



GCE A LEVEL

1510U30-1

TUESDAY, 21 MAY 2024 – MORNING

BUSINESS – A2 unit 3

Business Analysis and Strategy

2 hours 15 minutes plus your additional time allowance

Surname _____

First name(s) _____

Centre Number _____

Candidate Number 2 _____

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	10	
2.	14	
3.	19	
4.	10	
5.	12	
6.	15	
Total	80	

ADDITIONAL MATERIALS

A calculator.

INSTRUCTIONS TO CANDIDATES

Use black ink, black ball-point pen or your usual method.

Write your name, centre number and candidate number in the spaces provided on the front cover.

Answer ALL questions.

Write your answers in the spaces provided in this booklet. If you run out of space, use the additional page(s) at the back of the booklet, taking care to number the question(s) correctly.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the necessity for good English and orderly presentation in your answers.

(Turn over)

Answer ALL questions.

1. Price elasticity of demand

Waves Watersports Ltd specialises in the sale of watersport equipment and clothing to retailers across Wales. Recently, the owner has become concerned about the drop in sales of its jet ski, the company's most expensive product with a price of £12 000. The business is considering lowering its prices to compete with rival businesses. It has conducted market research and discovered that average incomes are rising and demand for jet skis may be different at different prices. The table below illustrates the results of the market research:

PRICE OF JET SKI	ESTIMATED ANNUAL SALES OF THE JET SKI
£12 000	100
£11 000	120
£10 000	130

(Turn over)

Additional space for Question 1(b) only.

2. **Dyson Ltd**

Dyson Ltd is a technology company established in the United Kingdom by Sir James Dyson in 1991. Dyson's corporate strategy states that "efficiency is in our DNA", suggesting that innovation and quality is at the centre of everything the business does. The business designs and manufactures household appliances and is particularly well known for producing premium vacuum cleaners, with its first product introduced in the UK in 1993.

Dyson continuously invests large amounts of capital into research and development to create new models of its vacuum cleaners. All new product designs are patented, so that while there are numerous alternatives on the market, none of them have the same features and most are unlikely to have the same quality as the products offered by Dyson. The products are differentiated in relation to the technology which eliminates any gradual loss of suction and removes microscopic particles.

Dyson Ltd faces competition in the vacuum cleaner market from well-known brands as well as own brand products produced by supermarkets. The table below shows the leading 5 brands of vacuum cleaners ranked by the number of users in the UK in 2021:

BRANDS OF VACUUM CLEANERS RANKED BY THE NUMBER OF USERS IN THE UK IN 2021	
BRAND	NO. OF USERS (000'S)
Dyson	10 571
Shark	4 300
Vax	3 476
Hoover	2 886
Miele	1 357

Dyson produces approximately 260 000 vacuum cleaners per week. In order to achieve such a high level of output, Dyson works with hundreds of suppliers. Most of the raw materials Dyson uses are standard parts, produced by many suppliers, so Dyson has a choice of which suppliers it uses. Dyson insist that its suppliers meet very strict environmental and health and safety standards.

(Turn over)

2 (a) Outline what is meant by corporate strategy.

[2 marks]

(b) Using Porter's Five Forces framework, analyse and evaluate the position of Dyson within the vacuum cleaner industry. [12 marks]

(Turn over)

3. The following is an extract from the trading profit & loss account (the income statement) and the balance sheet of a UK national fashion retail business as of 29th December 2023.

EXTRACT FROM THE TRADING PROFIT AND LOSS ACCOUNT (THE INCOME STATEMENT)		
	2023	2022
	£ MILLION	£ MILLION
Turnover	877.7	901.9
Gross Profit	107.1	143.5
Net Profit	42.2	87.7

EXTRACT FROM THE BALANCE SHEET		
	2023	2022
	£ MILLION	£ MILLION
Total Fixed Assets	106.1	103.2
Total Current Assets	399.5	632.0
Total Current Liabilities	142.8	139.7
Total Long Term Liabilities	21.3	13.9
Net Assets	341.5	581.6
Shareholder Capital	341.5	581.6

(Turn over)

3 (a) State what is meant by net assets. [1 mark]

(b) State what is meant by working capital. [1 mark]

(c) Calculate the percentage change in turnover between 2022 and 2023. (Show your workings and present your answer to 2 decimal places).

[2 marks]

(Turn over)

4. Reggae Reggae Sauce

In 2006 Levi Roots was spotted at the World Food Market by a BBC researcher and was invited to appear on the programme Dragons' Den. In exchange for a 40% stake in his business he secured the support of investors who helped get an exclusive distribution deal with Sainsbury's supermarket. Reggae Reggae sauce was an instant hit, within six weeks it was on the shelves and demand was extremely high. The sauce is now stocked by all major supermarkets within the UK.

The Levi Roots brand includes Caribbean-inspired cooking sauces, ready meals, soft drinks, snacks and desserts. Numerous restaurant chains have also signed deals with Levi Roots to use the sauce on their menus, including the national pub chain JD Wetherspoon's.



