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Pearson Edexcel Level 3 GCE

Business

Advanced

PAPER 2: Business activities, decisions and strategy

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Source Booklet

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SECTION A

Read the following extracts (A to D) before answering Question 1.

EXTRACT A

Vidsy

Vidsy is a digital marketing company. It creates video adverts designed to be shown on social media platforms, such as Snapchat and TikTok.

Vidsy was founded in 2014 by Alex Morris, Archie Campbell and Gerard Keeley. They manage the company and own 60% of the shares. Vidsy operates an online content platform intended to help companies create more effective video adverts for all social media platforms. 5

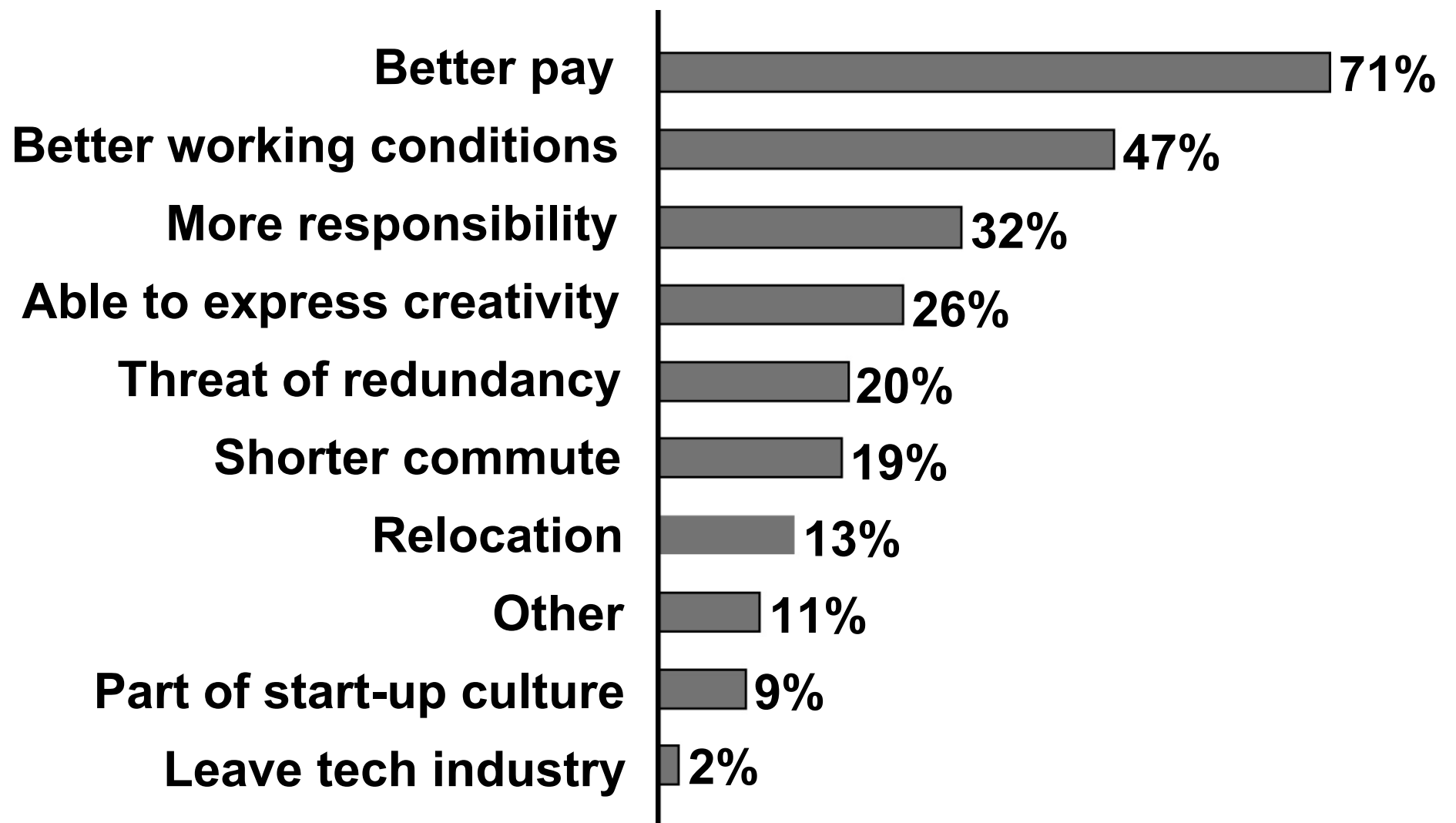
Vidsy employs a global community of over 7,000 digital creators. For each advertising campaign it selects specific creative teams who work together online using Vidsy's digital platform. Each team is managed by one of Vidsy's offices sited in London or New York. 10

The business has grown rapidly since 2014 and its clients include companies such as Coca-Cola, Unilever and L'Oréal. Turnover increased from £220 000 in 2015 to £6.9m in 2021. 15

Vidsy's mission statement is: "We're on a mission to build the global creative ecosystem for brands and creators to thrive on digital, together." 20

