

# Keswick School

GCSE Business Studies  
6, 8 and 10 mark questions

Name \_\_\_\_\_

# GCSE Business Studies

## 6 mark questions

Explain ....

Discuss ...

### **Explain tips:**

STEP 1: Identify the key word you are being tested on.

STEP 2: State the first point and then develop it twice.

STEP 3: State a second point and then develop it twice.

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)'\*\***

### **Discuss tips:**

STEP 1: Identify the key word you are being tested on.

STEP 2: State the first point and then develop it twice.

STEP 3: State a second point and then develop it twice.

STEP 4: A judgement must be given – balance required.

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)'\*\***

### SECTION C

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

Read the following passage carefully and then answer questions 8 to 11.

#### Marks & Spencer is looking towards a greener future.

Marks & Spencer (M&S) recently announced a long-term plan to develop its environmental policies with the intention of becoming a 'greener' retailer. It is aiming to:

- make its operations carbon neutral
- reduce to zero the amount of waste it sends to landfill
- become a more ethical trader
- promote healthy living.

#### Risk to M&S

It is clear that there is a significant level of risk for M&S. It is estimated that the plan will cost M&S £200million over five years. The retail market is highly competitive and businesses cannot be seen to be charging higher prices than their rivals. Stuart Rose, the chief executive of M&S, believes that a responsible business can be a profitable business. He is confident that a greener and more planet-friendly image will generate additional sales.

#### Reaction of the customer

M&S claims that 97% of its 15 million customers want M&S to be more ethically responsible.

The strategy may well pay off but it all depends on the price. If M&S can achieve its aims without having to pass on the cost to customers in the form of higher prices, then M&S may well be onto a winner.



## SECTION C

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

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



Affinity is a small publishing company which produces guide books for walks.

The company started out in Devon and published several guide books for the local market. The idea was to produce books containing short walks suitable for families. The first book was a success, selling more than 500 copies in less than two weeks.

The company decided to expand. Affinity employed new staff based in different parts of the country to produce guide books covering walks in other areas of the UK.

However, with expansion came problems; as more people were employed, communication became difficult and mistakes were made. This reduced the quality of some of the guide books, complaints increased and sales fell.

There was also the problem of how to remunerate and motivate staff. Some of the new employees were paid a salary and others were paid by the hour and these employees seemed only interested in the amount of money they could earn. Affinity's owners wanted to find other ways of improving their motivation.

A salary and payment by the hour are two methods. Affinity uses both.



**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.**

In October 2009, the UK government increased the National Minimum Wage by 7p to £5.80 per hour. In 2008 the minimum wage had been raised by 21p per hour. Although workers welcomed the rise, there was concern that the 7p per hour increase was too small to support the lowest paid workers in the UK.

Many businesses, however, were upset by the new increase. They wanted the minimum wage to be kept at £5.73 per hour. Any increase in the minimum wage adds to their costs. In 2009–2010 many businesses were facing low demand and falling profits. Many businesses believe that any increase in the minimum wage will increase unemployment in low-skilled industries such as cleaning and hospitality.

9 Discuss the importance of increasing wages as a method of motivating workers employed in low-skilled industries.

Lined writing area for the answer to Question 9.

**(Total for Question 9 = 6 marks)**





## 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.



© Rex Features

*Mulberry plc* produces high-quality designer leather goods such as bags and belts. In the 1990s the company was facing collapse, but since then it has become one of British fashion's biggest success stories.

*Mulberry's* successful turnaround was due to the appointment of Nicolas Knightly as design director. His bag designs became instant hits with high-profile celebrities such as Kirsten Dunst. Nicholas' most recent bag design is known as the 'Alexa'— so called because the company gave one in every size and colour to *MTV* presenter and model Alexa Chung (pictured above). Giving celebrities free bags has always been an essential part of *Mulberry's* marketing. It provides *Mulberry* with free publicity in fashion magazines and helps make the brand and its bags appear cool.

The success of *Mulberry's* bag designs has led to large increases in demand. To cope with this the company has used internal sources of finance to fund improvements to its factory and has opened up new stores in places such as China and Singapore. *Mulberry* has decided to expand cautiously since its experience in the 1990s showed how easy it was for its designs to go out of fashion and lose customer appeal. At the time this led to large losses for the business.

(Source: adapted from <http://fashion.telegraph.co.uk/columns/belinda-white/TMG8191538/How-have-Mulberry-achieved-their-epic-turnaround-of-fortunes.html>)





## 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.



*Primark* is the largest retailer of clothes in the UK, with a market share of almost 18%. This means that for every £5 spent on clothes in the UK, almost £1 of that total is spent in *Primark*.

*Primark's* success has resulted from its 'low cost' strategy. This is where cheap clothes are made, usually in low cost locations such as China and India, and then imported to the UK. Despite European Union (EU) import protection controls, *Primark* can still sell the clothes at very low prices. With consumer confidence low there has been an increased demand for clothes which offer 'good value for money'. This has allowed *Primark* to increase its profits.

However, despite *Primark's* success, the business has been criticised for its very low prices. Critics of *Primark's* ethics have repeatedly stated that if a T-shirt is priced at £2, questions have to be asked about why it can be produced so cheaply. *Primark* says it has a strict ethical policy. In the last year it has doubled inspections at its overseas factories. Despite these worries, by the end of 2010 *Primark's* profits had risen by 26% to £825 million.

(Source: accessed January 2011 adapted from [www.telegraph.co.uk](http://www.telegraph.co.uk))

7 What is meant by the term **ethics** in business?

.....

.....

.....

.....

(Total for Question 7 = 2 marks)



(Total for Question 8 = 2 marks)

9 Discuss the benefits to *Primark* of selling clothes at very low prices.

(Total for Question 9 = 6 marks)

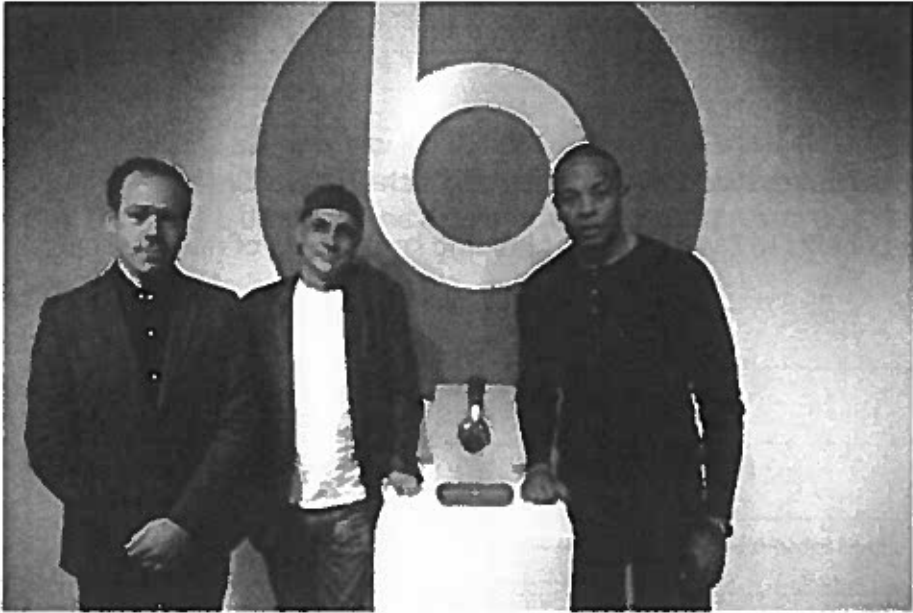


### SECTION C

Answer ALL questions.

