

Paper Reference 1BS0/02
Pearson Edexcel
Level 1/Level 2 GCSE (9–1)

Business

PAPER 2: Building a business

Monday 12 June 2023 – Afternoon

Time: 1 hour 45 minutes

Source Booklet

Do not return this Booklet with the Question Paper.

Contents

Page

SECTION B

3–4 Extract A

SECTION C

5 Diagrams

6–7 Extract B

SECTION B

Read Extract A, then answer Questions 4, 5 and 6.

Extract A

Ocado plc is an online grocery retailer that does not own physical shops. **Ocado** purchases its groceries from food manufacturers such as **Heinz** or from other grocery retailers such as **Marks & Spencer**. It then sells these groceries through the **Ocado** website or through its app. Groceries are then delivered to each customer's home. The company already has a **62%** 'excellent' rating on **Trustpilot** for its customer service. This is higher than other supermarkets, such as **Asda**, that also offer online grocery shopping. **Ocado** is considering introducing a one-hour, same day delivery service.

In **2020**, **Ocado's** sales rose by more than **40%** as demand for online grocery shopping increased. **Ocado** has invested in new technology in its warehouses. This has allowed **Ocado** to use a just in time (JIT) stock management system. As part of this investment, **Ocado's** robots now can pick a

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Turn over

Extract A continued.

customer's order in less than 5 minutes. The robots have artificial intelligence and know that they should place heavy items such as milk at the bottom of a bag. This level of automation allowed Ocado to process an extra 30,000 orders each week during 2020.

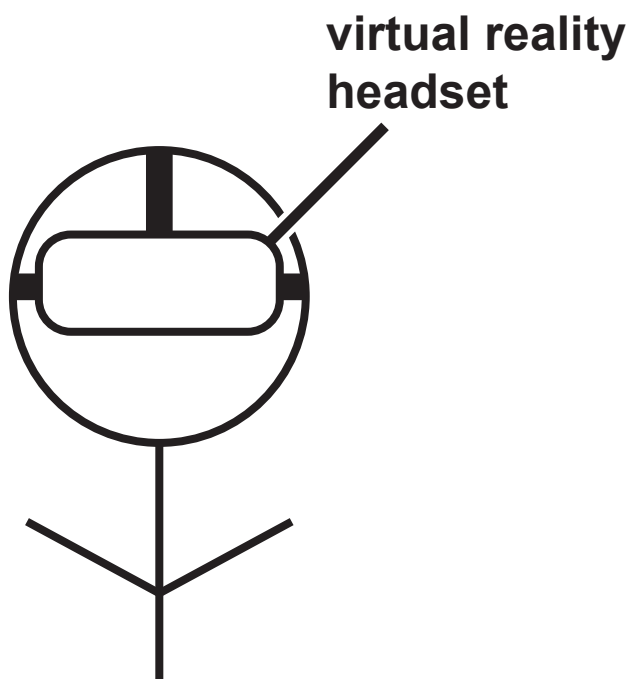
In order to increase its share of the grocery market, Ocado is considering expanding its range of 'own label' products to improve its offer to customers.

SECTION C

Look at the diagrams below and read Extract B, then answer Question 7.

Diagrams

An Oculus virtual reality headset



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Turn over

Extract B

In **2004**, entrepreneur Mark Zuckerberg started **Facebook**. Then, in **2012**, the company floated on the stock exchange and became a public limited company (plc). By **2020**, **Facebook** plc had become the largest social networking website in the world with **2·5** billion users and advertising revenues of **\$70·1** billion.

The company has used internal and external growth to expand. Between **2012** and **2020**, **Facebook** purchased over **60** different companies, including **WhatsApp**, **Instagram** and the virtual reality company, **Oculus**. However, **Facebook** wants to reduce its reliance on revenue from advertising on its websites and sees its future growth coming from new markets such as selling virtual reality headsets. **Facebook** believes that social media is now reaching the maturity phase in its product life cycle in most of its main markets.

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Extract B continued.

In 2020 Facebook decided to give employees in its European headquarters in Dublin the option to work from home. **Facebook** believes that remote working will not result in lower productivity. It also believes it will allow **Facebook** to attract talented people such as coders, graphic designers and software engineers who cannot afford to live in expensive locations such as Dublin. **Facebook** believes that having less office space will reduce costs and give the company a competitive advantage against its rivals such as Snapchat and Twitter.

Sources

Extract for Section B

(Source: adapted from <https://www.theverge.com/2018/5/8/17331250/automated-warehouses-jobs-ocado-andover-amazon> and <https://www.independent.co.uk/news/business/news/coronavirus-ocado-sales-rise-latest-online-grocery-shopping-covid-19-a9500966.html>)

Extract for Section C

(Source: adapted from <https://www.irishtimes.com/business/technology/facebook-to-reopen-irish-offices-in-early-july-1.4259429> and <https://www.theguardian.com/technology/2020/may/21/facebook-coronavirus-remote-working-policy-extended-years/>)