GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Time 2 hours

Paper reference **WBS13/01**

Business

International Advanced Level
UNIT 3: Business decisions and strategy

You must have:
Source Booklet (enclosed)

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 Sections A, B and C.
- 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.*
- 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.

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SECTION A

Read Extracts A–E in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Using Extract D, calculate the gearing ratio for *Pets at Home* in March 2021. You are advised to show your working.

(4)

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(b) Using the data in Extract E, calculate the three year moving average for the percentage of UK households who owned a pet in 2020. You are advised to show your working.

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(c) Discuss the possible limitations of quantitative sales forecasting for future sales at *Pets at Home*.

(8)

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(d) Using Extracts A and B, assess how *Pets at Home* could use portfolio analysis when deciding which products and services to sell.

(12)

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(e) Assess the importance of succession planning for *Pets at Home*.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extracts F and G in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 *Zappos.com* could be considered to have a task culture.

Evaluate the benefits of a task culture for a business such as *Zappos.com*.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

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SECTION C

Read Extract H in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the benefits of being ethical for a business such as *Volvo Cars*.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Business

International Advanced Level
UNIT 3: Business decisions and strategy

Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

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Sources for use with Section A

Extract A

UK pet care market is set to grow

Analysts have predicted steady growth in the UK pet care market. The pet care market includes pet food, pet accessories, pet grooming and veterinary services. The forecast value of this market in 2020–2021 is £7bn. This is due to a large increase in the UK's pet population since the start of the global health crisis.

Pet accessories such as dog beds have a positive outlook. Sales of pet accessories are expected to grow and exceed £0.9bn by 2021–2022.

Key

- Pet food
- Pet accessories
- Pet grooming
- Veterinary services

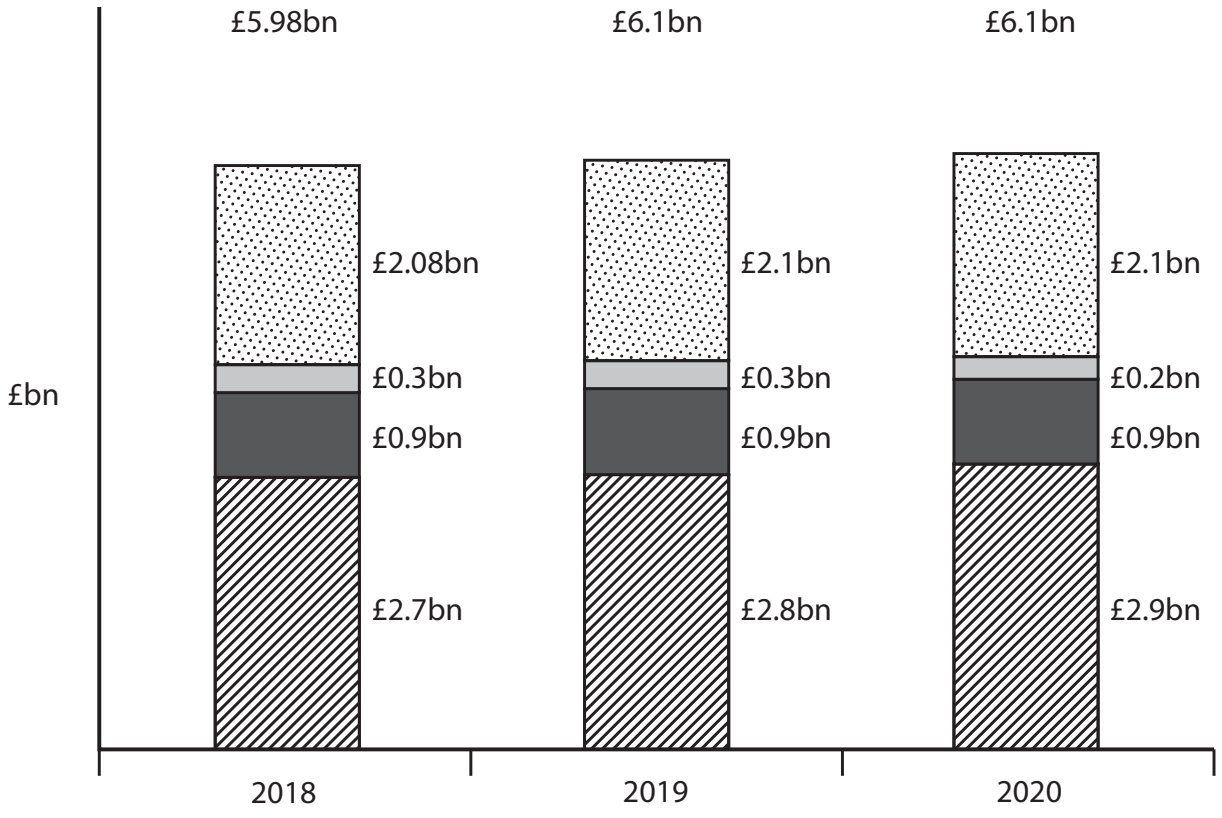


Figure 1: UK pet care market 2018–2020

Extract B

***Pets at Home*: a pet care destination**

Pets at Home is a major retailer of pet care products in the UK. It sells a wide range of pet products online and in its 452 stores.