You should spend 20 minutes on this section.

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



*Beats by Dr Dre* is a leading headphone brand owned by *Beats Electronics*. The company was set up in 2006 by hip-hop artist Andre 'Dr Dre' Young. The company has expanded rapidly by issuing new share capital. This has allowed mobile phone manufacturer *HTC* to build up a 51% stake in *Beats Electronics*. Raising share capital has allowed *Beats Electronics* to build a global headphone brand quickly through the use of promotional activities such as paying Justin Bieber to become a company ambassador. This has allowed it to compete successfully against existing headphone brands such as *Panasonic* and *Sony*.

*Beats by Dr Dre* headphones are marketed to young people who want better quality headphones than the ones that are packaged together with MP3 players such as the iPod. *Beats Electronics* uses the slogan 'people aren't hearing all the music' to highlight that its headphones allow listeners to hear music in exactly the same way that artists do when they record a track in a studio. By producing a quality product, *Beats Electronics* can sell its headphones for as much as £350.

(Source: <http://www.marketingweek.co.uk/news/beats-by-dr-dre-eyes-uk-for-growth/4004694>.article accessed on 28/12/12)



# GCSE Business Studies

## 6 mark questions

## Choice questions

Choice question tips:

Section A and B questions will often include questions which ask you to make a decision based on your case study.

**There is no right or wrong answer, so long as you justify!**

- ▶ Make a decision about the 'best' method.
- ▶ Give **two** developed explanations containing linked statements.
- ▶ Use key terms
- ▶ Give a conclusion!

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)\*\***

## SECTION C

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

Read the following passage carefully and then answer questions 8 to 11.

### Marks & Spencer is looking towards a greener future.

Marks & Spencer (M&S) recently announced a long-term plan to develop its environmental policies with the intention of becoming a 'greener' retailer. It is aiming to:

- make its operations carbon neutral
- reduce to zero the amount of waste it sends to landfill
- become a more ethical trader
- promote healthy living.

### Risk to M&S

It is clear that there is a significant level of risk for M&S. It is estimated that the plan will cost M&S £200million over five years. The retail market is highly competitive and businesses cannot be seen to be charging higher prices than their rivals. Stuart Rose, the chief executive of M&S, believes that a responsible business can be a profitable business. He is confident that a greener and more planet-friendly image will generate additional sales.

### Reaction of the customer

M&S claims that 97% of its 15 million customers want M&S to be more ethically responsible.

The strategy may well pay off but it all depends on the price. If M&S can achieve its aims without having to pass on the cost to customers in the form of higher prices, then M&S may well be onto a winner.



2011

(d) In 2009 *Marks and Spencer* faced falling sales. It wanted to maintain its profits and looked at either cutting prices or increasing advertising.

Which of these **two** methods do you think would be more effective in allowing *Marks and Spencer* to maintain its profits and why?

(6)

Lined area for writing the answer to the question.

**(Total for Question 4 = 12 marks)**

**TOTAL FOR SECTION A = 40 MARKS**



4

McDonald's is one of the most well known fast food brands in the world. The business aims to produce high quality convenience food at an affordable price. This allows it to compete successfully in the mass market. Each McDonald's restaurant holds buffer stocks equivalent to two days possible demand for food.

(Source: adapted from <http://www.thetimes100.co.uk/>)

(d) Improving the quality of a product and improving productivity are two ways in which a business like McDonald's might become more competitive.

Which of these **two** methods do you think would be most effective in improving the competitiveness of a business such as McDonald's and why?

(6)

Method .....

Reason .....

(Total for Question 4 = 12 marks)

**TOTAL FOR SECTION A = 40 MARKS**

4

In March 2011 games manufacturer *Nintendo* launched the *Nintendo 3DS* console. The console allows users to experience 3D games without having to wear special glasses. However, some users were reported to feel unwell after playing the 3D games.

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

Increasing advertising and designing new features, such as being able to play games in 3D, are two ways in which *Nintendo* could improve the sales of its consoles.

(d) Which of these two methods do you think would be more effective in improving sales of *Nintendo's* consoles and why?

(6)

Handwritten response area consisting of multiple horizontal lines for writing.

**(Total for Question 4 = 12 marks)**

**TOTAL FOR SECTION A = 40 MARKS**

4



*Starbucks* is an American coffee shop chain with over 600 outlets in the UK. Each coffee shop sells a range of drinks such as Mochas and Frappuccinos. In the UK, *Starbucks* competes against rivals such as *Costa Coffee* and *Caffé Nero*, as well as many small independent cafes and coffee shops.

(Source: adapted from <http://starbucks.co.uk> accessed on 16/12/12)



In 2012 *Starbucks* was accused by the pressure group *UK Uncut* of finding legal ways of paying less tax to the UK government. *UK Uncut* argued that *Starbucks* was not behaving in an ethical way.

(d) In order to reduce the impact of pressure group activity, *Starbucks* considered two options.

**Option 1:** Do nothing.

**Option 2:** Agree to pay the UK government more tax.

Which of these **two** methods do you think would be more effective in allowing *Starbucks* to maintain high levels of profit? Justify your answer.

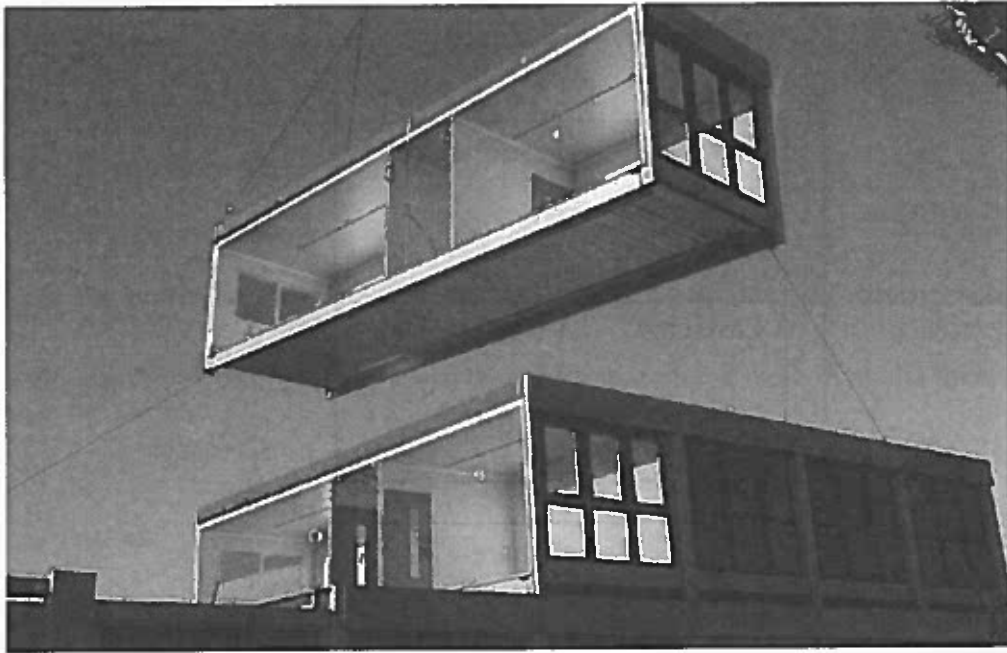
(6)

(Total for Question 4 = 12 marks)

**TOTAL FOR SECTION A = 40 MARKS**



*Portakabin Limited* manufacture portable buildings that are used for a variety of purposes including temporary classrooms in schools, offices, doctors' surgeries and toilets. They can be erected much faster than traditional buildings. Since the 1980s *Portakabin Limited* has focused on 'Just In Time' stock control and recycling. Each *Portakabin*<sup>®</sup> building produced is now 96% recyclable.



