

Paper Reference 9BS0/03
Pearson Edexcel
Level 3 GCE

Business
Advanced
Paper 3: Investigating business in a competitive environment

Monday 18 June 2018 – Morning

Data Book

In the boxes below, write your name, centre number and candidate number.

Surname					
Other names					
Centre Number					
Candidate Number					

INSTRUCTIONS

There may be spare copies of some data sheets in case you need them.

THIS DATA BOOK *MUST* BE RETURNED WITH THE QUESTION PAPER AT THE END OF THE EXAMINATION.

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SECTION B

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Extract A

Maltesers take top spot in UK chocolate market in 2015

Position	Brand	Manufacturer	52 weeks to 14/09/14 revenue in £million	52 weeks to 13/09/15 revenue in £million
1	Maltesers	Mars UK Ltd	47.1	49.7
2	Cadbury's Dairy Milk (CDM)	Mondelēz International	53.4	44.6
3	Galaxy	Mars UK Ltd	33.7	36.6
4	Snickers	Mars UK Ltd	33.8	35.0
5	Mars Bar	Mars UK Ltd	30.5	29.6
6	M&Ms	Mars UK Ltd	21.3	25.1
7	CDM Buttons	Mondelēz International	23.4	23.7
8	Twix	Mars UK Ltd	24.4	22.9
9	Twirl	Mondelēz International	20.7	22.5
10	Kinder Surprise	Ferrero Ltd	19.7	22.0

(Source: © Carnyx Group Ltd 2017)

Extract B

Flexible working at Nestlé UK

Nestlé is a truly multicultural company operating in 197 countries. It has 339 000 employees worldwide. Job roles range from engineering, production and technical, to research and development, finance, marketing and purchasing, with some employees working across different departments.

Nestlé has introduced a number of measures to help staff achieve the right work–life balance. These measures include allowing people to work flexible hours as opposed to common start and finish times, working from home and creating a dog friendly office at Gatwick HQ.

(Source: adapted from © Société des Produits Nestlé S.A. 2004)

Extract C

Global dark chocolate market 2015–2019

Global dark chocolate sales are expected to rise from \$34·25 billion to \$51·7 billion by 2019 – an average 9% each year up to 2019 – according to market research company, Technavio.

‘A growing awareness of the health benefits of dark chocolate (improved blood flow, enhanced cognition and better metabolism) is likely to lead to a considerable rise in consumer demand in the next five years,’ states Technavio’s report.

‘There is also a growing demand for dark chocolate in developing countries, driven by a rise in incomes and changes in eating habits with growing urbanisation.’

India is the fastest growing chocolate market in the world, partly driven by rising demand for dark chocolate, such as a dark chocolate version of Nestlé’s Kit Kat Senses.

Europe makes up 45% of the global dark chocolate market, followed by 32% in the Americas, 12% Asia-Pacific and 11% for the rest of the world.

(Source: adapted from © William Reed Business Media Ltd 2017)

Extract D

Thorntons sold

Thorntons has failed to revive its chocolate manufacturing business, despite opening more of its own stores and increasing sales through supermarkets.

- 5 Ferrero International, with global revenues worth over **£8 billion (2015)**, has purchased Thorntons for **£112 million** to expand its operations in the UK, a market estimated to be worth **£6 billion** in sales.

- 10 The takeover marks the loss of another British chocolate business to an overseas buyer. Cadbury and Green & Black's were sold to the US business Kraft Foods Inc (now Mondelez International) in **2010**, while Rowntree was sold to Nestlé in **1988**

- 15 In **2014**, Ferrero International purchased the world's largest hazelnut processor, the Oltan Group for an undisclosed sum. Hazelnuts are one of Ferrero's key commodities, which it uses for its luxury Ferrero Rocher chocolates, Nutella and Kinder Bueno.

- 20 The Oltan Group, based in Trabzon, Turkey, was previously under family ownership. It has five production facilities exporting to the EU and global markets, with an annual turnover of **£600 million**.

(Source: adapted from © Guardian News and Media Limited 2014 and © William Reed Business Media Ltd 2017)

Extract E

Cadbury chocolate

- Cadbury chocolate is a well-known global business, with nearly \$4 billion in sales. This is forecast to grow to \$6 billion by 2020. Cadbury has a history spanning
- 5 nearly 200 years, when John Cadbury opened his first grocery shop in 1824 in Birmingham, UK, to sell cocoa and drinking chocolate. The first Cadbury's chocolate bar was sold in 1847 and the iconic Dairy Milk bar was launched in 1905
- 10 Since then over 200 different chocolate products have been produced, including Flake, Wispa, Buttons, Curly Wurly and the Cadbury Crème Egg, which is mainly sold at Easter. Cadbury chocolate is sold in 40 countries and manufactured in 10

(Source: adapted from © Mondelēz International)

Extract F

Profit or social responsibility?

Cadbury used to be committed to using Fairtrade cocoa beans to produce its chocolate. Fairtrade meant that up to **200 000** cocoa farmers in countries, such as Ghana and Ivory Coast, earned a minimum of **£1 600** per tonne of cocoa sold. In November **2016**, Cadbury switched to a new cocoa production partnership known as Cocoa Life, which does not apply the same price rules and does not guarantee other ingredients, such as nuts, sugar or raisins, are responsibly sourced.

Raisins had been the dry fruit of choice in a Fruit & Nut bar for **90** years. At the end of **2015**, sultanas were added ‘to give more variation’. Sultanas are cheaper than raisins.

