



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2009

Business Studies
Assessment Unit AS 1
assessing
The Competitive Business
[AT111]



WEDNESDAY 10 JUNE, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.
Quality of written communication will be assessed in question 1 parts (c), (d) and (e)
and question 2 parts (c), (d) and (e).
Figures in brackets printed down the right-hand side of pages indicate the marks
awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the
available examination time.

1 Study the information below and answer the questions that follow.

Favourite sweet in mint condition



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Fig. 1: Over sixty years of Polo

Polos are small round mints made by Nestlé. Launched in 1948, the brand quickly became a market leader and is still the UK's No1 mint, having just celebrated its 60th birthday. Its famous advertising slogan, "The mint with the hole", continues to be used today. The sweets are made using flow production techniques in Nestlé's factory in York, from the original recipe at a rate of approximately 20 million mints per day.

A company spokesperson, talking about how the mints were made, stated that during production, each sweet is subject to immense pressure, roughly equivalent to two elephants jumping on it. Machines are capable of producing up to 32,400 sweets every minute if running continuously at full speed. An area equivalent to 160 football pitches is used to grow the mint plants needed in order to meet annual production requirements. Steady sales have enabled such efficient production techniques to be developed. Nestlé takes great care to ensure that the highest quality standards are maintained in its factory, using a variety of quality control methods.

Since its introduction, variations of the original Polo mint have been produced. Some of these have been successes, whereas others have not. However, none have been as successful as the original Polo mint. Variations have included Spearmint, Fruit flavoured, Sugar free, Mini-Strong Polos and Polo Holes.

*Adapted from 'Polos – The Mint with the Hole' found at <http://www.bbc.co.uk/dna/h2g2/A3073655>.
'Polo celebrates its 60th birthday' found at <http://www.thepress.co.uk/news/2199020> and
'Favourite sweet in mint condition' found at <http://newsvote.bbc.co.uk/mpapps/pagetools/print>.*

- (a) Explain **two** ways by which Nestlé could measure the quality of its products. [4]
- (b) Explain **two** advantages to Nestlé of using flow production techniques to produce Polo mints. [4]
- (c) Analyse the factors that might affect productivity within a business such as Nestlé. [8]
- (d) Discuss best practice benchmarking as an approach to quality within a business such as Nestlé. [12]
- (e) Evaluate **two** possible extension strategies that Nestlé might use to extend the product life cycle of Polo mints. [12]

2 Study the information below and answer the questions that follow.

Jessops plc



Jessops was founded in 1935 when Frank Jessop opened a photography store in Leicester. The business grew steadily and by 2001 Jessops had opened its 200th store. It was successfully floated on the London Stock Exchange in 2004 as Jessops plc and was voted Photo Retailer of the year for the tenth year running in 2005.

Jessops is currently the largest photographic retailer in the UK with a comprehensive range of over 16,000 photographic, video and digital products. It also operates via an on-line store, through mail order, telesales, business to business and wholesale operations. The company prides itself on its exceptionally high standard of customer service. Recent research shows that 94% of customers rate the service they receive as excellent or good. Jessops uses market research continually to ensure that it is meeting customer requirements.

As the popularity of digital imaging continues to grow, Jessops operates within five market segments. These are cameras, photographic accessories, developing and printing, camcorders and other photographic hardware. Although Jessops faces competition within each of these areas, directors believe that there is no single nationwide retailer who competes against the business across the whole range of products and services that Jessops offers.

Jessops differentiates itself from its competitors through the combination of its national store portfolio, broad product range, customer service ethos and the in-depth product knowledge of its staff. Although it began by selling its products and services to photo enthusiasts, it now appeals to the wider mass market as a result of its focus on providing value for money.

*Adapted from <http://www.jessops.com/corporate/company.asp>
Information correct at time of press.*

- (a) Explain **two** advantages to Jessops of operating an on-line store. [4]
- (b) Explain **two** reasons why Jessops should carry out market research. [4]
- (c) Use demand and supply curves to analyse how the equilibrium price and quantity of a digital camera might be affected when a competitor introduces a new model. [8]
- (d) Evaluate the usefulness to a business such as Jessops of using random and quota sampling techniques when conducting market research. [12]
- (e) Discuss the advantages and disadvantages that Jessops may have experienced by becoming a public limited company in 2004. [12]

THIS IS THE END OF THE QUESTION PAPER

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