(Source: © Copyright Portakabin Limited)



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.*



There is increasing competition in the building brick market. *The Lego Group* want to remain competitive against other companies such as *COBI* and *MEGA Bloks*. To do this it is considering two options.

**Option 1:** Link more of its sets to newly released movies.

**Option 2:** Increase its advertising.

(d) Which of these two options do you think would be **more** effective in helping *The Lego Group* to remain competitive and why?

(6)

Lined area for writing the answer to question (d).

**(Total for Question 4 = 12 marks)**

**TOTAL FOR SECTION A = 40 MARKS**



# GCSE Business Studies

## 8 mark questions

### Assess ...

#### Assess Tips:

Assess questions will be linked to a business. Most will ask about a problem / opportunity / benefit faced by a business.

- ▶ Explain at least two effects
- ▶ Use appropriate terms
- ▶ Write in paragraphs
- ▶ The first paragraph should **explain** why the issue is important
- ▶ The second paragraph should **explain** why the issue is less important
- ▶ The final should give a **conclusion** about which is most important and why
- ▶ Make sure your final judgement has at least two reasons or consequences

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)'**

## SECTION B

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

Read the following passage carefully and then answer questions 5 to 7.

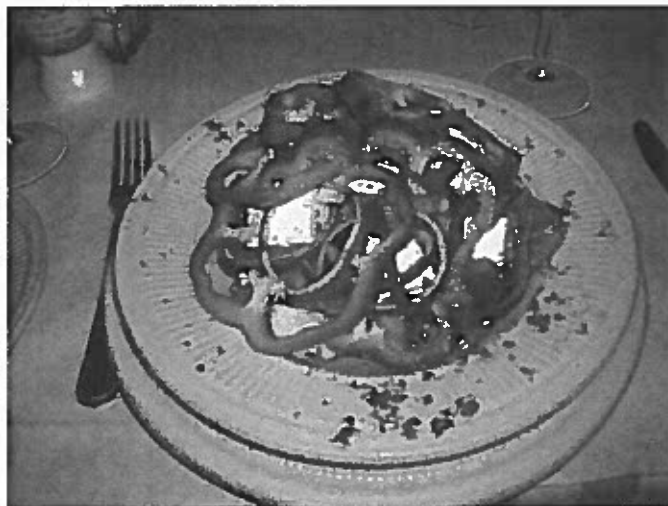
Jason and Balvir are planning to set up a restaurant in London. The restaurant scene in London is growing with a current total of 6,978 restaurants. This is continuing to rise with many new restaurants starting up each year. Equally, there are many who do not succeed and close within the first year.

Jason has been involved in catering now for over ten years and has come into contact with many restaurant owners, suppliers and customers. He has established many contacts and can draw from their knowledge to make the business a success.

Balvir has other qualities. She has experience in people management and human resources.

They have stressed that they are not looking to take on the likes of top chefs, such as Gordon Ramsay, (just yet!) and would like to start off relatively simply with a manageable restaurant that seats up to 60 people, serving good quality Mediterranean food.

Jason adds " ... as long as we get the marketing mix right and don't make any risky decisions then I think we are onto a winner".

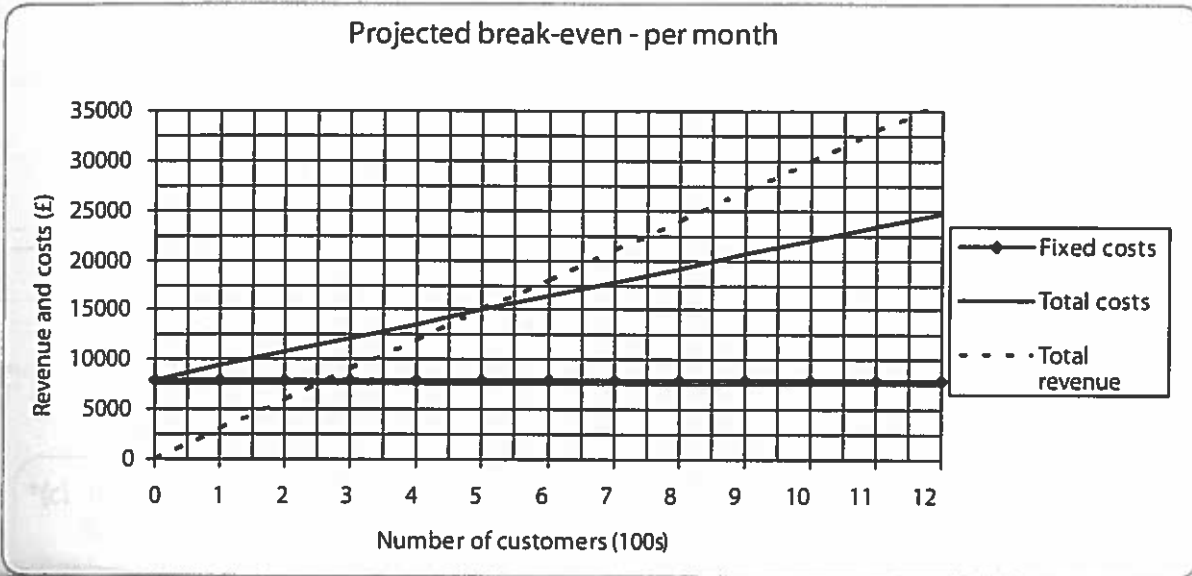


Jason and Balvir have decided to use break-even analysis as part of the planning for their business. They are planning to offer a set menu for a price of £30.

They have estimated their costs as:

- fixed costs = £8000
- variable costs are £14 per set menu

Balvir constructs the break-even chart below.



\*(b) Jason and Balvir will seek to increase their competitive advantage when they open the restaurant.

Assess how improved customer service could help them achieve this.

(8)

Lined writing area for the answer.

**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.**

*Sony's PlayStation 3 console has struggled against strong competition from Nintendo's Wii. The Wii was not only offered at a lower price but also targeted a wider market.*

*It originally cost Sony £430 to make a Sony PlayStation 3. Due to increased productivity this has now fallen to £140. In August 2009 Sony reduced the price of its PlayStation 3 from £300 to £250.*

*The fall in the cost of producing the console has allowed PlayStation 3 to move past its break-even point. However, Sony expects to make a loss of over £680 million in 2009. This is because other areas of its business such as MP3 players and flat screen televisions have not performed very well. To combat this, Sony plans to cut 8 000 jobs and close several factories.*



\*(d) Assess the impact of job losses and factory closures on the motivation of the remaining *Sony* employees.