(Turn over)

5. Growth Strategies of Starbucks and Costa Coffee

The growth strategies used by two of the United Kingdom's most successful coffee chains are very different. Starbucks is a good example of a vertically integrated business which focuses on organic growth. Starbucks grows and roasts all of its own coffee. This involves owning its very own coffee bean farm, having its own roasting bean factories and having company-owned warehousing and distribution facilities. Most of the products provided by Starbucks are sold from the 1 204 coffee shops that are entirely company-owned.

In comparison, Costa Coffee has around 2 467 coffee shops within the UK, with a mixture of company-owned stores and others operating through its franchising model. Franchisees must already own a business and be looking to incorporate Costa into the existing business. A minimum franchise fee of £250 000 is required. However, individuals who do not own a business can invest in the Costa Express franchise, which are vending machines often located in shops and garages and can be set up in a place of work.

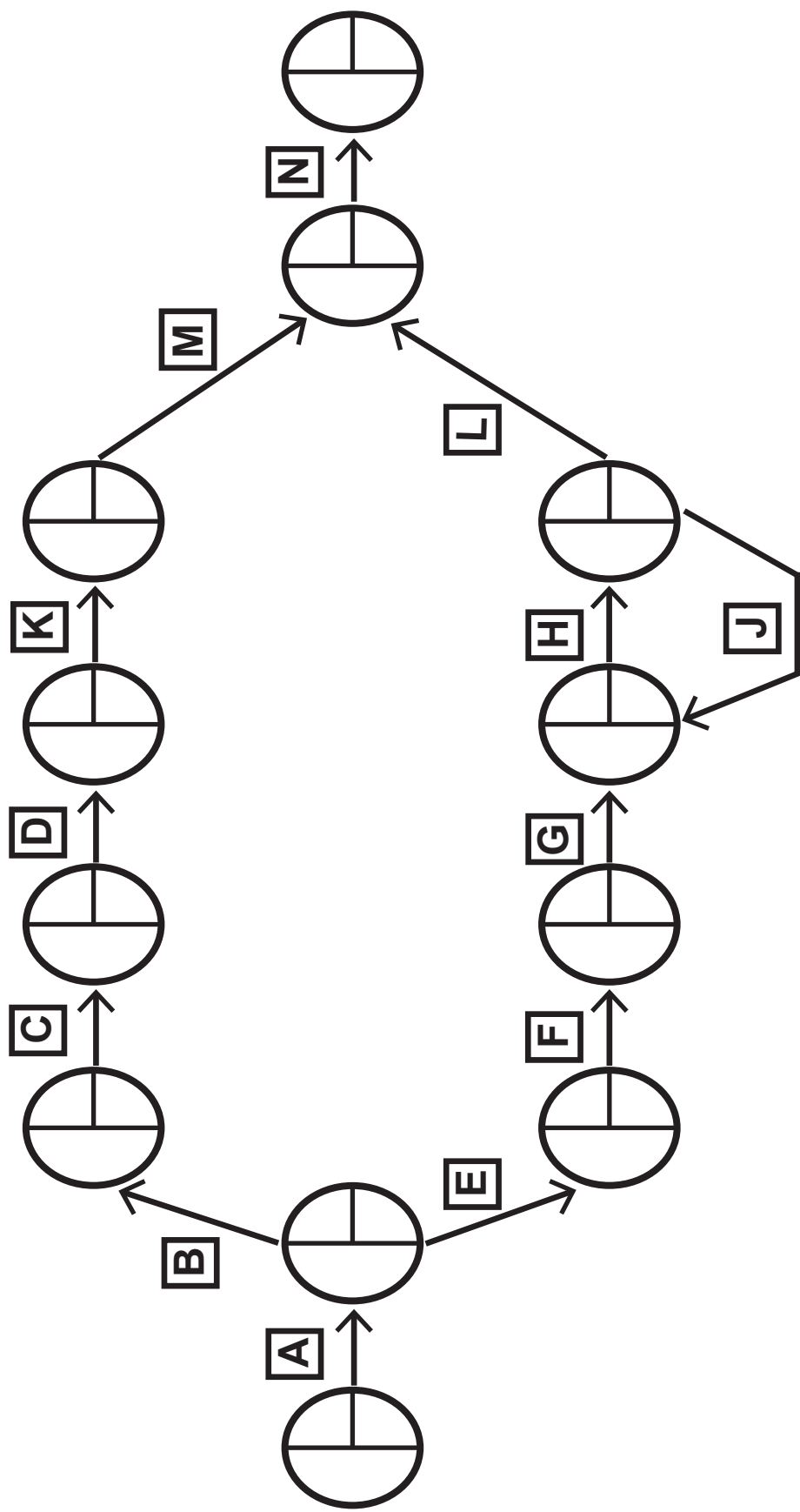
(Turn over)

Additional space for Questions 5(b) only.

6. Lewis Construction Ltd has been given the contract to build a new retail outlet with a short deadline of 5 weeks. The table and network diagram opposite gives information about the steps and time it takes to complete the project.

ACTIVITY	PRECEDING ACTIVITY	TIME (DAYS)
A		3
B	A	4
C	B	7
D	C	6
E	A	6
F	E	8
G	F	5
H	G	2
J	G	6
K	D	5
L	HJ	5
M	K	4
N	LM	2

(Turn over)



END OF PAPER

