

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Advanced Subsidiary GCE

BUSINESS STUDIES

2872

Business Decisions

Monday

5 JUNE 2006

Afternoon

45 minutes

Additional materials:

4 page Answer Booklet

Candidates may use calculators in this examination.

TIME 45 minutes

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces provided on the answer booklet.
- Answer **all** questions.
- If you use extra sheets of paper, fasten the sheets to the answer booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is 45.
- You will be awarded marks for the quality of written communication where an answer requires a piece of extended writing.

This question paper consists of 4 printed pages.

Extract A

An extract of text has been removed due to third party copyright restrictions

Details: An extract of text adapted from The Guardian on 24th July 2004 about Whitbread buying budget hotels chain

Adapted from: The Guardian 24 July 2004, www.timesonline.co.uk, www.whitbread.co.uk

Extract B

An extract of text has been removed due to third party copyright restrictions

Details: An extract of text adapted from The Sunday Times entitled 'Sunday Times 100 Best Companies to Work For: No. 72 Travel Inn

Adapted from: The Sunday Times 100 Best Companies to Work For , 7th March 2004

Extract C

An extract of text has been removed due to third party copyright restrictions

Details: An extract of text adapted from www.premierlodge.com entitled 'New Research Reveals Top Holiday Trends For 2004'

Adapted from: www.premierlodge.com

- 1 Outline two economies of scale which Whitbread could achieve from the purchase of the Premier Lodge chain. [4]
- 2 Assume the net cash flow from a room is £40 per night and that over a year there is 80% occupancy of each room.
 - (a) Calculate how long it would take Whitbread's investment in Premier Lodge to pay back. [5]
 - (b) Discuss how useful investment appraisal techniques might have been to Whitbread in the decision to purchase the Premier Lodge chain. [12]
- 3 (a) Calculate the percentage potential market share that the new Premier Travel Inn group will have of the branded budget hotel market. [2]
 - (b) Evaluate how Whitbread might promote the newly created Premier Travel Inn hotel chain. [12]
- 4 Using appropriate motivational theory, analyse the methods used by Travel Inn to motivate its staff. [8]

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (OCR) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

OCR is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.