(8)

---

(Total for Question 6 = 14 marks)

---

**TOTAL FOR SECTION B = 30 MARKS**



### SECTION B

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

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

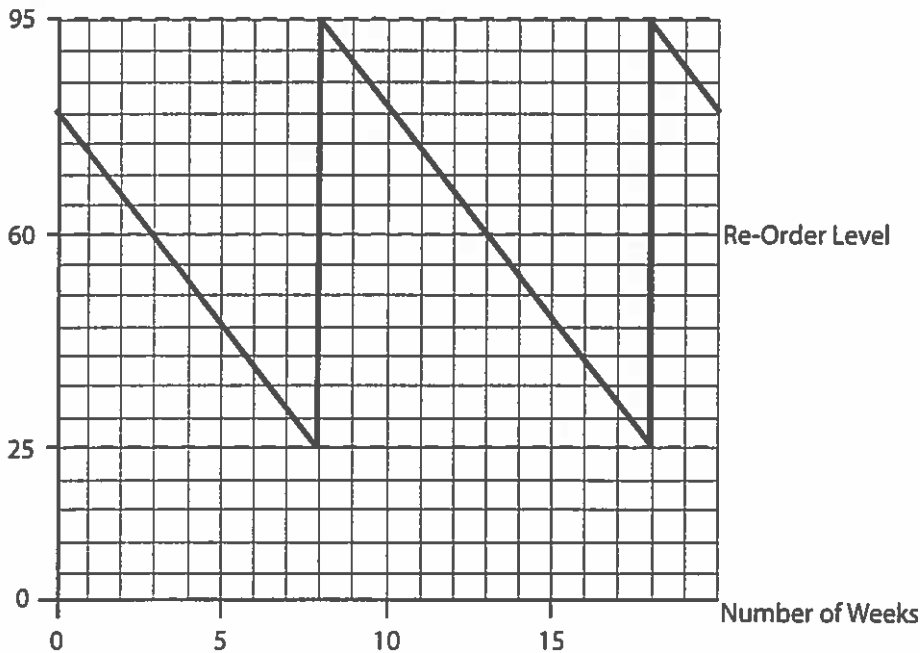
The *Saltash Toy Box* is a small, independent toy retailer located in Cornwall. It cannot compete on price with larger toy retailers such as *Toys R Us*, but instead focused on customer service and allowing children to play with toys, in store, before parents buy them.

In December 2009, the 'must-have' Christmas toy was the *Go-Go Hamster*. A *Go-Go Hamster* is a small motorised hamster which squeaks when it bumps into items of furniture. The *Saltash Toy Box* hoped that it would sell large quantities of this toy.

Despite its efforts to compete, however, sales at the store remained low. The owner decided to change the focus of the business. In 2010, the *Saltash Toy Box* closed its only retail store and instead decided to focus on catalogues and its website as a way of making sales. It believed this would boost the company's profits and increase the productivity of its two staff.

- 5 The diagram below illustrates the bar gate stock graph for *Go-Go Hamsters* at the *Saltash Toy Box*.

Stock Level





Closing down its retail store and focusing on selling through catalogues and its website has reduced costs at the *Saltash Toy Box* by 25%.

**\* (c) Assess the effect of the change of focus on the competitiveness of the *Saltash Toy Box*.**

**(8)**

---

**(Total for Question 6 = 14 marks)**

---

**TOTAL FOR SECTION B = 30 MARKS**



**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.**



*Shiftyjelly* is a business which designs applications or 'apps' for smart phones and tablet computers. It currently employs two full-time and three part-time app developers. Each member of staff is paid a salary for their work.

One of *Shiftyjelly's* most popular apps is *Pocket Casts*, an app which allows you to organise and download podcasts faster. It is sold online through *Apple's App Store* and is priced at £1. *Apple* is often slow to pay *Shiftyjelly* its share of the revenue when a sale is made. This has damaged *Shiftyjelly's* cash flow.

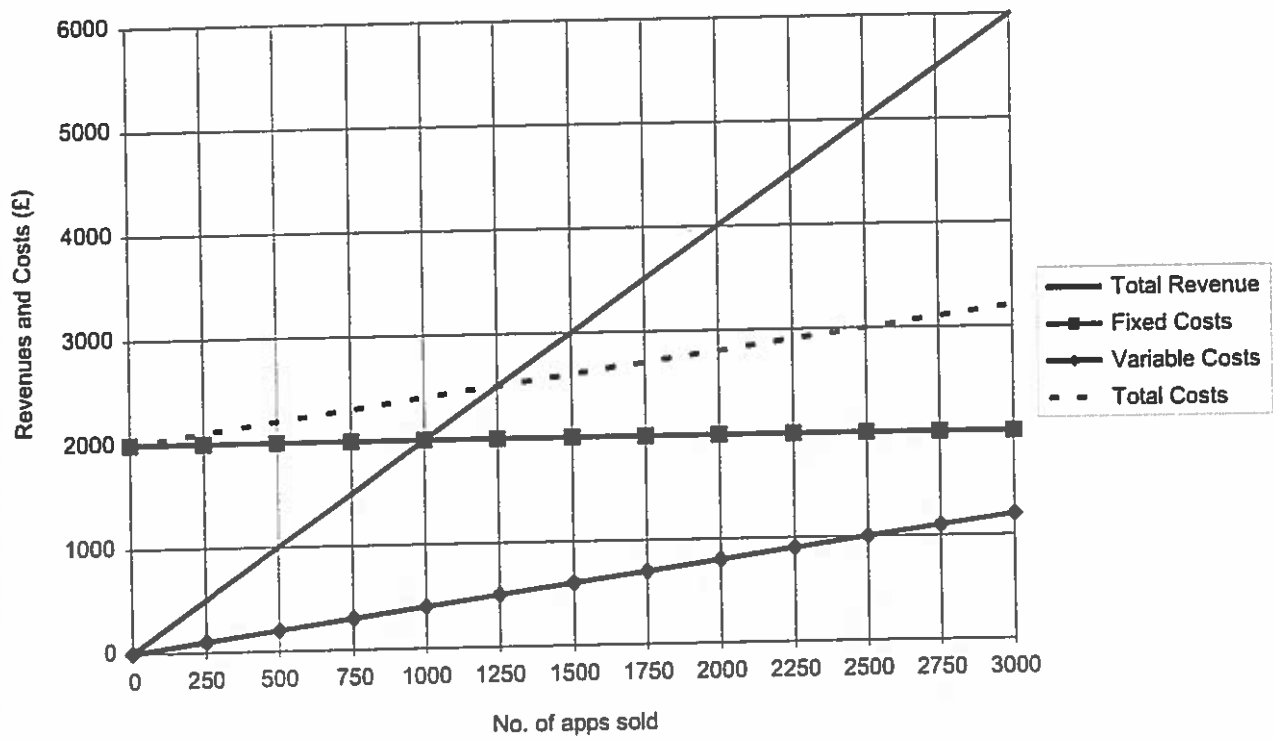
(Source: adapted from <http://shiftyjelly.com>)

shiftyjelly is currently designing a new weather app for tablet computers such as Apple's iPad. The company wants to sell the app for £2. The estimated costs of developing the app are:

Fixed costs = £2 000

Variable costs = 40p per app

Below is a break-even chart for the new weather app.



**\* (d) Assess the extent to which break-even analysis is a valuable tool in allowing *Shiftyjelly* to plan the successful launch of its new weather app.**

**(8)**

Lined area for writing the answer to the question.

**(Total for Question 6 = 16 marks)**

**TOTAL FOR SECTION B = 30 MARKS**



**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>)



In 2011 *Dell* increased the price of its range of laptop and notebook computers.

\**(c)* Assess the impacts of this price increase on *Dell's* ability to improve its profits.

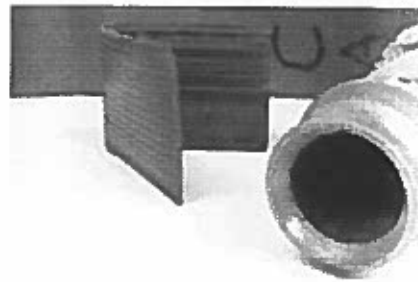
(8)

Lined area for writing the answer to the question.

**(Total for Question 6 = 14 marks)**

**TOTAL FOR SECTION B = 30 MARKS**



**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.****ELVIS & KRESSE**

*Elvis & Kresse* produces wallets made from waste fire hoses, which would normally be thrown away by fire brigades at the end of their working life. The design mix is important to *Elvis & Kresse* and each wallet produced is put through a strict quality control process. In recent years the brand has become very popular as consumers become more concerned about environmental issues.

