series of horizontal dotted lines provided for writing the answer to Question 11.

(Total for Question 11 = 8 marks)



Area with horizontal dotted lines for writing.

(Total for Question 12 = 14 marks)

TOTAL FOR SECTION B = 46 MARKS
TOTAL FOR PAPER = 70 MARKS



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