

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

**Pearson Edexcel**

**Level 1/Level 2 GCSE (9–1)**

**Tuesday 2 June 2020**

Afternoon (Time: 1 hour 30 minutes)

Paper Reference **1BS0/02**

**Business**

**Paper 2: Building a business**

**Calculators may be used.**

Total Marks

### 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.*
- 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.

Turn over ►

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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 (a) Which **one** of the following is a non-financial method of motivating an employee? (1)

Select **one** answer.

- ☐ **A** Bonus
- ☐ **B** Commission
- ☐ **C** Job rotation
- ☐ **D** Remuneration

- (b) Which **one** of the following is a type of organisational structure? (1)

Select **one** answer.

- ☐ **A** Freelance
- ☐ **B** Hierarchical
- ☐ **C** Permanent
- ☐ **D** Temporary

- (c) Explain **one** benefit to a business of using external recruitment to employ new staff. (3)

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(d) Explain **one** impact on a business from a lack of communication.

(3)

(Total for Question 1 = 8 marks)

2 (a) Which **two** of the following are external sources of finance?

(2)

Select **two** answers.

- ☐ **A** Loan capital
- ☐ **B** Retained profit
- ☐ **C** Sales revenue
- ☐ **D** Selling assets
- ☐ **E** Share capital

(b) Which **two** of the following are methods of external growth for a business?

(2)

Select **two** answers.

- ☐ **A** Improve promotion
- ☐ **B** Innovation
- ☐ **C** Merger
- ☐ **D** Research and development
- ☐ **E** Takeover

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Table 1 contains financial information about the performance of a business.

Sales revenue	£625 000
Cost of sales	£145 000
Other operating expenses and interest	£200 000

**Table 1**

- (c) Using the information in Table 1, calculate the gross profit made by the business.  
You are advised to show your workings.

(2)

£.....

- (d) Explain **one** benefit to a business of withdrawing a product when it enters the decline phase of its product life cycle.

(3)

(e) Explain **one** benefit to a business from improving the aesthetic element of a product's design mix.

(3)

(Total for Question 2 = 12 marks)

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3 (a) Which **one** of the following is a stage in the sales process?

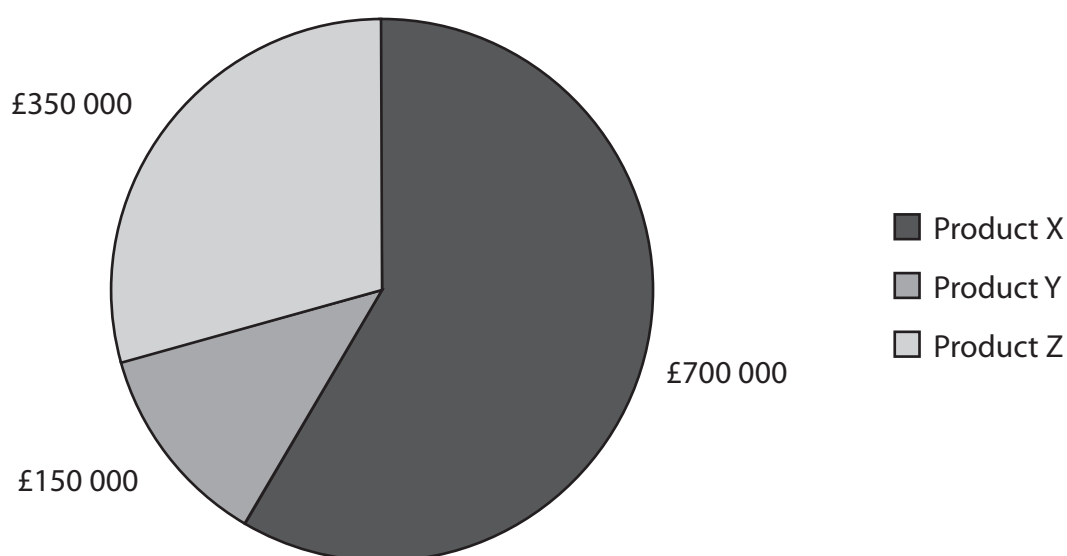
(1)

Select **one** answer.

