

Please check the examination details below before entering your candidate information

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Centre Number	Candidate Number		
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**Pearson Edexcel Level 1/Level 2 GCSE (9–1)**

**Monday 12 June 2023**

Afternoon (Time: 1 hour 45 minutes)	Paper reference	<b>1BS0/02</b>
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**Business**

**PAPER 2: Building a business**

<b>You must have:</b> Source Booklet (enclosed)	Total Marks <input style="width: 50px; height: 30px;" type="text"/>
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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 **three** sections in this paper.
- Answer **all** the questions in the spaces provided  
– *there may be more space than you need.*
- Calculators may be used.
- You are advised to show **all your working out** with **your answer clearly identified** at the **end of your solution**.

### Information

- The total mark for this paper is 90.
- The marks for **each** question are shown in brackets  
– *use this as a guide as to how much time to spend on each question.*

### 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.

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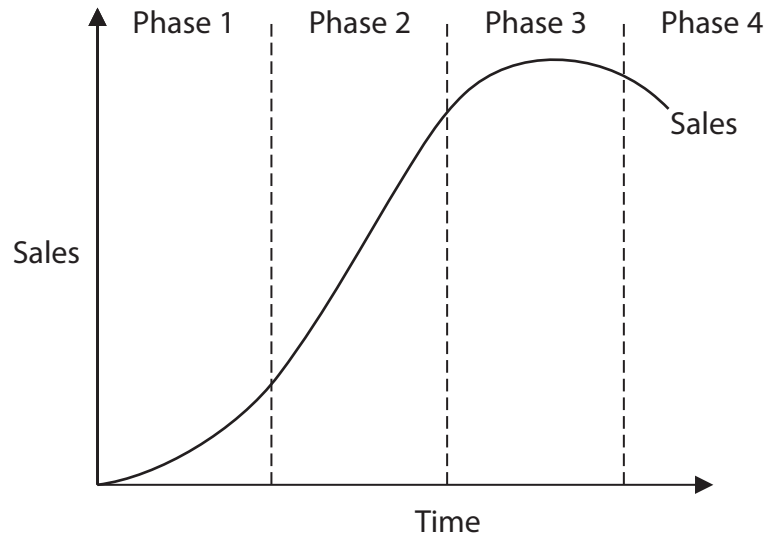
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## SECTION A

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

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

- 1 Figure 1 shows a diagram of the product life cycle.



**Figure 1**

- (a) What is Phase 4 called?

(1)

Select **one** answer.

- ☐ **A** Decline
- ☐ **B** Growth
- ☐ **C** Introduction
- ☐ **D** Maturity

- (b) Which **one** of the following is an element of the design mix?

(1)

Select **one** answer.

- ☐ **A** Function
- ☐ **B** Price
- ☐ **C** Productivity
- ☐ **D** Profit

(c) Explain **one** reason why a business might use performance reviews with its employees.

(3)

(d) Explain **one** impact on a business of using flow production.

(3)

(Total for Question 1 = 8 marks)

- 2 (a) Which **two** of the following are documents produced by a business at the start of the recruitment process?

(2)

Select **two** answers.

- ☐ **A** Application form
- ☐ **B** Curriculum vitae (CV)
- ☐ **C** Job autonomy
- ☐ **D** Letter of application
- ☐ **E** Person specification

- (b) Which **two** of the following are services?

(2)

Select **two** answers.

- ☐ **A** Accountancy
- ☐ **B** Biscuits
- ☐ **C** Furniture
- ☐ **D** Hairdressing
- ☐ **E** Shoes

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Table 1 contains financial information about a business.

	£
Sales revenue	900 000
Cost of sales	325 000
Other operating expenses and interest	175 000
Net profit	400 000

**Table 1**

- (c) Using the information in Table 1, calculate to 2 decimal places, the net profit margin.

(2)

.....%

- (d) Explain **one** disadvantage to a business of using loan capital as a source of finance.

(3)

(e) Explain **one** reason why a business may decide to reduce the size of its workforce.

(3)

(Total for Question 2 = 12 marks)

