Write your name here		
Surname	0	ther names
Pearson Edexcel International Advanced Level	Centre Number	Candidate Number
Business S International Advar Unit 2: Business Stre	nced Subsidi	iary
Tuesday 21 January 2014 – Time: 1 hour 30 minutes	Afternoon	Paper Reference WBS02/01

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 in Section A and Section B.
- Answer the questions in the spaces provided
 - there may be more space than you need.

Information

- The total mark for this paper is 80.
- The marks for each question are shown in brackets
 use this as a guide as to how much time to spend on each question.
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

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 ▶

PEARSON

SECTION A

Answer ALL questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

			relevant. You may annotate and include diagrams in your answers.	
1	(a)		the price elasticity of demand for clothing is estimated to be -2.0 , a 20% fall in e price of clothing will lead to a	(1)
		A	20% increase in quantity demanded	
		В	20% decrease in quantity demanded	
		C	40% increase in quantity demanded	
		D	40% decrease in quantity demanded	
		An	nswer	
	(b)	Ex	plain why this answer is correct. (Show your working)	
				(3)
	•••••			
				I\
			(Total for Question 1 = 4 ma	rks)



(a) Zurich Insurance operate a TQM system called iQUALITY that focuses on high customer service throughout all of its insurance operations.	
The use of TQM at Zurich Insurance is most likely to lead to an increase in	(1)
A labour turnover	
B lead times	
C wastage levels	
D repeat purchases	
Answer	
(b) Explain why this answer is correct.	(3)
(Total for Question 2 = 4 r	narks)
(Total for Question 2 = 4 r	narks)
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	The use of TQM at Zurich Insurance is most likely to lead to an increase in A labour turnover B lead times C wastage levels D repeat purchases Answer

3	(a)		ca Cola manufactures a wide range of fizzy drinks that are sold around the orld. Its most popular drink is still the original Coca Cola, which is a cash cow.	
		A	cash cow is important to <i>Coca Cola</i> because it	(1)
		A	generates a significant amount of revenue	
		В	is new on the market	
		C	has a high market share and a high rate of growth	
		D	generates all Coca Cola's profits	
		An	swer	
	(b)	Ex	plain why this answer is correct.	(3)
•••••				
			(Total for Question 3 = 4 ma	rks)

4	(a)	French fashion designer, Jean Paul Gaultier, produces one-off designs of clothing for fashion shows, films and celebrities such as Madonna.	
		Which aspect of the design mix would be the most important for his one-off designs?	(1)
		A Efficiency	(1)
		A Efficiency	
		B Aesthetics	
		C Economic manufacture	
		D Function Answer	
	(b)	Explain why this answer is correct.	(3)
		(Total for Question 4 = 4 ma	rks)

5	(a)		May 2013, <i>Bells of Lazonby</i> announced it would recruit 20 new members of staff. is will widen the span of control of its existing managers.	
		Wł	nat would be one benefit to <i>Bells of Lazonby</i> of a wider span of control?	(1)
		A	It can provide more management positions	
		В	Managers will have more time to supervise each employee	
		C	The organisational structure will remain the same	
		D	It will be easier to control a greater number of employees	
		An	iswer	
	(b)	Ex	plain why this answer is correct.	(3)
	•••••			
_			(Total for Question 5 = 4 mai	'KS)

	TOTAL FOR SECTION A = 24 MARKS
	(Total for Question 6 = 4 marks)
(b) Explain why this answer is correct.	(3)
Allswei	
Answer	
C Special offersD National television	
B Specialist magazines	
A Penetration pricing	
Which one of the following would be the I for <i>The Adventure Company</i> to use?	most appropriate marketing strategy (1)
(a) The Adventure Company offers a range of n Trail and climbing Kilimanjaro.	iche holidays, such as walking the Inca



SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A The Low Cost, No Frills Airline

Ryanair (founded 1985) is Europe's only ultra-low cost airline, operating more than 1,500 flights per day across 28 countries, connecting 178 destinations. Ryanair currently employs more than 8,500 people. In 2012–2013, passenger traffic grew by 5% to 79.3 million, revenues increased by 13% to €4.8 billion and profit was up 13% to €569 million.

In summer 2013, *Ryanair* added another 200 routes and seven new bases, including Marrakesh in Morocco. This should help the number of passengers to increase to 81.5 million in 2014.

Although they still have the lowest fares in Europe, *Ryanair*'s average fares rose by 6% over the year. But the biggest revenue-earner came from a 20% jump in sales of additional services such as reserved seating, which brought in €1.06 billion – or 22% of total revenue.

(Source adapted from: www.managementtoday.co.uk/go/ryanair/)

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Evidence B Extract From Ryanair's Careers page

The source material has been removed due to copyright reasons.



Evidence C Low Cost but at a price...

