

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCSE

Business Studies

Unit 3: Building a Business

Friday 24 May 2013 – Morning

Time: 1 hour 30 minutes

Paper Reference

5BS03/01

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.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

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.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- 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. You should spend 40 minutes on this section.

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) Improving the design mix is **most likely** to lead to: (1)

Select **one** answer.

- A** improved stock control
- B** product differentiation
- C** increased worker motivation
- D** excessive communication

(b) Identify **one** method of collecting market research. (1)

(c) Explain **one** benefit to a business of collecting market research data. (3)

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(d) Explain **one** advantage of branding for a business.

(3)

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(Total for Question 1 = 8 marks)



2

Ryanair is a budget airline which flies to destinations across Europe. In 2011 it reported a 23% increase in profits to £325m and announced that it was planning to expand by flying to more destinations.

(a) Which **one** of the following is the **most likely** reason for the increase in *Ryanair's* profits? (1)

Select **one** answer.

- A** Fewer passengers
- B** Higher fuel costs
- C** Increasing ticket sales
- D** Falling productivity

(b) State **two** external sources of finance that *Ryanair* could use to fund its expansion plans. (2)

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(c) Explain **one** impact that *Ryanair's* expansion plans might have on the environment. (3)

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3

ShakeAway is the world's largest milkshake bar company. With over 170 different flavours and millions of combinations, *ShakeAway* is well-known for blending confectionery brands such as *Mars*, *Twix* and many more into delicious milkshakes. The latest invention from *ShakeAway* is the Millionaire's Milkshake. This is made from *Green and Black's* chocolate, roasted hazelnuts and topped with whipped cream and real 23ct edible gold. It is priced at £11.95.

(a) Which **one** of the following is **most likely** to lead to the repeat purchase of a *ShakeAway* milkshake? (1)

Select **one** answer.

- A** Higher prices
- B** Unfriendly staff
- C** Market research
- D** Loyalty cards

(b) Explain **one** method *ShakeAway* could use to encourage potential customers to give the Millionaire's Milkshake a product trial. (3)

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4

The Lego Group produce sets of plastic building bricks for children. Many *Lego* sets are themed around popular movies such as *Star Wars* and *Harry Potter*. Sales of *Harry Potter* sets have fallen since the final movie was released in 2011. In recent years, competition in the building brick market has increased with companies such as *MEGA Bloks* and *COBI* producing similar products.

(a) At which stage of the product life cycle were *Harry Potter* themed *Lego* sets **most likely** to have been by the end of 2012?

(1)

Select **one** answer.

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

(b) Outline **one** impact that stricter EU regulations on toy safety could have on *The Lego Group*.

(2)

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The Lego Group view the quality of its product as central to its success as a business.

(c) Explain **one** benefit to *The Lego Group* of selling a quality product.

(3)

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SECTION B

Answer ALL questions. You should spend 30 minutes on this section.

Read the following passage carefully and then answer questions 5 and 6.

Dell is one of the world's largest manufacturers of computers. The company has grown rapidly since it opened in 1984 by selling computers that are built to order.

The majority of *Dell's* customers place their orders through the company's website. This allows customers to personalise their computers and specify which type of components are used, from the size of the hard drive to the type of pre-loaded software.

When it receives an order, *Dell* builds a customer's computer using materials that are delivered Just In Time (JIT) by its suppliers. In the computer industry, components can quickly become out of date due to the speed at which technology is improving. Therefore, JIT is an important way of allowing *Dell* to produce more up-to-date computers compared to rivals such as *Hewlett Packard*.

Many of the components *Dell* uses to manufacture its computers are made in countries such as Thailand. The Thai government gives some of its component manufacturers an export subsidy to increase their level of competitiveness.

(Source: adapted from <http://timesofindia.indiatimes.com/tech/news/hardware/Dell-Thai-floods-to-impact-disk-drive-supply/articleshow/10703387.cms>)



5 (a) What is meant by the term **Just In Time (JIT)**?

(2)

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(b) Explain **one** benefit to *Dell* from selling computers direct to its customers through its website.

(3)

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After moving its technical support and customer services department to India, complaints about *Dell's* customer service increased.

(c) Explain **one** disadvantage of poor customer service to *Dell*.

(3)

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In 2011 severe flooding in Thailand damaged the factories of a large number of hard drive suppliers. This caused shortages and *Dell* was forced to cancel orders. As a result, *Dell* now holds some buffer stocks of important components.

(d) State **one** advantage and **one** disadvantage to *Dell* of holding higher levels of buffer stock. For each explain the likely impact on the business.

(8)

Advantage

Impact on *Dell*

Disadvantage

Impact on *Dell*

(Total for Question 5 = 16 marks)



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SECTION C

Answer ALL questions. You should spend 20 minutes on this section.

Read the following passage carefully and then answer questions 7 to 10.

Kodak is a company which many people associate with cameras and photography. However, in 2012 the company announced that it was going to stop making cameras and concentrate on manufacturing inkjet printers instead.

Kodak's problems started when it was slow to recognise the importance of digital technology, and failed to invest in the development of digital cameras. This allowed companies such as *Sony* and *Samsung* to break into the camera market. This problem was made worse when mobile phone producers such as *HTC* and *Apple* started to build increasingly sophisticated cameras into their devices.

As revenues fell, *Kodak* started to make large losses. This resulted in serious cash flow problems which threatened the survival of the company. To improve cash flow *Kodak* decided to put a number of its assets up for sale.

(Source: adapted from <http://www.guardian.co.uk>)

7 What is meant by the term **revenue**?

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(Total for Question 7 = 2 marks)



***10** Using your knowledge of business, assess the extent to which improving cash flow will be important for *Kodak*.

Handwriting practice area consisting of 20 horizontal dotted lines.



(Total for Question 10 = 10 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 90 MARKS



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