

4 Analyse **one** benefit to a business of low labour turnover. [5]

Section B

Answer **one** question only.

EITHER

- 2 (a) Define the term *on-the-job training*. [2]
- (b) Explain **one** advantage to a business of induction training. [3]

1 Clever Bean (CB)

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains. 5

The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options. 10

CB's customers are mainly young professionals, students and tourists. Customers enjoy CB's inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

Table 1.1 CB's costs and revenue for 2023 and 2024 15

	2024 (\$m)	2023 (\$m)
Revenue	50	44
Direct costs	10	6
Indirect costs	20	16

Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful. 20

(a) (i) Identify **one** feature of a public limited company. [1]

(ii) Explain the term *dynamic business environment*. [3]

(b) (i) Refer to Table 1.1. Calculate the change in profit from 2023 to 2024. [3]

(ii) Explain **one** use to CB of cost information. [3]

(c) Analyse **two** benefits to CB of training its employees. [8]

(d) Evaluate whether CB should make greater use of market segmentation to be more successful. [12]

2 Popular Drinks (PD)

PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is \$5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market. 5

Online feedback of the campaign was poor. Many of PD's customers did not want to be associated with trending music. National news highlighted the negative feedback and PD's sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD's warehouses. The bad publicity also caused a drop in PD's share price and a negative impact on cash flow. 10

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.

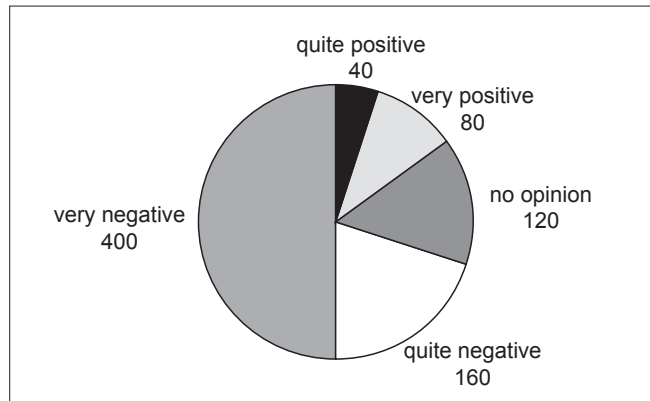


Fig. 2.1 Market analysis data of a sample of PD's customers

Pablo has called an emergency meeting of PD's marketing managers to repair the damage done to the PD brand from this recent promotional campaign. 15

- (a) (i) Identify **one** recruitment method. [1]
- (ii) Explain the term *cash flow*. [3]
- (b) (i) Refer to Fig. 2.1. Calculate the percentage of PD's customers with positive feedback. [3]
- (ii) Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable. [3]
- (c) Analyse **two** possible costs to PD of holding inventory. [8]
- (d) Evaluate the importance of branding to the future success of PD. [12]

- 2 (a) Define the term *involuntary redundancy*. [2]
- (b) Explain **one** way a business could use employee development to encourage multi-skilling. [3]

2 Premium Homes (PH)

PH owns student rental accommodation in all the major cities in country Y. PH used demographic segmentation in its market research. This research identified that university students would pay a premium for high specification rental accommodation.

PH has specialist teams focused on sales, maintenance, customer service and finance. There is little opportunity for internal promotion. PH pays low salaries, however, it offers profit sharing to motivate its 150 employees. This has been effective as PH has had low labour turnover.

In the last two years, profit levels have fallen by 75%. In 2024, 45 employees left PH. Complaints about maintenance and customer service have increased due to the lack of experienced employees in PH.

The Finance Director is reviewing PH's existing sources of finance, shown in Fig 2.1.

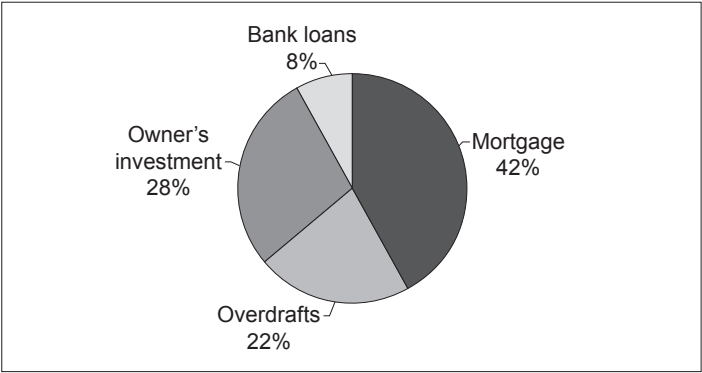


Fig 2.1 PH's sources of finance

Frank, the Operations Director, wants to improve the sustainability of PH's operations. He plans to:

- stop renting out accommodation in some lower-income cities, and sell these buildings
- upgrade accommodation in high-income cities
- reduce the size of the workforce.

- (a) (i) Identify **one** way in which business size can be measured. [1]
- (ii) Explain the term *demographic segmentation*. [3]
- (b) (i) Refer to lines 6–8. Calculate PH's labour turnover in 2024. [3]
- (ii) Explain **one** way in which PH could use Maslow's Hierarchy of Needs. [3]
- (c) Analyse **one** advantage and **one** disadvantage to PH of using an overdraft as a source of finance. [8]
- (d) Evaluate whether Frank's plan will improve the sustainability of PH's operations. [12]

1 Town Trucks (TT)

TT is a private limited company in country J. TT has contracts to deliver products to secondary, tertiary and quaternary sector businesses.

QZ is one of the largest manufacturers in country J and plans to outsource its supply chain management. A contract has been agreed between TT and QZ based on the following cost and revenue data (see Table 1.1). TT's Sales Manager has forecast that TT will make 5 000 deliveries with the new contract.

Table 1.1 Cost and revenue forecast for the QZ contract

	\$
Direct costs (average per delivery)	5
Total indirect costs	9 000
Total revenue	40 000

TT employs 120 drivers. The majority of these drivers are white men aged between 40 and 60. A national newspaper has recently criticised the truck industry in country J for not having diversity and equality in the workplace.

Klide, the Marketing Manager, has been set an objective to increase TT's revenue. He has decided to target small online retailers. TT will pick up individual products from the small online retailers and deliver them to households. This would require a new fleet of smaller trucks but has the potential to increase TT's revenue. Klide plans to use digital promotion to target these small online retailers.

- (a) (i) Identify **one** business activity within the quaternary sector. [1]
- (ii) Explain the term *supply chain management*. [3]
- (b) (i) Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract. [3]
- (ii) Explain **one** reason why TT needs accurate cost information. [3]
- (c) Analyse **two** advantages to TT of improving diversity and equality in the workplace. [8]
- (d) Evaluate the usefulness of digital promotion to TT when targeting small online retailers. [12]