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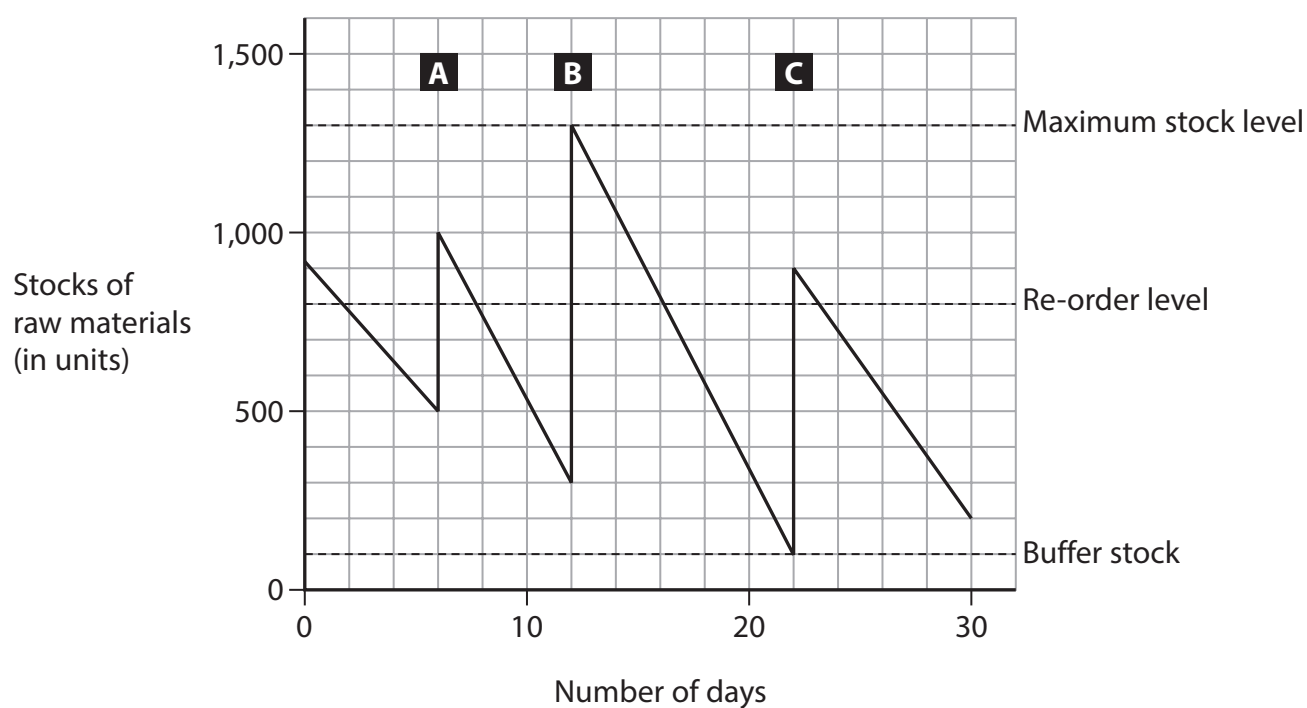
3 (a) Which **one** of the following is a fringe benefit?

(1)

Select **one** answer.

- ☐ **A** Company car
- ☐ **B** Job enrichment
- ☐ **C** Salary
- ☐ **D** Wages

Figure 2 shows a bar gate stock graph which shows the deliveries of raw materials to a business in June 2021. These deliveries are labelled A, B and C.



**Figure 2**

(b) Using the information in Figure 2, calculate the total amount of stock that was delivered to the business in June 2021. You are advised to show your workings.

(2)

..... units

(c) Explain **one** disadvantage to a business of having a poor relationship with its suppliers.

(3)

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(d) Explain **one** impact on a business of introducing job rotation.

(3)

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(e) Discuss the impact on a business from new tariffs being introduced by countries it exports to.

(6)

(Total for Question 3 = 15 marks)

**TOTAL FOR SECTION A = 35 MARKS**



SECTION B

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

In the Source Booklet, look at Figure 3 and read Extract A, then answer Questions 4, 5 and 6.

- 4 (a) Outline **one** possible method, other than faster delivery, that *Ocado* could use to differentiate its service.

(2)

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(Click here to go to Figure 3 and Extract A.)

(b) Analyse the benefit to *Ocado* of good customer service.

(6)

(Total for Question 4 = 8 marks)

- 5 Table 2 contains information about the price of an annual supermarket delivery pass in 2020.

	£
Asda	55
Morrisons	65
Ocado	110
Sainsbury's	60

Table 2

(Source: adapted from <https://www.lovemoney.com/guides/3444/cheapest-supermarket-online-delivery-deals-asda-tesco-iceland-cost>)

- (a) Using the information in Table 2, calculate the average price of an annual supermarket delivery pass.

(2)

£ .....



Table 3 contains information about *Ocado's* financial performance in 2019.

	£ million
Cost of sales	1 164.8
Gross profit	591.8
Other operating expenses and interest	916.9
Net profit	(325.1)

**Table 3**

(Source: adapted from <https://www.ocadogroup.com/investors/annual-report-2019>)

- (b) Using the information in Table 3, calculate *Ocado's* sales revenue in 2019.  
You are advised to show your workings.

(2)

£ ..... million



(c) Analyse the benefit to *Ocado* of using new technology in its warehouses.

(6)

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(Total for Question 5 = 10 marks)



6 (a) State **one** possible influence on the pricing strategy used by *Ocado*.

(1)

(b) Outline **one** drawback to *Ocado* of using just in time (JIT) stock control.

(2)



In order to increase its share of the online grocery market, *Ocado* has considered two options:

**Option 1:** offering a faster delivery service

**Option 2:** expanding its product range.

(c) Justify which **one** of these two options *Ocado* should choose.

(9)

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(Total for Question 6 = 12 marks)

TOTAL FOR SECTION B = 30 MARKS



### SECTION C

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

In the Source Booklet, look at Figure 4 and read Extract B, then answer Question 7.

- 7 (a) Give **one** stage of the sales process.