Each wallet is made almost entirely from waste fire hoses and *Elvis & Kresse* uses renewable energy in its production process. However, *Elvis & Kresse* is based in Central London and this can cause deliveries of raw materials to be slow. *Elvis & Kresse* also exports its wallets by plane to countries such as Japan and the USA.

In the last few years, the *Elvis & Kresse* brand has become very popular, selling to celebrities such as Cameron Diaz. As a result, the company has expanded its product mix to include belts and cufflinks – all made out of recycled waste. Each item is sold at a premium price, with wallets retailing for as much as £75.

(Source: adapted from <http://www.elvisandkresse.com/index.html> accessed on 16/12/12)



*Elvis & Kresse* hold buffer stocks of raw materials, such as waste fire hoses.

\*(c) Assess the benefits to *Elvis & Kresse* of holding large stocks of raw materials.

(8)

(Total for Question 6 = 15 marks)

**TOTAL FOR SECTION B = 30 MARKS**



D 1 1 6 7 8 A 0 1 5 2 0



2011

## SECTION B

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

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

ecovation  
innovation. application. conservation.



*Ecovation Ltd* is a new company run by Edward and Michael. It manufactures birdfeeders in an environmentally friendly way. The wood that is used comes from sustainable sources and the birdfeeders are painted in a coating that does not damage the environment.

The company has raised £2 000 of share capital and this has allowed it to cover its fixed costs and make 400 birdfeeders per month. It sells its birdfeeders at a price of £8 each.

Edward and Michael intend to contract freelance sales teams to sell the product. They hope that freelancers will be more motivated than the sales people that they currently employ.

In the long-term Edward and Michael intend to expand the business, but are unsure whether they should raise more share capital or use debt.

(Source: adapted from [www.ecovation.org](http://www.ecovation.org))

\* (d) In your opinion, will freelance sales teams be more motivated than sales teams employed by *Ecovation*? Justify your answer.

(8)

Lined area for writing the answer to question 6(d).

**(Total for Question 6 = 14 marks)**

**TOTAL FOR SECTION B = 30 MARKS**



**SECTION B**

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

**Read the following passage carefully and then answer questions 5 to 7.**

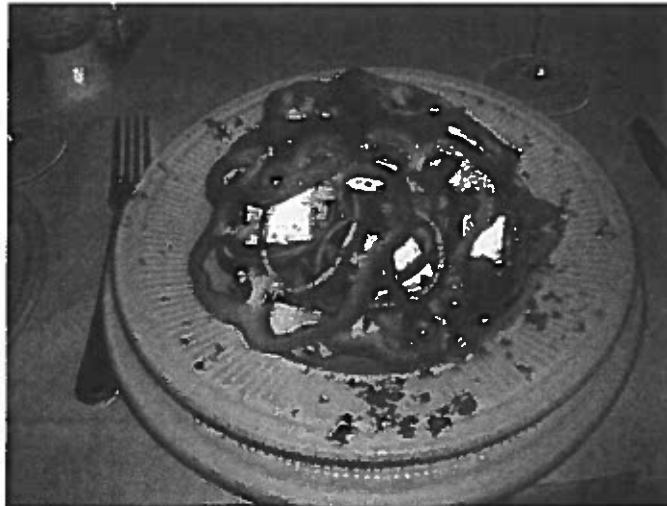
Jason and Balvir are planning to set up a restaurant in London. The restaurant scene in London is growing with a current total of 6,978 restaurants. This is continuing to rise with many new restaurants starting up each year. Equally, there are many who do not succeed and close within the first year.

Jason has been involved in catering now for over ten years and has come into contact with many restaurant owners, suppliers and customers. He has established many contacts and can draw from their knowledge to make the business a success.

Balvir has other qualities. She has experience in people management and human resources.

They have stressed that they are not looking to take on the likes of top chefs, such as Gordon Ramsay, (just yet!) and would like to start off relatively simply with a manageable restaurant that seats up to 60 people, serving good quality Mediterranean food.

Jason adds " ... as long as we get the marketing mix right and don't make any risky decisions then I think we are onto a winner".

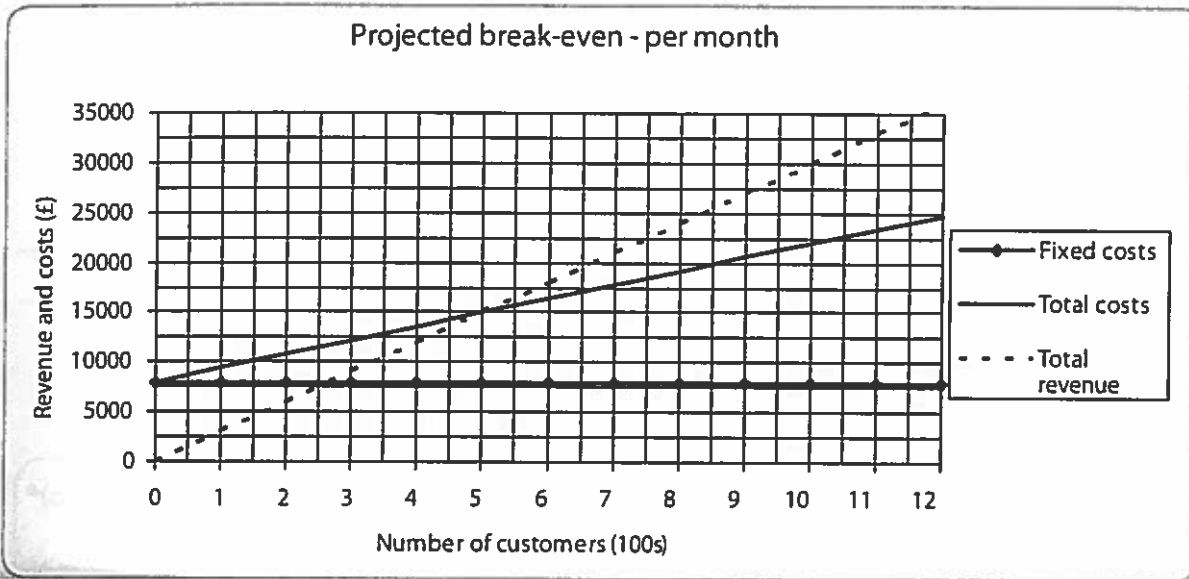


Jason and Balvir have decided to use break-even analysis as part of the planning for their business. They are planning to offer a set menu for a price of £30.

They have estimated their costs as:

- fixed costs = £8000
- variable costs are £14 per set menu

Balvir constructs the break-even chart below.



Balvir thinks £30 would be a more appropriate price.

In your opinion, which price would be more likely to help the business to survive the first year? Justify your answer.

(8)

Lined writing area for student response.

2010

## SECTION B

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

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

### The Co-operative Group (the Co-op):

The Co-op is Britain's fifth largest food retailer and runs over 4 000 stores across the UK. In 2008 the Co-op was voted Britain's best ethical business for the second year running.

For instance in 2008:

- 99% of its electricity came from renewable energy sources such as wind power
- it promoted and sold Fairtrade products in its shops
- it spent 6.9% (£10.4 million) of its profits on local community projects
- it reduced the weight of its packaging by 26% to limit waste.