- ☐ **A** Product knowledge
- ☐ **B** Product quality
- ☐ **C** Production
- ☐ **D** Productivity

In 2018 a business sold three products, X, Y and Z. Figure 1 shows the sales revenue generated for each of these products.

**Sales revenue for products X, Y and Z in 2018**



**Figure 1**

(b) Using the information in Figure 1, calculate, to 2 decimal places, the percentage of total sales revenue made by product X in 2018. You are advised to show your workings.

(2)

.....%

(c) Explain **one** drawback to a business from differentiating its product.

(3)

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(d) Explain **one** impact on a business from increased globalisation.

(3)

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(e) Discuss the impact on a business of becoming a public limited company (plc).

(6)

(Total for Question 3 = 15 marks)

**TOTAL FOR SECTION A = 35 MARKS**

## SECTION B

Answer ALL questions.

Read the following extract before answering Questions 4, 5 and 6.

Write your answers in the spaces provided.

The Colonel is working on it.

### THE CHICKEN CROSSED THE ROAD, JUST NOT TO OUR RESTAURANTS...

WE'VE BROUGHT A NEW DELIVERY PARTNER ONBOARD, BUT THEY'VE HAD A COUPLE OF TEETHING PROBLEMS - GETTING FRESH CHICKEN OUT TO 900 RESTAURANTS ACROSS THE COUNTRY IS PRETTY COMPLEX!

WE WON'T COMPROMISE ON QUALITY, SO NO DELIVERIES HAS MEANT SOME OF OUR RESTAURANTS ARE CLOSED, AND OTHERS ARE OPERATING A LIMITED MENU, OR SHORTENED HOURS.

SHOUT OUT TO OUR RESTAURANT TEAMS WHO ARE WORKING FLAT OUT TO GET US BACK UP AND RUNNING AGAIN.

*Kentucky Fried Chicken (KFC)* is a fast food chain that sells fried chicken. Amongst its most popular products are Popcorn Chicken, Boneless Chicken boxes and Zinger Tower burgers. These are freshly cooked in batches in each of its 900 restaurants across the UK.

In 2017, *KFC* changed the company it used to transport its supplies of chicken. It replaced Bidvest with DHL. Bidvest had three distribution centres across the UK, but DHL only had one. In February 2018, DHL started to have logistical problems causing many *KFC* restaurants to run out of chicken. This led to a temporary closure of many *KFC* branches due to poor supplier reliability.

As a result of these closures, *KFC* started losing market share to rival fast food restaurants such as Burger King. *KFC* used social media and a viral advertising campaign to apologise to customers. It also considered lowering the prices of its most popular food items to win back lost customers and recapture market share.

(Source: adapted from <https://www.standard.co.uk/news/uk/kfc-apologises-for-chicken-shortage-with-witty-fck-were-sorry-advert-a3774321.html> and <https://www.theguardian.com/business/2018/feb/19/kfc-uk-closed-chicken-shortage-fash-food-contract-delivery-dhl>)

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4 (a) Outline **one** benefit to *KFC* of using batch production in its restaurants.

(2)

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(b) Analyse the impact on *KFC* of providing poor customer service.

(6)

(Total for Question 4 = 8 marks)

