

Please check the examination details below before entering your candidate information

Candidate surname		Other names	
Pearson Edexcel International Advanced Level		Centre Number	Candidate Number
Tuesday 22 October 2019			
Afternoon (Time: 2 hours)		Paper Reference WBS03/01	
Business Studies International Advanced Level Unit 3: Strategic Business Decisions			
You do not need any other materials.			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 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.*
- You should take care in your responses with your punctuation and grammar, as well as the clarity of 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 ►

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SECTION A

Answer ALL the questions in this section.

You should spend 60 minutes on this section.

Evidence A

Thomas Cook Group

Thomas Cook Group plc is a holiday company, founded 175 years ago.

It is one of the world's leading leisure travel groups, with sales of £7.8bn and 19 million customers each year. The group has around 22,000 employees in 20 countries in Europe and in China. It owns a number of hotels and resort brands and has airline operations in Belgium, Scandinavia and the United Kingdom. It has a fleet of over 90 aircraft under the Thomas Cook Airlines and Condor brands. *Thomas Cook* aims to be a well-liked and respected holiday company, delivering inspiring and personalised holiday experiences for all its customers.

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(Source: adapted from <https://markets.ft.com/data/equities/tearsheet/profile?s=TCG:LSE>)

Evidence B

Thomas Cook to fly 985 Britons out of the Gambia

Thomas Cook is to fly 985 UK customers out of the Gambia, following a change in Foreign Office advice due to unrest in the country.

As well as implementing their contingency plan to bring all 985 UK customers they currently have on holiday in the Gambia home, *Thomas Cook* have also cancelled all flights to the Gambia until Friday 20 January. They will be running four additional flights on Wednesday 18 January and are contacting their customers in the Gambia, to give them the option of early flights back to the UK.

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In a statement, *Thomas Cook* said: "We are dispatching a special assistance team with our first flight from the UK to provide additional support at Banjul airport, the Gambia, for our customers. Our colleagues working in the Gambia will proactively contact all customers on holiday with us as soon as possible to prepare for return to the UK."

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Thomas Cook believe that the way to differentiate a *Thomas Cook* holiday from the competition is its corporate strategy, based on the high level of care and reassurance that it provides for its customers.

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(Source: adapted from Thomas Cook to fly almost 1,000 Britons out of the Gambia By Charlie Cuff © Guardian News & Media Ltd – Jan 2017)



Evidence C

Thomas Cook Airlines Limited

Gender pay gap report 5 April 2017

The gender pay gap is the difference between the average hourly pay and bonuses of all men and women in an organisation regardless of role.

In the *Thomas Cook* organisation

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- women earn 54p for every £1 that men earn when comparing median hourly wages
- the women's median hourly wage is 45.8% lower than the men's
- the women's average hourly wage is 57.7% lower than the men's
- women occupy 17.6% of the highest paid jobs and 81.1% of the lowest paid jobs.

The company reports that the gender pay gap is a result of the uneven distribution of men and women across the company, not because of pay policies and practices. It is more extreme in some areas, due to a lower representation of women in higher-paid roles such as pilots, engineers and senior management.

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(Source: adapted from © Crown Copyright)

Evidence D

Jamaica makes a comeback as *Thomas Cook* launches its summer holidays

Thomas Cook is launching new holidays for 2019, including the re-introduction of flights to Caribbean favourite, Jamaica, as well as numerous new routes from Liverpool John Lennon Airport to summer sun destinations.

The decision to reintroduce flights to the Caribbean island, Jamaica, comes after a two-year gap based on customer feedback.

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A weekly flight from Manchester to Montego Bay, on Jamaica's north coast, will be introduced every Monday from May 6 until October 2019.

Thomas Cook has also announced additional regional destinations for the launch of summer 2019, with new flights and holidays from Cardiff and Belfast to Tunisia and from Manchester to Marrakech.

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The summer 2019 programme also features new regional flights from Liverpool John Lennon Airport for the first time in over 10 years, with packages available to the Canary Islands, as well as to Spain, Portugal and Italy.

This addition gives *Thomas Cook* customers a choice of 17 airports across the UK to start their summer holiday in 2019.

