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Pearson Edexcel Level 3 GCE		Centre Number	Candidate Number
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<h1 style="margin: 0;">Business</h1> <h2 style="margin: 0;">Advanced Subsidiary</h2> <h3 style="margin: 0;">Paper 1: Marketing and People</h3>			
Thursday 18 May 2017 – Afternoon		Paper Reference	
Time: 1 hour 30 minutes		8BS0/01	
You do not need any other materials.			Total Marks <div style="border: 1px solid black; width: 40px; height: 40px; margin: 0 auto;"></div>

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.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- You may use a calculator.

Advice

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

Turn over

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Answer ALL questions.

SECTION A

Read Extract A before answering Question 1.

Write your answers in the spaces provided.

Extract A

Marks & Spencer's (M&S) plan to revive its brand

High street brand M&S has long been a sign of British quality and tradition. It provides a range of food, clothing and homeware, but over the past two years the business has struggled to maintain its iconic status.

New chief executive, Steve Rowe, is reviewing the future of its range of fashion brands as part of an overhaul of its struggling clothing business. "Our priority is fixing clothing" said Rowe, womenswear seems to be the problem area. M&S has lost touch with what the 50+ age group really want and also needs to attract younger customers, such as those at the top end of NEXT's demographic of 25 to 45-year-olds.

Rowe acknowledged that some of its clothing needs to be more competitively priced. M&S sold 30,000 pairs of black jeggings - a 200% increase - after cutting the price by £2 to £17.50.

M&S's food business is still very strong. Shoppers are more than happy to buy at M&S, but they need to see non-food merchandise they like as well. Shoppers are much choosier these days, meaning M&S needs to become more market orientated.

(Sources: adapted from Marks & Spencer Results: A Tale Of Two Halves © 2016
Mintel Group Ltd and New M&S boss brands latest clothing sales fall
'unsatisfactory' © 2016 Guardian News and Media Limited)

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1 (a) What is meant by competitive pricing?

(2)

(b) What is meant by market orientation?

(2)

(c) Explain how M&S could build its clothing brand.

(4)

(d) Construct a market map to illustrate the impact of M&S's decision to aim its clothing range at a younger target market.

(4)

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(e) Assess **two** factors that could influence the price elasticity of demand for M&S's clothing range.

(8)

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(f) Assess whether there is likely to be a trade-off for M&S when it targets a younger market segment for its women's clothes.

(10)

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(Total for Question 1= 30 marks)

TOTAL FOR SECTION A = 30 MARKS

SECTION B

Read Extract B before answering Question 2.

Write your answers in the spaces provided.

Extract B

Select Service Provider (SSP) to really fly at airports

At airports and railway stations across Europe and beyond many people will have eaten or drank at restaurants, bars and cafes operated by SSP. SSP is a leading operator of branded food and beverage outlets in travel locations across 29 countries. It operates about 2,000 outlets at 124 airports and 270 railway stations worldwide.

5

Some brands belong exclusively to SSP such as Millie's Cookies, Upper Crust and Caffé Ritazza, but SSP also operates franchises for well-known names such as Nando's, Burger King and Starbucks.

SSP has been successful since becoming a public limited company in 2014 and has a strong plan to expand. 44% of its revenue comes from the UK, with Asia and the Middle East offering the biggest potential for growth.

10

Today SSP has about 300 brands. In line with changing customer tastes, many serve healthier, premium food.

(Source: adapted from 'Food Outlet firm to really fly at airports abroad' by Joanne Hart, *The Mail on Sunday*, 4 October 2015)

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2 (a) What is meant by public limited company?

(2)

(b) What is meant by a franchise?

(2)

(c) Explain how a flexible workforce might benefit SSP.

(4)

(d) Construct a supply and demand diagram to illustrate the likely impact of changing consumer tastes on Burger King.

(4)

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(e) Assess **two** benefits to SSP of operating franchises.

(8)

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(f) Assess the likely benefits to a company, such as SSP, of using non-financial techniques to motivate employees.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extract C before answering Question 3.

Write your answer in the space provided.

Extract C

Maria Allen Boutique

Combining creativity with ethics has proved a powerful mix for Maria Allen, whose business Maria Allen Boutique counts the British Museum and David Cameron as clients. Maria has created a business that stands out in a competitive market.

A champion of the Made-in-Britain slogan, Maria's business creates beautiful and sustainable gifts and products by reclaiming old wood to handcraft personalised and unique merchandise.

5

Launched with just a couple of hundred pounds, she sold her handmade jewellery from Etsy, an e-commerce website, and began generating a profit from day one.

The business, which is based in Brighton, now has a growing team of staff, an online retail channel and sells to over 70 stockists worldwide as well as having exclusive partnerships with the British Museum, Tate Galleries and the Royal Academy of Arts.

10

The company initially found popularity with its individually designed love letter necklaces and envelope cufflinks, and has now expanded its product range from jewellery to wedding, homeware and accessory collections.

15

(Source: adapted from <http://startups.co.uk/young-entrepreneurs-maria-allen-maria-allen-boutique/>)

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Maria Allen aims to reach sales of £500 000 by the end of the year. To achieve this, she could focus on ethical sourcing or cost minimisation.

- 3** Evaluate these **two** options and recommend which option would help Maria Allen meet her sales target.

(20)

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TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS



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