GradeMax

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 23 October 2018

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.*
- 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.

You should spend 60 minutes on this section.

Evidence A

***Pizza Express* announces strong revenue growth but weak like-for-like sales**

March 8th 2016

UK-based restaurant company *Pizza Express* has announced a 15.9% growth in revenue in its half year results, despite a weak outlook for like-for-like sales across the UK and Ireland. First opened in London in 1965 by Peter Boizot, *Pizza Express* now has 500 restaurants internationally.

In the last 12 months, *Pizza Express* has opened 13 new restaurants in the UK and 12 in other countries. Plans are being made for further growth, by opening restaurants in China and the United Arab Emirates.

In September 2015, *Pizza Express* launched its 'Pizza Express Delivered' service at two London locations. It has plans to extend the service to all parts of the UK. The company's new chicken restaurant in Cambridge, called Reys, has seen 'encouraging' initial performance and 'very positive' customer feedback. *Pizza Express* has also bought the London-based pizza delivery company *Firezza*.

Richard Hodgson, Chief Executive of *Pizza Express*, commented: "Despite more difficult trading conditions, *Pizza Express* has performed well since September 2015. The development of our new delivery service and the initial success of Reys have been particularly exciting. Customer-led innovation is a central part of our business."

He added that menu innovation, such as the Brussel sprout pizza at Christmas and other new menu items, had been well-received by customers. The company's retail business, which sells *Pizza Express* branded pizzas and dough balls to supermarkets, has also grown.

(Source: adapted from © 2018 Travel Weekly Group)

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Evidence B

Personalise your pizza

Want to swap red onions for black olives?

No problem — our skilled employees make every pizza to order and are happy to tailor your meal to your requirements.

Cannot see your favourite recipe on the set menu?

No worries — if we have the ingredients in the restaurant, we will happily make it for you.

(Source: adapted from © PizzaExpress 2018)

Evidence C

Different countries. Same standards.

We do not just serve up beautiful handmade pizza in high streets across the UK. We do it abroad too. We have dozens of restaurants around the world. All of them serve the same, tasty pizzas. All of them do it in the same, unique style.

(Source: adapted from © PizzaExpress 2018)

Evidence D

A world made happier by pizza

All those *Pizza Express* favourites you know and love? Well, they are now on sale wherever you are – into the buzzing heart of Mumbai, the cultural district of Beijing, the glitz and glamour of Dubai and beyond. No matter which of our 100 international restaurants you visit, you will enjoy the same great food, good music and distinctive design that is part of our brand image that we will never change.

(Source: adapted from © PizzaExpress 2018)

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1 (a) What is meant by the term brand image? (Evidence D, line 6)

(2)

(b) What is meant by the term innovation? (Evidence A, line 18)

(2)

(Total for Question 1 = 4 marks)

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2 The production process in *Pizza Express* restaurants – the preparation, assembly and cooking of pizzas to time and to order – requires careful planning to satisfy the customer.

Explain why *Pizza Express* might use critical path analysis to manage the production process in its restaurants.

(Total for Question 2 = 6 marks)

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3 Analyse how customers, as stakeholders, can influence *Pizza Express*.

(Total for Question 3 = 8 marks)

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4 Pizza is a very popular food in many countries. Pizzas are often sold at low prices, in what is a highly competitive market.

Assess the usefulness of Porter's strategic matrix in developing a corporate strategy for a business such as *Pizza Express*.

(10)

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(Total for Question 4 = 10 marks)

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5 Evidence C and D can be described as mission statements for *Pizza Express*.

Assess the effects that international growth could have on the ability of *Pizza Express* to fulfil its mission statements.

(12)

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(Total for Question 5 = 12 marks)

TOTAL FOR SECTION A = 40 MARKS

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SECTION B

Answer ALL questions in this section.

You should spend 60 minutes on this section.

Evidence E

***Pizza Express* Statement of Comprehensive Income**

	2016			2015		
	UK and Ireland	**International**	**Total**	**UK and Ireland**	**International**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Revenue	334 107	42 502	376 609	267 705	2 699	270 404
Cost of sales	(234 098)	(33 313)	(267 411)	(186 377)	(615)	(186 992)
Gross profit	100 009	9 189	109 198	81 328	2 084	83 412
Operating expenses	(25 022)	(7 484)	(32 506)	(19 000)	(1 190)	(20 190)
Operating profit	74 987	1 705	76 692	62 328	894	63 222

(Source: adapted from © PizzaExpress 2018)

Evidence F

***Pizza Express* Strategic Report for the period 4 July 2014 to 28 June 2015**

Principal risks and uncertainties

The Board of Directors has the main responsibility for identifying the principal risks that the business faces and for developing appropriate policies to manage those risks.

Given the nature of *Pizza Express*' business, the principal risks relate to:

- competition and current economic climate
- employee retention
- supplying quality products to customers on time
- foreign exchange risk.

The above risks are lessened by the following key measures:

- a continued focus on delivering a great experience to our customers, at excellent value for money
- competitive reward structures and comprehensive training and development programmes for employees
- close monitoring of performance against agreed targets, with contingency plans in place where necessary
- using cash generated in foreign currencies for payments in the same currency.

Future developments

Pizza Express will continue with its strategy to grow in the UK and Ireland through a combination of opening new restaurants and increasing like-for-like sales. It will also continue to focus on international expansion through opening new restaurants both with franchise partners and through wholly-owned subsidiaries.

(Source: adapted from © PizzaExpress 2018)

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6 Assess the competitiveness of *Pizza Express* based on the Statement of Comprehensive Income. (Evidence E)

(20)

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(Total for Question 6 = 20 marks)

7 Evidence F outlines a number of risks identified by *Pizza Express*.

Evaluate the usefulness of contingency planning for a business such as *Pizza Express*.

(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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