

**ADVANCED SUBSIDIARY GCE  
BUSINESS STUDIES**

**2872**

Business Decisions

**THURSDAY 22 MAY 2008**

Morning  
Time: 45 minutes

**Additional materials (enclosed):** Answer Booklet (4 page)

**Additional materials (required):**  
Calculators may be used



**INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the spaces provided on the Answer Booklet.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Answer **all** the questions.
- If you use additional sheets of paper, fasten the sheets to the Answer Booklet.

**INFORMATION FOR CANDIDATES**

- The number of marks for each question 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 document consists of **4** printed pages.

### **Sainsbury's polishes up its image**

Sainsbury's is embarking on a multi-million pound re-branding in one of the biggest shake-ups in its 136-year history. Sainsbury's is to spend £10m on the "Try something new today" re-branding campaign. This campaign aims to boost its sales by £2.5bn by March 2008. Sales in June 2006 were £16bn. The campaign includes:

- changes to carrier bags, trolleys and delivery lorries;
- increased TV advertising using Jamie Oliver offering tips to make meals more exciting;
- giving staff ingredients to try out recipes and pass ideas on to customers;
- improving the customer experience in store.

### **Sainsbury's launches first ever supermarket organic box delivery scheme**

Sainsbury's share of the organic grocery market stands at 30.8% and sales of Sainsbury's 'SO organic' range are up 18.4%. The company has launched the first ever UK 100% organic supermarket box delivery scheme. With the continuing demand in growth for organic food, Sainsbury's is hoping that this scheme will further widen consumer opportunity to buy seasonal UK organically grown produce. Sainsbury's 'SO organic' box will initially go on trial, available to approximately 500,000 customers in the East Midlands and East Anglia. The box will be available to order on-line. It will contain eight types of seasonal organic fresh produce. Each box is sold to customers at a fixed price of £12 although the variable costs to Sainsbury's may change with the contents. It can be ordered as frequently or occasionally as the customer requires and has the added convenience of being delivered with the rest of the customers' on-line shopping.

The boxes will be packed and sent from a single distribution centre. The packaging is 100% recycled and recyclable. The offer will aim to support the local food economy. However, depending on demand, and in order to maintain consistency, it will use nationwide sourcing, although the year round service will never use imported items. In the future, the scheme could be extended to include fresh meat and poultry.

### Sainsbury's Equality Policy

Sainsbury's is committed to providing a working environment in which everyone feels valued, respected and able to contribute to the success of the business. Its employment application form ensures disabled people are not discriminated against and the recruitment process is adjusted in line with individual requirements. The company also offers people with a disability short term work experience placements.

Sainsbury's approach to disability includes:

- a workshop on equal opportunity issues/awareness;
- specific training, such as teaching staff sign language;
- training materials in alternative formats, such as large print and Braille;
- provision of specialist equipment, such as voice controlled computers and adjustable check out chairs.

- 1 Outline **two** possible economies of scale Sainsbury's could gain from the 'SO organic' supermarket box delivery scheme. [4]
- 2 (a) Assume each 'SO organic' box makes a contribution of 60% of its selling price. Calculate the variable cost of each box. [3]
  - (b) Discuss the extent to which contribution could have been useful to Sainsbury's in its decision to introduce the 'SO organic' box scheme. [10]
- 3 (a) Calculate the forecasted percentage increase in Sainsbury's sales between 2006 and March 2008. [2]
  - (b) Discuss Sainsbury's choice of promotional methods in the "Try something new today" campaign. [12]
- 4 Discuss the likely workforce planning issues arising from Sainsbury's Equality Policy regarding disability. [12]

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*Copyright Acknowledgements:*

Text 1      Adapted from *Sainsbury's polishes up its image*, 19 September 2005 © BBC News, <http://news.bbc.co.uk>.  
Text 2      Adapted from *Sainsbury's launches first ever supermarket organic box scheme*, 27 July 2006, [www.j-sainsbury.co.uk](http://www.j-sainsbury.co.uk).  
Text 3      Adapted from Employers' Forum on Disability, [www.efd.org.uk](http://www.efd.org.uk).

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