(Source: adapted from <http://www.co-operative.coop/>)

### Tesco:

Tesco is the largest supermarket group in the UK. In the last few years it has tried to reduce the effect of its operations on the environment. For instance it has:

- offered extra Clubcard or loyalty points for customers who re-use plastic bags
- reduced the distance products are transported, reducing CO<sub>2</sub> emissions
- generated more of its electricity using wind power.

However, critics argue that Tesco is only doing this because of the actions of pressure groups like 'Tescopoly'. It believes Tesco has too much power and it wants the Government to force Tesco to become more environmentally responsible.

(Source: adapted from <http://www.tescopl.com/>)





# GCSE Business Studies

## 8 mark questions

### Advantage and Disadvantage questions

Advantage and disadvantage question tips:

- ▶ 1 mark available for your advantage/disadvantage
- ▶ Don't repeat this in your explanation but ...
- ▶ Make a number of linked, related points.
- ▶ Must refer to the case study – remember to give context!
- ▶ Remember 'BLT'

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)\*\***



## 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.

*Sony's PlayStation 3 console has struggled against strong competition from Nintendo's Wii. The Wii was not only offered at a lower price but also targeted a wider market.*

*It originally cost Sony £430 to make a Sony PlayStation 3. Due to increased productivity this has now fallen to £140. In August 2009 Sony reduced the price of its PlayStation 3 from £300 to £250.*

*The fall in the cost of producing the console has allowed PlayStation 3 to move past its break-even point. However, Sony expects to make a loss of over £680 million in 2009. This is because others areas of its business such as MP3 players and flat screen televisions have not performed very well. To combat this, Sony plans to cut 8 000 jobs and close several factories.*



(c) Identify **two** problems *Sony* could face as a result of reducing the price of the PlayStation 3 to £250. For each problem explain how it would affect *Sony*.

(8)

Problem 1

Explanation

Problem 2

Explanation

**(Total for Question 5 = 16 marks)**



**SECTION B**

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

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

**The Co-operative Group (the Co-op):**

The Co-op is Britain's fifth largest food retailer and runs over 4 000 stores across the UK. In 2008 the Co-op was voted Britain's best ethical business for the second year running.

For instance in 2008:

- 99% of its electricity came from renewable energy sources such as wind power
- it promoted and sold Fairtrade products in its shops
- it spent 6.9% (£10.4 million) of its profits on local community projects
- it reduced the weight of its packaging by 26% to limit waste.

(Source: adapted from <http://www.co-operative.coop/>)

**Tesco:**

Tesco is the largest supermarket group in the UK. In the last few years it has tried to reduce the effect of its operations on the environment. For instance it has:

- offered extra Clubcard or loyalty points for customers who re-use plastic bags
- reduced the distance products are transported, reducing CO<sub>2</sub> emissions
- generated more of its electricity using wind power.

However, critics argue that Tesco is only doing this because of the actions of pressure groups like 'Tescopoly'. It believes Tesco has too much power and it wants the Government to force Tesco to become more environmentally responsible.

(Source: adapted from <http://www.tescopl.com/>)



\* (d) Give **two** disadvantages to the Co-op of being an ethical business.

For **each** disadvantage explain the effect on the business.

(8)

Disadvantage 1 .....

Explanation .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Disadvantage 2 .....

Explanation .....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 5 = 16 marks)**



### SECTION B

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

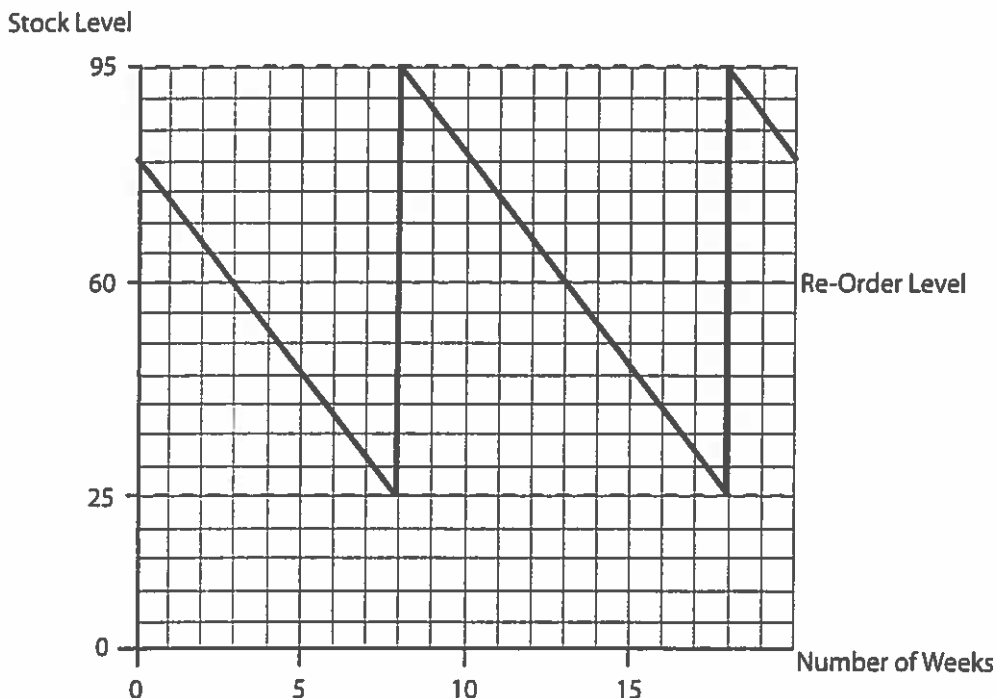
Read the following passage carefully and then answer questions 5 and 6.

The *Saltash Toy Box* is a small, independent toy retailer located in Cornwall. It cannot compete on price with larger toy retailers such as *Toys R Us*, but instead focused on customer service and allowing children to play with toys, in store, before parents buy them.

In December 2009, the 'must-have' Christmas toy was the *Go-Go Hamster*. A *Go-Go Hamster* is a small motorised hamster which squeaks when it bumps into items of furniture. The *Saltash Toy Box* hoped that it would sell large quantities of this toy.

Despite its efforts to compete, however, sales at the store remained low. The owner decided to change the focus of the business. In 2010, the *Saltash Toy Box* closed its only retail store and instead decided to focus on catalogues and its website as a way of making sales. It believed this would boost the company's profits and increase the productivity of its two staff.

5 The diagram below illustrates the bar gate stock graph for *Go-Go Hamsters* at the *Saltash Toy Box*.



As a result of the decision to close its store, the *Saltash Toy Box* changed the way it held stock. It now uses a Just In Time (JIT) method of stock control.

\*(e) State **one** advantage and **one** disadvantage to the *Saltash Toy Box* of adopting a Just in Time (JIT) method of stock control. For each, explain one likely effect on the business.

(8)

Advantage .....

Explanation .....

Disadvantage .....

Explanation .....

**(Total for Question 5 = 16 marks)**



## 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.



*Shiftyjelly* is a business which designs applications or 'apps' for smart phones and tablet computers. It currently employs two full-time and three part-time app developers. Each member of staff is paid a salary for their work.

One of *Shiftyjelly's* most popular apps is *Pocket Casts*, an app which allows you to organise and download podcasts faster. It is sold online through *Apple's App Store* and is priced at £1. *Apple* is often slow to pay *Shiftyjelly* its share of the revenue when a sale is made. This has damaged *Shiftyjelly's* cash flow.