Pet owners benefit from a range of pet care services. These include pet grooming, veterinary services as well as access to expert pet knowledge and advice from its experienced employees. This allows *Pets at Home* to deliver complete pet care in a way competitors cannot easily copy.

Selected *Pets at Home* statistics

Product/Service	*Pets at Home* UK market share 2020	*Pets at Home* revenue growth 2020–2021
Pet accessories	45%	15%
Pet food	19%	6.6%
Veterinary services	18%	1.6%
Pet grooming	1%	–29.2%

Extract C

Succession Planning at *Pets at Home*

During 2021 the *Pets at Home* Board of Directors spent time considering a wide range of matters to ensure it maintains its market position. These included strategic decision making, financial reporting and succession planning.

Succession planning is a main priority for *Pets at Home*. Considerable progress has been made in reducing the risks associated with unforeseen events such as key employees leaving the business.

Extract D

Selected information from *Pets at Home* Statement of Financial Position

	25 March 2021 (£ m)	26 March 2020 (£ m)
Revenue	1 142.8	1 058.8
Current assets	238.8	199.3
Current liabilities	296.6	286.9
Non-current liabilities	433.7	551.0
Total equity	993.7	931.0

Extract E

The percentage of UK households owning a pet from 2012–2021

Year	Households owning a pet (%)
2012	47
2013	48
2014	47
2015	46
2016	40
2017	44
2018	45
2019	40
2020	41
2021	60

Sources for use with Section B

Extract F

Zappos.com

Twenty years ago, we began as a small online retailer selling only shoes. Today, we still sell shoes – as well as clothing, handbags and accessories. We provide the very best customer service, customer experience and have a unique company culture.

We are not an average company, our service is not average and we do not want our employees to be average.

Extract G

How we work: Holacracy at *Zappos.com*

Our business is often changing, and usually really quickly. Over the last few years, we have seen huge growth. As a result, we have had a rise in bureaucracy within our organisation.

We therefore introduced a unique system called Holacracy for all employees. This is a system that allows for innovation to come from any employee or team rather than just senior management. In most businesses, new ideas have to be approved by a manager or a chain of managers. We are different. As a business we encourage employees to identify areas of improvement, then form a team within the business that proposes solutions for a specific task.

Our Holacracy system is designed to prevent new ideas from being stopped and gives everyone an equal opportunity to speak in weekly meetings. Most importantly, we encourage employees to be themselves and have fun in their job roles. We like having a good time at work, not just outside of it.

Source for use with Section C

Extract H

How *Volvo Cars* is leading the search for ethical Electric Vehicle (EV) batteries

Demand for electric vehicles is set to grow rapidly in the coming years. Cobalt is a key component of rechargeable batteries used in electric vehicles and smartphones. Around 60% of the global supply currently originates from mines in the Democratic Republic of the Congo (DRC).

There are estimated to be 255,000 miners in the DRC working in poor conditions for less than £1.50 a day. According to reports, more than 35,000 of those workers are under the age of 14, earning around 60 pence per day. There are also concerns about illegal mining, human rights abuses and corruption within the country.

For car businesses, ensuring cobalt and any raw materials obtained from suppliers are ethically sourced is problematic. This is why *Volvo Cars* uses technology to trace the cobalt used in the batteries of its electric vehicles.

"We already work with a not-for-profit organisation in the DRC to help protect workers in the mines," said Martina Buchhauser, from *Volvo Cars*. "We work with our suppliers to make sure that the raw materials in our batteries, including minerals such as cobalt, come from ethical supply chains. Therefore, we are able to extend our promise of safety to drivers, miners, and the environment."

Average ethical spending per UK household 1999–2018

	1999	**2018**
Ethical transport	£10	£214
Renewable energy	£0	£41
Energy efficiency	£9	£142
Sustainable home products	£48	£195
Ethical food and drink	£43	£440
Local shopping	£65	£128
Ethical clothes	£20	£87
Cosmetics	£7	£31
Total spending	**£202**	**£1 278**

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Acknowledgements

Extract A adapted from: https://www.theguardian.com/business/2021/may/27/pets-at-home-tops-1bn-sales-record-as-lockdowns-spur-pet-baby-boom

Extract B adapted from: https://investors.petsathome.com/our-company/our-market/

Extract C adapted from: https://investors.petsathome.com/media/fv5l0uga/6296-pet-ar21-web-21-09-20.pdf

Extract D adapted from: https://investors.petsathome.com/investors/

Extract E adapted from: https://www.statista.com/statistics/308235/estimated-pet-ownership-in-the-united-kingdom-uk/

Extract F adapted from: https://www.zappos.com/about/

Extract G adapted from: https://jobs.jobvite.com/zappos/p/why#values

Extract H adapted from: https://www.autocar.co.uk/car-news/industry/analysis-how-volvo-leading-hunt-ethical-ev-batteries and https://www.co-operative.coop/ethics