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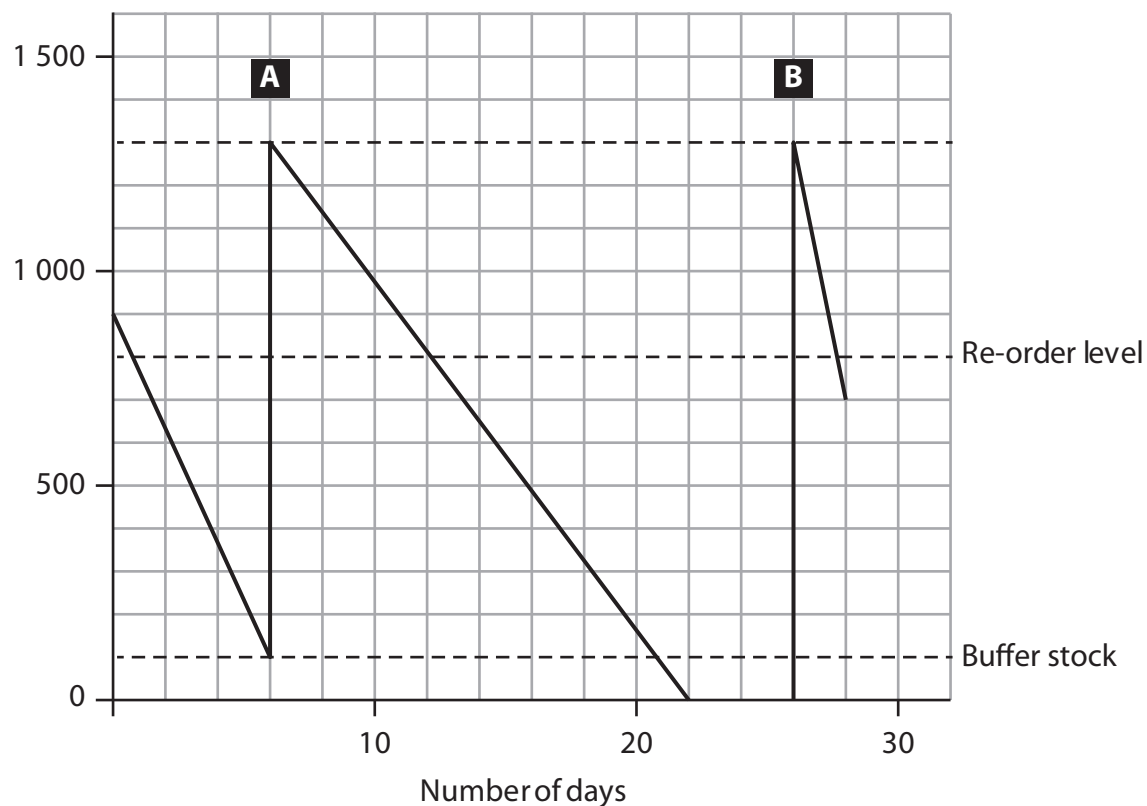
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- 5 Figure 2 shows a bar gate stock graph which details the delivery of chicken portions to KFC's Exmouth restaurant during February 2018. During this time it received two deliveries of chicken portions. These are marked as A and B.

Portions of chicken



**Figure 2**

- (a) Using the information in Figure 2, calculate the size of order A. You are advised to show your workings.

(2)

..... portions of chicken.

- (b) Using the information in Figure 2, calculate the number of days that KFC's Exmouth restaurant ran out of chicken. You are advised to show your workings.

(2)

..... days.

(c) Analyse the impact on *KFC* of poor supplier reliability.

(6)

(Total for Question 5 = 10 marks)

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6 (a) State **one** job role that may be found in a fast food outlet such as *KFC*.

(1)

(b) Outline **one** benefit to *KFC* of using social media to interact with its customers.

(2)



In order to regain its lost market share, *KFC* considered two options:

**Option 1:** lower prices

**Option 2:** use viral advertising.

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

(9)

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(Total for Question 6 = 12 marks)

**TOTAL FOR SECTION B = 30 MARKS**

## SECTION C

Answer ALL questions.

Read the following extract carefully and then answer Question 7.

Write your answers in the spaces provided.

*Iceland* is a supermarket that sells frozen food. Although the grocery industry is very competitive, *Iceland* enjoyed a successful 2017. Sales revenue increased by 2.0% allowing profits to increase by £9.5 million to £160 million.