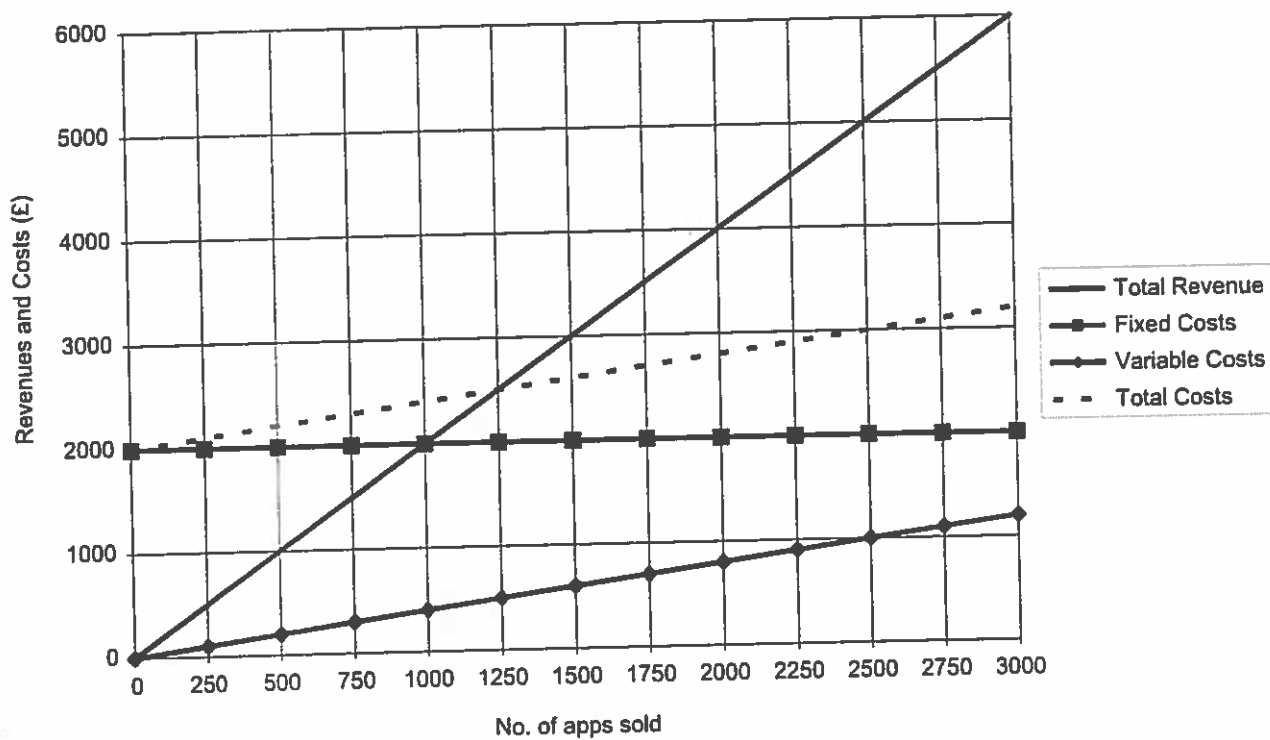
(Source: adapted from <http://shiftyjelly.com>)

Shiftyjelly is currently designing a new weather app for tablet computers such as Apple's iPad. The company wants to sell the app for £2. The estimated costs of developing the app are:

Fixed costs = £2 000

Variable costs = 40p per app

Below is a break-even chart for the new weather app.





(d) State **one** advantage and **one** disadvantage to *Shiftyjelly* of paying its app developers a salary, rather than any other form of remuneration.

For each advantage/disadvantage explain the effect on the business.

(8)

Advantage

Explanation



Disadvantage

Explanation

**(Total for Question 5 = 14 marks)**



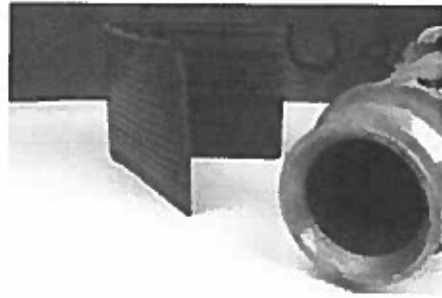
**SECTION B**

**Answer ALL questions.**

**You should spend 30 minutes on this section.**

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

**ELVIS & KRESSE**



*Elvis & Kresse* produces wallets made from waste fire hoses, which would normally be thrown away by fire brigades at the end of their working life. The design mix is important to *Elvis & Kresse* and each wallet produced is put through a strict quality control process. In recent years the brand has become very popular as consumers become more concerned about environmental issues.

Each wallet is made almost entirely from waste fire hoses and *Elvis & Kresse* uses renewable energy in its production process. However, *Elvis & Kresse* is based in Central London and this can cause deliveries of raw materials to be slow. *Elvis & Kresse* also exports its wallets by plane to countries such as Japan and the USA.

In the last few years, the *Elvis & Kresse* brand has become very popular, selling to celebrities such as Cameron Diaz. As a result, the company has expanded its product mix to include belts and cufflinks – all made out of recycled waste. Each item is sold at a premium price, with wallets retailing for as much as £75.

(Source: adapted from <http://www.elvisandkresse.com/index.html> accessed on 16/12/12)



(d) State **one** possible advantage and **one** possible disadvantage to the environment from *Elvis & Kresse's* business activities. For each, explain the likely effect on the environment.

(8)

Advantage

Explanation

Disadvantage

Explanation

(Total for Question 5 = 15 marks)



**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>)



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)



# GCSE Business Studies

## 10 mark questions

### Using your knowledge questions

Using your knowledge question tips:

This will be the final question on the exam paper. It will be linked to Section C case study.

Must refer to a business issue. You need to judge it against another issue. You must write in context.

- ▶ Write up to four paragraphs.
- ▶ Use appropriate terms
- ▶ The first should explain why the issue is important
- ▶ The second should explain why another issue is more or less important
- ▶ The third will explain why a third is more or less important
- ▶ The final should give a judgement about which is most important and why

*Hint:*

*Use the phrase 'it depends' in the conclusion for both of these questions – it shows that you have considered balance!*

**\*\*ALWAYS IN CONTEXT \*\*    \*\*REMEMBER 'Because, Leading to, Therefore (BLT)\*\***

## SECTION C

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

Read the following passage carefully and then answer questions 8 to 11.

### Marks & Spencer is looking towards a greener future.

Marks & Spencer (M&S) recently announced a long-term plan to develop its environmental policies with the intention of becoming a 'greener' retailer. It is aiming to:

- make its operations carbon neutral
- reduce to zero the amount of waste it sends to landfill
- become a more ethical trader
- promote healthy living.

### Risk to M&S

It is clear that there is a significant level of risk for M&S. It is estimated that the plan will cost M&S £200million over five years. The retail market is highly competitive and businesses cannot be seen to be charging higher prices than their rivals. Stuart Rose, the chief executive of M&S, believes that a responsible business can be a profitable business. He is confident that a greener and more planet-friendly image will generate additional sales.

### Reaction of the customer

M&S claims that 97% of its 15 million customers want M&S to be more ethically responsible.

The strategy may well pay off but it all depends on the price. If M&S can achieve its aims without having to pass on the cost to customers in the form of higher prices, then M&S may well be onto a winner.



**\*11** Stuart Rose believes that a responsible business can be a profitable business.

Using your knowledge of business, to what extent can a business like M&S be ethically responsible **and** profitable. Justify your answer.

Lined area for writing the answer.

(10 MARKS)

### 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.



In 2008 *Pepsi*, launched its first major product since 1993. *Pepsi Raw* is a cola drink that is made from entirely natural ingredients, and contains no artificial flavouring or sweeteners.

The drink was launched in 2009 after a year of market research which saw a product trial take place in seven UK cities.