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(Source: adapted from Jamaica makes a comeback as Thomas Cook launches its summer holidays By Elly Blake © Express Newspapers – March 2018)



1 (a) What is meant by the term customers? (Evidence A, line 4)

(2)

(b) What is meant by the term corporate strategy? (Evidence B, line 14)

(2)

(Total for Question 1 = 4 marks)



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Explain the difficulties that a business such as *Thomas Cook* would face if it wanted to change its established corporate culture.

(Total for Question 2 = 6 marks)



- 3 Analyse how the strategy outlined in Evidence B is likely to give *Thomas Cook* a competitive advantage.

(Total for Question 3 = 8 marks)



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- 4 Assess the extent to which the situation outlined in Evidence C could affect labour turnover at a business such as *Thomas Cook*.

(10)

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(Total for Question 4 = 10 marks)



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- 5** *Thomas Cook* has decided to introduce new holidays to different parts of the world. (Evidence D)

Assess the value to *Thomas Cook* of using Ansoff's matrix when making this decision.

(12)



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(Total for Question 5 = 12 marks)

TOTAL FOR SECTION A = 40 MARKS



SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence E

Thomas Cook considers a new widebody aircraft to replace Condor's 767 fleet from 2021

Holiday and tour operator *Thomas Cook* is the latest airline group to express interest in a new long-haul aircraft order, specifically for its German subsidiary *Condor*. *Thomas Cook*'s chief airlines officer Jean Christoph Debus has said a decision to replace *Condor*'s 16 *Boeing 767-300ERs* could take place by the end of 2018, for delivery to commence from 2021. 5

European aviation businesses defied the industry expectations of slow growth in 2017, with the continent seeing a remarkable passenger growth rate of 8.2% year-on-year. This figure was nearly double the 4.8% growth in the USA, and just below the 9.4% growth of Asia Pacific. 10

The figures show that despite economic uncertainty, such as Brexit and a lack of airport capacity in many key European regions, travellers are keen to fly. European airlines, especially in the leisure segment, are responding to this increased demand by flying to more destinations and buying new aircraft. 15

(Source: adapted from <https://blueswandaily.com/thomas-cook-eyes-a-new-widebody-to-replace-condors-767-fleet-from-2021/>)

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Evidence F***Thomas Cook* to open more own-brand hotels by end of 2019**

The hotels will include six in Spain, four in Greece, three in Turkey, plus a further ten elsewhere.

The expansion forms part of *Thomas Cook's* aim to deliver sustainable, profitable growth through a portfolio of own-brand properties that have higher customer satisfaction levels, more repeat guests and deliver higher margins than the company's broader range of hotels.

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This will take *Thomas Cook's* portfolio to 200 hotels with around 40,000 rooms, making it one of the largest hotel groups worldwide. The new openings include its first Casa Cook hotel in Spain, its biggest market. The 189-room Casa Cook Ibiza opens next summer, following the success of the first two Casa Cook openings.

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The second Casa Cook to open next summer will be the first hotel for families. The 106-room hotel in Chania, Crete, takes an alternative approach to the traditional kids club, according to *Thomas Cook*. Its focus is on learning through play, art and local culture.

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The company expects to confirm three more Cook's Club hotels in Bulgaria, Egypt and Greece in the near future.

Thomas Cook announced that expanding its own-brand hotel portfolio is central to the success of the whole business. Its strategy as a group is to operate well-managed and high-quality hotels. This ensures that its customers recognise and turn to it for better service and reliability.

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Thomas Cook has developed eight other hotel brands including premium family resorts, adults-only retreats and club resorts.

(Source: adapted from *Thomas Cook* to open 20 own-brand hotels by end of 2019 By Juliet Dennis © Travel Weekly Group – October 2018)



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- 6** The new aircraft referred to in Evidence E are estimated to cost around £70 million each.

Evaluate the usefulness of investment appraisal techniques to *Thomas Cook* when considering such purchases.

(20)



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(Total for Question 7 = 20 marks)

TOTAL FOR SECTION B = 40 MARKS

TOTAL FOR PAPER = 80 MARKS



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