GradeMax

Write your name here

Surname	Other names

Pearson Edexcel
International Advanced Level

Centre Number | | | | | |

Candidate Number | | | | |

Business Studies

International Advanced Subsidiary
Unit 2: Business Structures and Processes

Friday 26 May 2017 – Afternoon
Time: 1 hour 30 minutes

Paper Reference
WBS02/01

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 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 ▶

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SECTION A

Answer ALL the 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.

1 Steve Watkinson owns a plumbing business which made a good profit in 2014. In 2015 revenue started to fall and the bank stopped his overdraft.

(a) The most likely reason for the bank stopping his overdraft was due to Steve's

(1)

A increasing negative bank balance

B actual costs being under budget

C suppliers increasing their credit terms

D profit for 2015 being underestimated

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 1 = 4 marks)

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2 *David Lloyd Leisure* estimates that an 8% increase in consumer income would result in an increase in demand for its gym memberships of 10%.

(a) The income elasticity of demand (YED) for gym membership at *David Lloyd Leisure* is

(1)

A +0.8

B –0.8

C +1.25

D –1.25

Answer ☐

(b) Explain why this answer is correct. (Show your working.)

(3)

(Total for Question 2 = 4 marks)

3 The *Denver Broncos*, an American football team, gave each member of the team $102 000 for winning the Super Bowl in 2016.

(a) This payment can be **best** described as

(1)

A piecework

B a bonus

C profit sharing

D job enrichment

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 3 = 4 marks)

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4 A new nuclear power station, costing £25bn and capable of generating 10% of the UK's energy needs, is being proposed for Hinkley Point. When completed it is expected to employ 120 people.

(a) How could the generation of energy at Hinkley Point **best** be described?

(1)

A Labour intensive

B Capital intensive

C Kaizen

D JIT

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 4 = 4 marks)

5 Stoke-on-Trent City Council paid an external recruitment agency £26 766 to find four new assistant directors rather than recruit internally.

(a) The **most likely** reason to use external recruitment is because

(1)

A there is a wider choice of applicants

B it is less expensive than internal recruitment

C it is a shorter recruitment process

D more is known about the applicants

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 5 = 4 marks)

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6 *Unilever* announced an end of year revenue of $5.34bn. However, it is going to use zero-based budgeting to try to reduce costs.

(a) Zero-based budgeting is **most likely** to be

(1)

A a faster method of budgeting

B based on previous data

C planned by the finance department

D more efficient in allocating funds

Answer ☐

(b) Explain why this answer is correct.

(3)

(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A = 24 MARKS

SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence A: *QVC*

QVC was founded in 1986 by entrepreneur Joseph Segel, who saw an opportunity to create a new shopping experience through television broadcasts. He named the company *QVC* to represent its three guiding principles: Quality, Value and Convenience.

Today, *QVC* is the world's leading TV and e-commerce retailer, offering a collection of desirable brands. *QVC* is broadcast on TV channels and is available to 300 million homes worldwide in the US, UK, Germany, Japan, Italy and China. In 2014, *QVC* shipped approximately 173 million products to customers in these markets.

QVC operates with a decentralised organisational structure in each country using the same branding and format. All products can be purchased by ringing a local call centre, using the *QVC* website or by mobile sales platforms such as the *QVC* app.

(Source: adapted from http://www.qvc.com)

Evidence B: *QVC* in the UK

QVC broadcasts live 364 days a year, 16 hours a day, and is accessible to 27 million homes in the UK. In 2014 its UK turnover was £450m. *QVC* specialises in five product areas: beauty, fashion, home furnishings, jewellery and home electronics.

Beauty is by far *QVC*'s biggest selling sector and the company has a massive 247 beauty brands in its portfolio. Products are sometimes sold out in minutes. Popular beauty brand *Elemis* has been selling on the channel for two decades. *QVC* once sold 105,000 units of an *Elemis* product in just 28 hours.

To ensure that it can compete with the convenience of a department store or high street retailer, *QVC* has to work hard to ensure it has exclusive products. That exclusivity runs to launching new brands such as US-based eco-friendly *Tarte* cosmetics which sold out in minutes. *QVC* had a huge number of disappointed customers who were placed on a waiting list for new inventory.

Customers can pay using debit or credit cards. *QVC* also offers 'Easy Pay' where customers can spread the cost of an order over two, three or four monthly interest-free instalments. However, this is only available on selected products.

(Source: adapted from QVC: How the American home-shopping channel became one of the biggest players in British beauty, Rebecca Gonsalves © Independent Digital News and Media Ltd)

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Evidence C: *QVC* voted third most trusted brand in Britain

We beat the likes of *Amazon*, *Virgin Atlantic* and *Marks & Spencer* to be named the third most trusted brand in a customer insights survey, proving we are a force to be reckoned with and a brand our customers can trust.

As we want all our customers to be totally satisfied with every purchase they make from us, it's vital that the products we sell on *QVC* are of the highest quality. To ensure this, we have a specialist Quality Assurance team whose only job is to check the quality of our products. They test and inspect each of our products, every day.

100% satisfaction or your money back – it's as simple as it sounds. If you try it on for size or apply it to your skin and decide the item isn't for you, just return it within 30 days for a full refund on the cost of the item. It's not just for new customers or only on selected items – it's on every product, for everyone.

(Source: adapted from http://www.qvcuk.com)

Evidence D: Experience *QVC*'s app on your new Apple Watch

Designed to integrate seamlessly with our existing *QVC* iPhone app, it gives you up-to-the-minute product information with a simple glance at your wrist. Just download the *QVC* app on your iPhone and you'll be able to sync the experience you already know and love to the new Apple Watch.

With our latest *QVC* app, whether on your mobile phone or tablet, you'll be able to shop for the current on-air item and for the first time you can watch all four *QVC* channels live. You can then narrow down the search, and if you're not sure what you're looking for, you can now browse our full product range of over 15,000 items.



(Source: adapted from http://www.qvcuk.com)

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7 Explain **two** possible advantages to *QVC* of having a decentralised organisational structure.

(Total for Question 7 = 6 marks)

8 (a) Explain the importance to *QVC* of having an effective inventory control system.

(6)

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(b) Explain **two** possible benefits to *QVC* of being a trusted brand.

(6)

(Total for Question 8 = 12 marks)

9 (a) Explain **one** factor that is likely to affect the amount of working capital held by *QVC*. (Evidence B)

(4)

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(b) Evidence C states some of the quality management techniques used by *QVC*.

Assess the likely importance of this in maintaining sales.

(8)

(Total for Question 9 = 12 marks)

10 Assess the usefulness of the Boston Matrix to *QVC*.

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(Total for Question 10 = 12 marks)

11 Evidence D shows that *QVC* is making increasing use of apps.

Evaluate the impact of current social trends on *QVC*'s marketing mix.

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(Total for Question 11 = 14 marks)

TOTAL FOR SECTION B = 56 MARKS
TOTAL FOR PAPER = 80 MARKS

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