EXTRACT B**Vidsy – selected financial information from its annual report 2021**

	2021 (£m)
Gross profit	3·47
Expenses	2·55
Non-current liabilities	0·31
Shareholders funds	15·00

EXTRACT C**Labour turnover in the technology sector****Reasons for changing employers**

EXTRACT D**London-based video advertising platform Vidsy picks up £12m funding**

Vidsy obtained £12m from venture capitalist Access Entertainment in October 2021. It used the funds for expansion and further development of its platform and services. As a result of this investment, Danny Cohen, the President of Access Entertainment, joined Vidsy's Board. 5

“The digital advertising market is growing at extraordinary speed and brands need a dynamic, creative and cost-efficient solution in order to reach consumers most effectively. Vidsy delivers this, combining premium creative standards with deep understanding of the digital landscape and a cutting-edge technology platform. We believe that the company will continue to grow at a rapid pace. I'm looking forward to joining the Board at this exciting time for the business and working with the visionary team at Vidsy,” said Danny Cohen. 10 15

SECTION B

Read the following extracts (E to H) before answering Question 2.

EXTRACT E

Tesla

Tesla is an American multinational company that designs and manufactures electric vehicles. In 2021, the company had the most worldwide sales of battery electric vehicles, with a market share of 21%. In 2023, it was the world's most valuable vehicle manufacturer by share value. Tesla's sales revenue increased from \$53.82bn in 2021 to \$81.46bn in 2022. It made an operating profit of \$6.53bn in 2021 and \$13.65bn in 2022. 5

Tesla's largest shareholder is Elon Musk. He is also the company's Chief Executive. 10

Tesla's current product range includes four different cars. These are the Model S, the Model 3, the Model X and the Model Y. The Model 3 is the all-time bestselling plug-in electric car worldwide and, in June 2021, became the first electric car to sell 1 million units globally. The company started production of the Cybertruck in 2023. 15

EXTRACT F**Tesla's advanced manufacturing system**

Tesla's factories achieve high levels of capacity utilisation. In 2022, Tesla produced 1.37m vehicles, a 47% increase on the amount produced in 2021.

The company uses a combination of traditional manufacturing techniques, advanced robotics and just-in-time management of stock. 5

One of the key features of Tesla's manufacturing process is its use of advanced robotics. The company uses many robots in its factories, which perform various tasks, including welding, painting, and assembly. 10

Another key feature of Tesla's manufacturing process is its focus on lean production.

EXTRACT G**Tesla's corporate culture**

Tesla places great emphasis on task culture. This type of corporate culture encourages employees to develop solutions to current and emerging problems.

Speed affects Tesla's competitive advantage. Employees are expected to rapidly respond to trends and changes in the market. For example, Tesla's design teams need to be able to develop products that match or exceed those from rival car manufacturers. Production workers are encouraged to suggest ideas for improving productivity and quality. 5
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Continuous innovation is at the heart of Tesla. For example, Tesla continuously researches and develops ideas that help develop cutting-edge electric cars and related products.

EXTRACT H**The electric truck market**

The global electric truck market was valued at \$392m in 2020, and is projected to reach \$3 862m by 2030. Market size by volume is forecast to increase from 101,499 trucks in 2022 to 1,067,985 by 2030. The market is dominated by multinational manufacturers, such as Volvo, Mercedes and Ford.

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Factors such as government initiatives for increased use of electric vehicles, stronger regulation of the emissions from fossil fuel-powered commercial vehicles, and reducing cost of electric vehicle batteries are driving growth of the electric truck market. However, lack of charging infrastructure and the high price of electric trucks are expected to hinder growth of the market during the forecast period.

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SOURCES

EXTRACT A:

Adapted from <https://vidsy.co/>

EXTRACT B:

Adapted from <https://pomanda.com/company/09263514/> vidsy-media-limited

EXTRACT C:

Adapted from <https://devskiller.com/attrition-rate-in-tech/>

EXTRACT D:

Adapted from <https://www.uktech.news/news/londonvideo-ad-platform-vidsy-funding-20211011>

EXTRACT E:

(Source: adapted from https://en.wikipedia.org/wiki/Tesla,_Inc. and <https://www.macrotrends.net/stocks/charts/TSLA/tesla/income-statement>)

EXTRACT F:

(Source: adapted from <https://inventory-management.com/erp/manufacturingerp/teslas-manufacturing-process/>, <https://www.statista.com/statistics/715421/tesla-quarterly-vehicle-production/#:~:text=Tesla%20Inc.'s%20most%20recent,percent%20year%2Don%20Dyear> and <https://www.macrotrends.net/stocks/charts/TSLA/tesla/income-statement>)

(continued on the next page)

SOURCES continued

EXTRACT G:

Adapted from <https://panmore.com/tesla-motors-inc-organizational-culture-characteristics-analysis>

EXTRACT H:

Adapted from <https://www.alliedmarketresearch.com/electric-truck-market-A06183>