*Pepsi* hopes the new drink will allow it to catch up with its main rival *Coca-Cola* which is the market leader in the UK soft drinks market.

Critics of the new drink argue that *Pepsi* is using the words 'raw' and 'natural' to make consumers believe that the new cola is a healthy product. Although each bottle contains 25% fewer calories than regular *Pepsi-Cola*, it still contains more calories and high levels of sugar compared to other healthier drinks.



Some people think that using the words 'raw' and 'natural' is unethical.

**\*10** Using your knowledge of business, is *Pepsi* right to use the words 'raw' and 'natural' in relation to its new product?

Justify your answer.

(10 MARK)



SECTION C

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

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



Affinity is a small publishing company which produces guide books for walks.

The company started out in Devon and published several guide books for the local market. The idea was to produce books containing short walks suitable for families. The first book was a success, selling more than 500 copies in less than two weeks.

The company decided to expand. Affinity employed new staff based in different parts of the country to produce guide books covering walks in other areas of the UK.

However, with expansion came problems; as more people were employed, communication became difficult and mistakes were made. This reduced the quality of some of the guide books, complaints increased and sales fell.

There was also the problem of how to remunerate and motivate staff. Some of the new employees were paid a salary and others were paid by the hour and these employees seemed only interested in the amount of money they could earn. Affinity's owners wanted to find other ways of improving their motivation.

A salary and payment by the hour are two methods Affinity used to pay its staff.

\*10 Using your knowledge of business, assess the importance of good communication to a company such as Affinity.

(10 MARKS)



**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.**

In October 2009, the UK government increased the National Minimum Wage by 7p to £5.80 per hour. In 2008 the minimum wage had been raised by 21p per hour. Although workers welcomed the rise, there was concern that the 7p per hour increase was too small to support the lowest paid workers in the UK.

Many businesses, however, were upset by the new increase. They wanted the minimum wage to be kept at £5.73 per hour. Any increase in the minimum wage adds to their costs. In 2009–2010 many businesses were facing low demand and falling profits. Many businesses believe that any increase in the minimum wage will increase unemployment in low-skilled industries such as cleaning and hospitality.

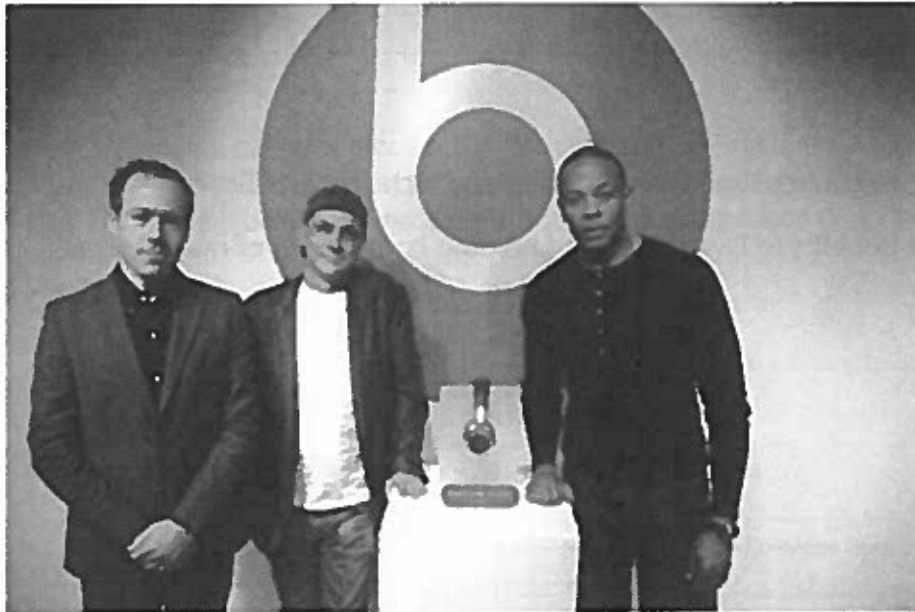


### SECTION C

Answer ALL questions.

You should spend 20 minutes on this section.

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



*Beats by Dr Dre* is a leading headphone brand owned by *Beats Electronics*. The company was set up in 2006 by hip-hop artist Andre 'Dr Dre' Young. The company has expanded rapidly by issuing new share capital. This has allowed mobile phone manufacturer *HTC* to build up a 51% stake in *Beats Electronics*. Raising share capital has allowed *Beats Electronics* to build a global headphone brand quickly through the use of promotional activities such as paying Justin Bieber to become a company ambassador. This has allowed it to compete successfully against existing headphone brands such as *Panasonic* and *Sony*.

*Beats by Dr Dre* headphones are marketed to young people who want better quality headphones than the ones that are packaged together with MP3 players such as the iPod. *Beats Electronics* uses the slogan 'people aren't hearing all the music' to highlight that its headphones allow listeners to hear music in exactly the same way that artists do when they record a track in a studio. By producing a quality product, *Beats Electronics* can sell its headphones for as much as £350.

(Source: <http://www.marketingweek.co.uk/news/beats-by-dr-dre-eyes-uk-for-growth/4004694>.article accessed on 28/12/12)







## 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.



*Primark* is the largest retailer of clothes in the UK, with a market share of almost 18%. This means that for every £5 spent on clothes in the UK, almost £1 of that total is spent in *Primark*.

*Primark's* success has resulted from its 'low cost' strategy. This is where cheap clothes are made, usually in low cost locations such as China and India, and then imported to the UK. Despite European Union (EU) import protection controls, *Primark* can still sell the clothes at very low prices. With consumer confidence low there has been an increased demand for clothes which offer 'good value for money'. This has allowed *Primark* to increase its profits.

However, despite *Primark's* success, the business has been criticised for its very low prices. Critics of *Primark's* ethics have repeatedly stated that if a T-shirt is priced at £2, questions have to be asked about why it can be produced so cheaply. *Primark* says it has a strict ethical policy. In the last year it has doubled inspections at its overseas factories. Despite these worries, by the end of 2010 *Primark's* profits had risen by 26% to £825 million.

(Source: accessed January 2011 adapted from [www.telegraph.co.uk](http://www.telegraph.co.uk))

7 What is meant by the term **ethics** in business?

---



---



---



---



---

(Total for Question 7 = 2 marks)





**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.



## 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.



© Rex Features

*Mulberry plc* produces high-quality designer leather goods such as bags and belts. In the 1990s the company was facing collapse, but since then it has become one of British fashion's biggest success stories.

*Mulberry's* successful turnaround was due to the appointment of Nicolas Knightly as design director. His bag designs became instant hits with high-profile celebrities such as Kirsten Dunst. Nicholas' most recent bag design is known as the 'Alexa'— so called because the company gave one in every size and colour to MTV presenter and model Alexa Chung (pictured above). Giving celebrities free bags has always been an essential part of *Mulberry's* marketing. It provides *Mulberry* with free publicity in fashion magazines and helps make the brand and its bags appear cool.

The success of *Mulberry's* bag designs has led to large increases in demand. To cope with this the company has used internal sources of finance to fund improvements to its factory and has opened up new stores in places such as China and Singapore. *Mulberry* has decided to expand cautiously since its experience in the 1990s showed how easy it was for its designs to go out of fashion and lose customer appeal. At the time this led to large losses for the business.

(Source: adapted from <http://fashion.telegraph.co.uk/columns/belinda-white/TMG8191538/How-have-Mulberry-achieved-their-epic-turnaround-of-fortunes.html>)



\*10 Using your knowledge of business, assess the importance of 'giving celebrities free bags' in allowing *Mulberry* to build a successful marketing mix.

10 MARKS

