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Edexcel GCE

Centre Number

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Business Studies

Advanced

Unit 4A: Making Business Decisions

Wednesday 22 June 2016 – Afternoon

Time: 1 hour 30 minutes

Paper Reference

6BS04/01

You must have:

Insert containing all source material (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** the questions in Section A and Section B.
- Answer the questions in the spaces provided
– *there may be more space than you need.*
- You may use a calculator.

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.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- Candidates are expected to be familiar with Evidence A to H for this paper before the examination.

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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PEARSON

SECTION A

Evidence A to H was pre-issued before the date of the examination.

Using ALL the evidence and your own knowledge, answer all six questions (total 30 marks).

Time allowed (35 minutes).

Additional Evidence I



Once perceived a solitary sport, running today is a more social activity, as runners train with friends for races such as five-kilometre charity runs.

New Balance hopes to capture this newer ethos of running with a campaign it calls 'Runnovation'.

"We've definitely made a shift to showing more people running in our advertising," Hilary Keates, Director of Global Marketing, said "It's less about being alone on a road and more about the community you join when in the running world." The campaign also fits with New Balance's Corporate Social Responsibility agenda.

5

Revenue from the sale of all brands of running shoes rose by about 7% in the first six months of 2013 compared to the same period in 2012. New Balance gained about 3% over this period, a boost to the business's recent strategy of organic growth.

10

New Balance declined to reveal the expenditure for the 'Runnovation' campaign, so the effects on the business's overall profitability are unclear.

(Source: adapted from http://www.nytimes.com/2013/07/09/business/media/campaign-redefines-running-as-a-social-activity.html?_r=0)

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1 What is meant by the term 'Global Marketing'? (Additional Evidence I, line number 6)

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(Total for Question 1 = 2 marks)

2 What is meant by 'Corporate Social Responsibility'?
(Additional Evidence I, line number 8)

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(Total for Question 2 = 2 marks)



3 Explain **one** way the 'Runnovation' campaign could improve New Balance's profitability. (Additional Evidence I, line numbers 12 and 13)

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4 Explain **one** reason why the decision to install solar panels at its Flimby factory (Evidence E) fits with New Balance's 'mission'. (Evidence C).

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(Total for Question 4 = 4 marks)



5 (a) Using Evidence D, calculate New Balance UK's Acid Test Ratio for 2012 and 2013.

(4)

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(b) Comment on the results of your calculations in 5(a).

(4)

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(Total for Question 5 = 8 marks)



6 Assess the likely value of the Boston Consulting Group (Boston) Matrix to New Balance's corporate planning.

(10)

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(Total for Question 6 = 10 marks)

TOTAL FOR SECTION A = 30 MARKS



P 4 6 7 4 5 A 0 9 1 6

Decision-making report

Using ALL the evidence and your own knowledge, answer both parts of the question (total 50 marks).

Time allowed (55 minutes).

***7** In the summer of 2014, the New Balance factory in Flimby received a large order for its trainers from one of the UK's largest sports clothing retailers. The price offered by the retailer for this special order was lower than the price previously accepted by New Balance.

(a) Assess whether the manager of the Flimby factory should accept this special order.

(20)

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(b) Evaluate the importance of Market Development in Ansoff's Matrix to New Balance's overall Corporate Strategy.

(30)

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(Total for Question 7 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS
TOTAL FOR PAPER = 80 MARKS