One of the benefits of working for Cadbury was that you were looked after in retirement. Former employees were given a gift of chocolates at Christmas. Mondelez International scrapped the gifts, claiming it needed to save money to help plug the company’s pension deficit.

By contrast, Mondelez International has recently taken steps to be more socially responsible – such as pledging that all its standard-sized ‘single-serving’ chocolate bars would contain less than **250** calories by the end of **2015**. This was in response to the UK government’s voluntary anti-obesity policies.

(Sources: adapted from © Independent Digital News and Media Ltd and © Guardian News and Media Limited 2014)

Extract G

£75 million investment at Cadbury

- 5 **Mondelēz International and the Unite trade union are celebrating successful negotiations over a £75 million modernisation to Cadbury's Birmingham factory. Over 200 people agreed to leave by voluntary redundancy by the end of 2016, with some redundancy packages worth in excess of £100 000. It should boost the Cadbury factory's efficiency when four 'state-of-the-art' production lines replace six outdated ones.**
- 10 **The 650 remaining staff will develop extra skills with appropriate training provided, for which there will be a 2% pay increase. The investment should enable Cadbury to meet the growing consumer demand for Dairy Milk, Marvellous Creations and Oreo bars.**
- 15 **The table on the next page shows the forecast returns for the first 5 years following the modernisation project.**

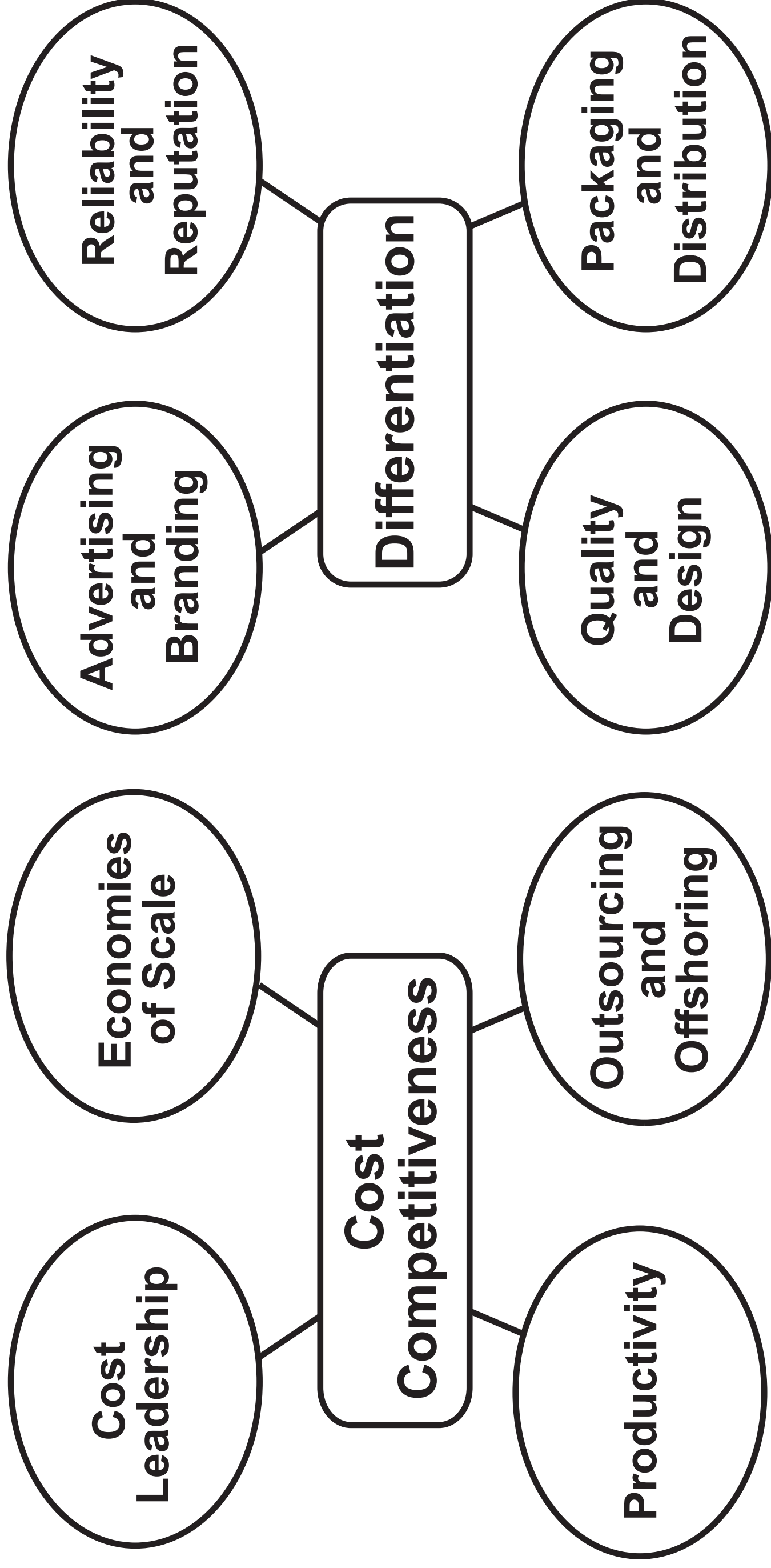
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Extract G continued.

Year	Net cash flow (£million)	Discount factors at 10% discount rate
0	(75)	1·0
1	20	0·909
2	25	0·826
3	30	0·751
4	22	0·683
5	20	0·621

(Sources: adapted from © Guardian News and Media Limited 2014 and © 2017 Trinity Mirror Midlands)

Competitive advantage



(Source: adapted from http://www.economicsonline.co.uk/Global_economics/Competitiveness.html)