

Please check the examination details below before entering your candidate information

Candidate surname					Other names				
Centre Number					Candidate Number				

Pearson Edexcel Level 3 GCE

Tuesday 21 May 2024

Morning (Time: 2 hours)	Paper reference	9BS0/02
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Business

Advanced

PAPER 2: Business activities, decisions and strategy

You must have: Source Booklet (enclosed)	Total Marks
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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.
- There are two sections in this question paper.
- 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 100.
- 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.
- Individual links to questions and texts can be found at the bottom of some pages and are shown by a link symbol .

Turn over ►

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Answer ALL questions. Write your answers in the spaces provided.

SECTION A

Read the extracts (A to D) in the Source Booklet before answering Question 1.

- 1 (a) Explain **one** benefit to Vidsy of having a mission statement.

(4)

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- (b) Using the data in Extract B, calculate Vidsy's return on capital employed (ROCE) for 2021. State your answer to two decimal places. You are advised to show your working.

(4)

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(c) Assess whether Vidsy's directors should focus purely on shareholder returns in the company's business decisions.

(10)



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(d) Assess whether offering financial rewards is the best way for Vidsy to reduce its labour turnover.

(12)



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Vidsy's directors wish to expand into the US market. To achieve this, the directors are considering whether to finance this expansion either by using retained profit or external finance.

- (e) Evaluate these **two** options and recommend which one Vidsy's directors should choose to finance the company's expansion into the US market.

(20)

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(Total for Question 1 = 50 marks)

TOTAL FOR SECTION A = 50 MARKS



SECTION B

Read the extracts (E to H) in the Source Booklet before answering Question 2.

- 2** (a) Using the information in Extract E, calculate the difference in the operating profit margin between 2022 and 2021. State your answer to two decimal places. You are advised to show your working.

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(b) Explain **one** benefit to Tesla of its factories achieving high levels of capacity utilisation.

(4)



(c) Assess the importance of Tesla having a task culture for its continued success.

(10)

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(d) Assess the value of lean production as a source of competitive advantage for Tesla.

(12)



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Elon Musk has set the objective of increasing Tesla's market share of the electric vehicle market. To achieve this objective, Elon Musk is considering whether to focus on market penetration of the electric car market or product development through electric trucks.

- (e) Evaluate these **two** options and recommend which one Elon Musk should choose to achieve the objective of increasing Tesla's market share.

(20)

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(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 100 MARKS



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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.

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." 15

(Source: adapted from <https://vidsy.co/>)

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

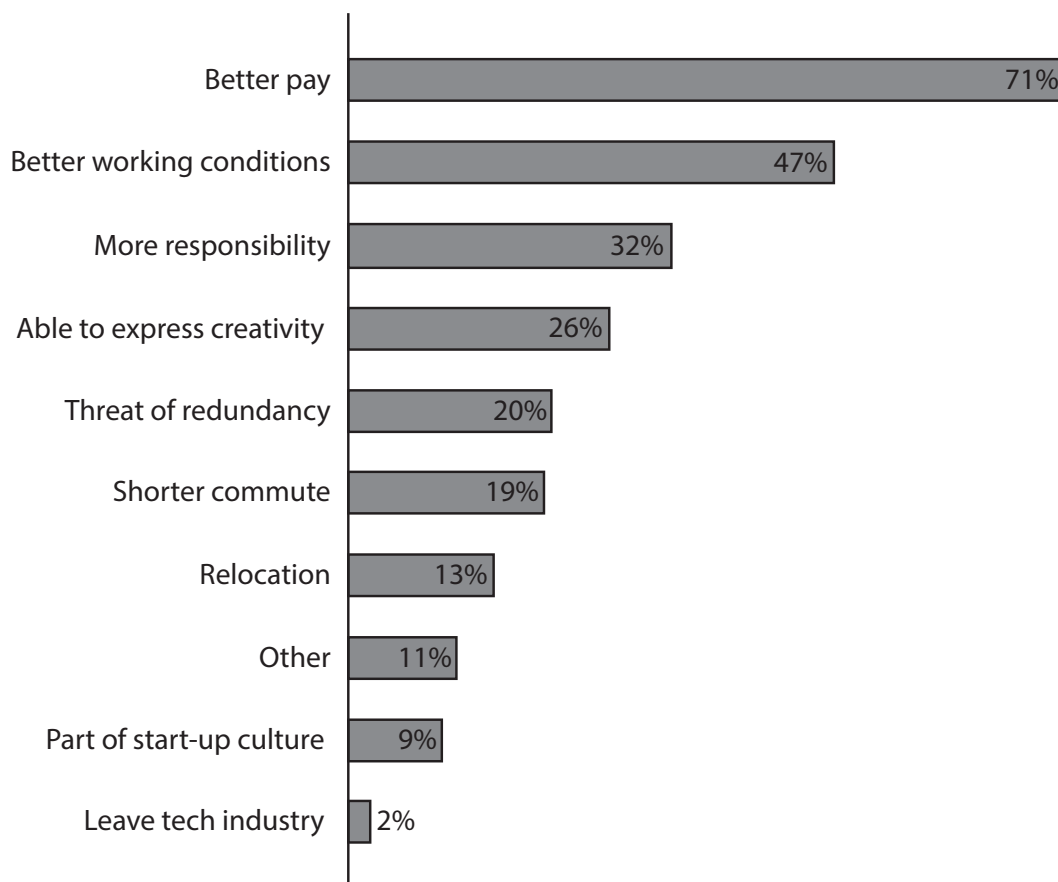
(Source: adapted from <https://pomanda.com/company/09263514/vidsy-media-limited>)



Extract C

Labour turnover in the technology sector

Reasons for changing employers



(Source: adapted from <https://devskiller.com/attrition-rate-in-tech/>)

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

(Source: adapted from <https://www.uktech.news/news/london-video-ad-platform-vidsy-funding-20211011>)



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.

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. 10

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

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.

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

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

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

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.

(Source: adapted from <https://panmore.com/tesla-motors-inc-organizational-culture-characteristics-analysis>)

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.

5

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.

10

(Source: adapted from <https://www.alliedmarketresearch.com/electric-truck-market-A06183>)

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