(1)

Figure 5 shows the market share for each company in the virtual reality headset market in 2018 and 2019.

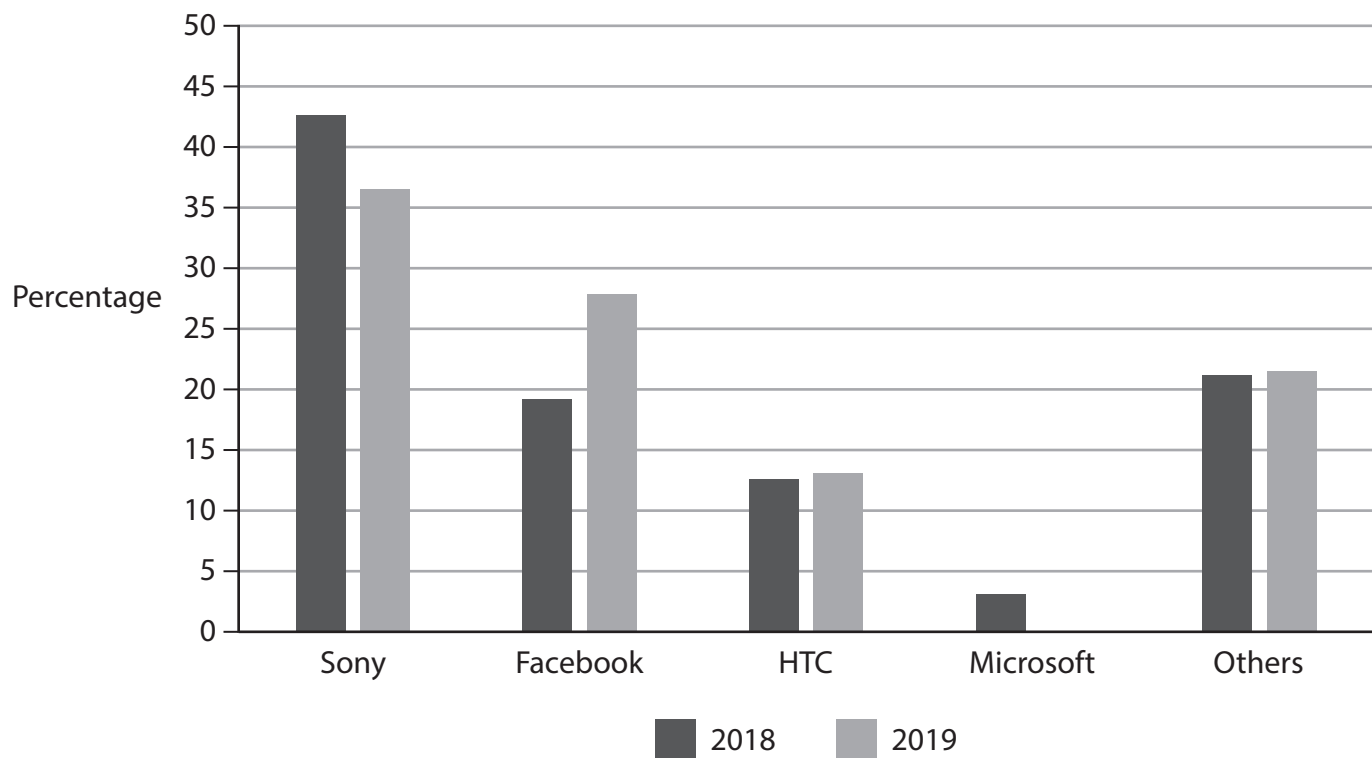


Figure 5

(Source: adapted from <https://www.statista.com/statistics/755645/global-vr-device-market-share-by-vendor/>)

- (b) Using Figure 5, identify the company that left the virtual reality headset market in 2019.

(1)

(Click here to go to Figure 4 and Extract B.)

(c) Outline **one** advantage to *Facebook* of becoming a public limited company (plc).

(2)



In order to increase its profit, *Facebook* is considering two options:

**Option 1:** grow internally

**Option 2:** grow externally.

(d) Justify which **one** of these two options *Facebook* should choose to increase its profit.

(9)

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(e) Evaluate the impact on *Facebook* of its decision to allow its employees to use remote working from home. You should use the information provided as well as your knowledge of business.

(12)

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(Total for Question 7 = 25 marks)

TOTAL FOR SECTION C = 25 MARKS  
TOTAL FOR PAPER = 90 MARKS

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**Pearson Edexcel Level 1/Level 2 GCSE (9–1)**

**Monday 12 June 2023**

Afternoon (Time: 1 hour 45 minutes)

**Paper  
reference**

**1BS0/02**

**Business**

**PAPER 2: Building a business**

**Source Booklet**

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**SECTION B**

**Look at Figure 3 and read Extract A, then answer Questions 4, 5 and 6.**

**Extract A**

**Figure 3: An Ocado 'own label' product**

*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 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.

(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>)

## SECTION C

Look at Figure 4 and read Extract B, then answer Question 7.

### Extract B



**Figure 4: An Oculus virtual reality headset**

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.

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.

(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/>)



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