© Dom J/Shutterstock

*Iceland* believes this success has been due to improved marketing. It has introduced new products using the Slimming World and Millie's Cookies brand names. It also launched a new advertising campaign called 'The Power of Frozen'. In addition it has developed a new store format called 'The Food Warehouse'. These stores are much larger than a normal *Iceland* store which allows them to stock more luxury products. *Iceland* hopes that The Food Warehouse will help it to appeal to high-income customers and it plans to open more stores.

In 2018, *Iceland* received positive publicity from its decision to ban all plastic packaging on its own-brand products by 2023. It intends to replace plastic with recycled paper, as shown in Figure 3. A survey of 5,000 of its customers showed that 80% of them agreed with the change. Pressure groups, such as Friends of the Earth, have welcomed *Iceland's* decision. Plastic waste has caused pollution of the world's oceans and has killed marine life. Pressure groups hope that *Iceland's* decision will be repeated by other supermarkets in the UK.



**Figure 3: *Iceland's* new packaging**

(Source: adapted from <https://www.theguardian.com/business/2018/jan/15/iceland-vows-to-eliminate-plastic-on-all-own-branded-products> and <http://about.iceland.co.uk/wp-content/uploads/2017/12/Iceland-Topco-Ltd-2017-results.pdf>)

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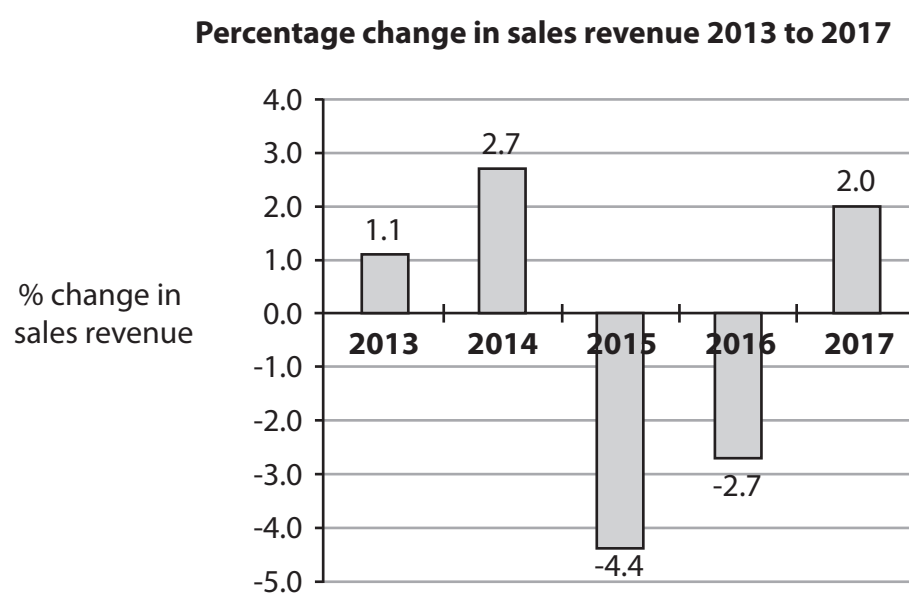
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7 (a) Define the term **pressure group**.

(1)

Figure 4 shows information about the change in *Iceland's* sales revenue between 2013 and 2017.



**Figure 4**

(Source: <http://about.iceland.co.uk/wp-content/uploads/2017/12/Iceland-Topco-Ltd-2017-results.pdf>)

(b) Using the information in Figure 4, identify the year with the smallest percentage change in *Iceland's* sales revenue.

(1)

(c) Outline **one** factor that could influence *Iceland's* choice of pricing strategy for its range of new products.

(2)

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In order to recruit employees for its new 'The Food Warehouse' stores, *Iceland* is considering two options:

**Option 1:** offer permanent contracts

**Option 2:** offer temporary contracts.

(d) Justify which **one** of these two options *Iceland* should choose.

(9)

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- (e) Evaluate whether *Iceland* is likely to benefit from its decision to ban all plastic packaging on its own-brand products. 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**