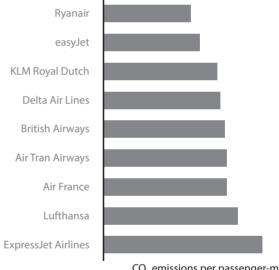
Ryanair's cost per passenger is the lowest in Europe by some margin, with main rival easyJet being 67% higher than that of Ryanair. Ryanair uses smaller, lower cost airports with faster turnaround times of only 25 minutes, which allows the airline to maximise aircraft utilisation. It also benefits from high seat density (189 seats per aircraft, compared with 156 seats for easyJet) with an aircraft capacity utilisation of 82%.

Ryanair has a younger fleet of aircraft giving them advantages of fuel efficiency and lower maintenance costs. In addition, Ryanair's labour force is more productive and flexible: 50% of flight crew are contracted and employed only when required.

There is a downside to cutting costs and Ryanair is frequently featured in surveys as having one of the weakest brands in European aviation. Ryanair is seen as mean, uncaring and money-grabbing, and social media sites are used to reinforce this image as well as complain about poor customer service. Despite this, passenger numbers are set to rise by 4-5% per annum with 98% of all tickets booked online.

JROPE'S GREENEST AIRLIN





CO₂ emissions per passenger-mile

(Source adapted from: www.centreforaviation.com/analysis/ryanair-swot-analysis--michael-olearysmaniacal-focus-on-being-the-lowest-cost-producer-96465) 5

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7	Analyse how current social trends might affect the marketing mix of <i>Ryanair</i> .
_	(Total for Question 7 = 6 marks)

8 (a	a) Analyse how the use of financial incentives might improve staff performance at <i>Ryanair</i> .	
		(6)



(b) Analyse how Ryanair could increase its aircraft capacity utilisation.	(6)
/T-4-15 O O - 1	
(Total for Question 8 = 12	z marks)

9 (a) Expla	in one impact on	n <i>Ryanair</i> of having a	poor brand image.		(4)
			air needed to prepar so <i>Ryanair</i> when ope		(8)
(b) Asses	s the likely useful	Iness of budgeting t		ning a new route.	
(b) Asses	s the likely usefu	Iness of budgeting t	o <i>Ryanair</i> when ope	ning a new route.	
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(b) Asses	s the likely useful	Iness of budgeting t	o <i>Ryanair</i> when ope	ning a new route.	

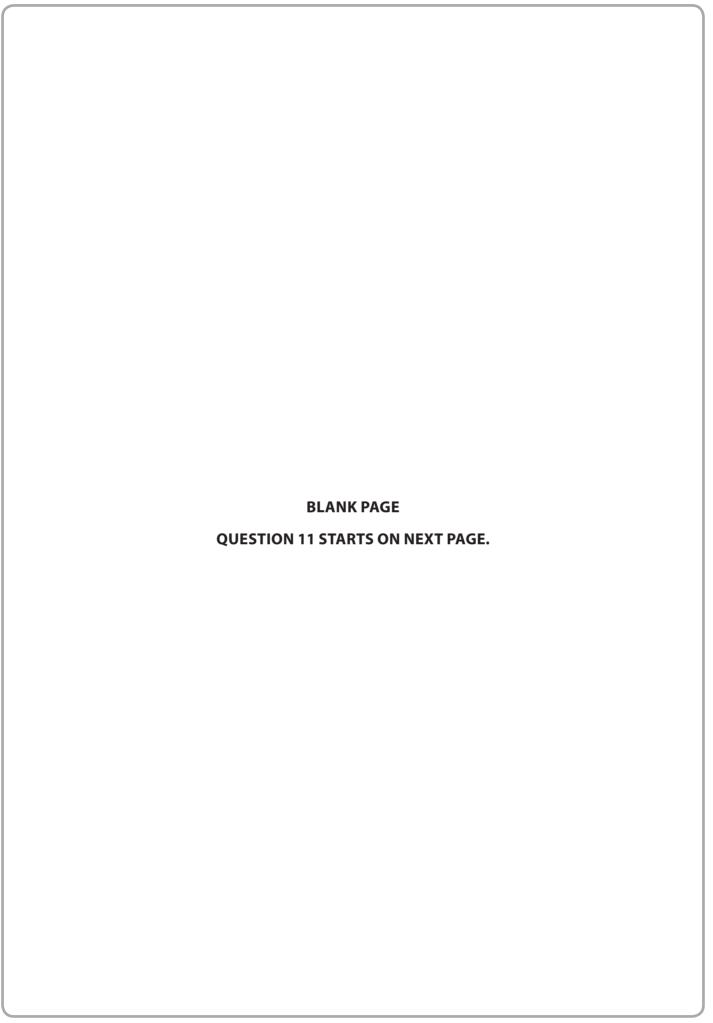


 (Total for Question 9 = 12 marks)

10 Assess the likely difficulties <i>Ryanair</i> might experience in sales forecasting for the next few years.		



(Total for Question 10 = 12 marks)
(Total for Question TO = 12 marks)



As <i>Ryanair</i> continues to expand it will need to recruit more staff.		
11 Evaluate the methods it could use to do this.		



	(Total for Question 11 = 14 marks)
Т	OTAL FOR SECTION B = 56 MARKS
	TOTAL FOR PAPER = 80 MARKS



