

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

Business Studies

Advanced Subsidiary

Unit 2A: Managing the Business

Thursday 20 January 2011 – Afternoon

Time: 1 hour 15 minutes

Paper Reference

6BS02/01

You do not need any other materials.

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** 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 70.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response to Question 13 in Section B. This question is indicated with an asterisk* – *you should take particular care on this question with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A

Answer ALL the questions in this section.

Write the letter of your chosen answer in the box and then explain your choice in the space provided.

You should spend 30 minutes on this section. Use the data to support your answers where relevant. You may annotate and include diagrams in your answers.

1 (a) If the price elasticity of demand for seasonal vegetables is estimated to be -2.0 , a fall in the price of these goods of 15% will lead to a (1)

- A** 30% increase in quantity demanded
- B** 30% decrease in quantity demanded
- C** 7.5% increase in quantity demanded
- D** 7.5% decrease in quantity demanded

Answer

(b) Explain your answer (show your workings). (3)

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(Total for Question 1 = 4 marks)



2 (a) Master Control is a consulting business specialising in Total Quality Management. Its quality assurance methods seek to organise every process to 'get it right first time'.

This approach should result in

(1)

- A increased final inspection
- B zero defects
- C increased wastage rates
- D reduced staff motivation

Answer

(b) Explain your answer.

(3)

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(Total for Question 2 = 4 marks)



3 (a) In January 2009, Kodak, the photographic film manufacturer, announced plans to cut 4500 jobs. Its Kodachrome colour film (used in non-digital cameras) was to be withdrawn by the end of 2009.

The **most likely** reason for this was

(1)

- A ending of the product's life cycle
- B a perceived lack of quality
- C a lack of advertising
- D the brand was not well known

Answer

(b) Explain your answer.

(3)

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(Total for Question 3 = 4 marks)



4 (a) Mick Jordan, who owns a small building firm in Yorkshire, is seeking a way to motivate his workers without increasing their financial rewards.

Which **one** of the following would be the best way of achieving this?

(1)

A A bonus system

B Profit sharing

C Empowerment

D Piece work

Answer

(b) Explain your answer.

(3)

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(Total for Question 4 = 4 marks)



5 (a) Mick Jordan has been advised by his bank manager to set budgets and use variance analysis. The table below shows data from a recent building job.

	Budgeted (£)	Actual (£)
Labour	1 m	0.8 m
Materials	1.2 m	0.9 m
Overheads	0.3 m	0.3 m

The total cost variance for this building job is

(1)

- A £0.5 m adverse
- B £0.5 m favourable
- C £0.8 m adverse
- D £1.8 m favourable

Answer

(b) Explain your answer (show your workings).

(3)

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(Total for Question 5 = 4 marks)



6 (a) An online retailer has recalled a large batch of faulty toys.

Consumer legislation requires that goods/services sold must be

(1)

- A sold at the lowest reasonable price to consumers
- B sold at the same price in different countries
- C guaranteed indefinitely against any failure
- D fit for the intended purpose

Answer

(b) Explain your answer.

(3)

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(Total for Question 6 = 4 marks)

TOTAL FOR SECTION A: 24 MARKS



SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

GIVE to offer 'affordable luxury'.

George Davies, the founder of clothing retailer Next and also known for the 'George' clothing range at Asda and Per Una at Marks and Spencer, is launching a new retail venture called GIVE. The name GIVE evolves from the initial G of George, the Roman numeral IV, in recognition that this is his fourth clothing label, and the plans to use profits for charitable purposes.

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Davies believes he has identified a gap in the market. The gap is the difference between the high-priced branded labels such as Dolce and Gabbana, Armani and Versace and lower-priced fashion retailers such as Top Shop and Primark.

Davies, who is investing £20 million of his own money in the project, uses the term 'affordable luxury' to describe what he is offering. Shoppers visiting the store will see a limited range of clothes which will aim to reflect the latest fashion trends, but at the same time be more suitable for everyday wear. The prices will be higher than at other high street fashion retailers but the in-store service will be greater.

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Davies plans to add value by having style experts and tailors available in-store. He is deliberately targeting a market segment that is female, over 30, with an income of around £40,000 per annum and with a social conscience.

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The attention to detail, the identification of market needs which are not being met, the emphasis on quality of products rather than price (although the market is highly competitive) are key elements of the marketing mix. Mr Davies is confident his new venture will work and has said that he will be disappointed if annual sales do not reach £50–60 million.

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(Source: adapted from an article in *Bized*, October 2009)



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TURN OVER FOR QUESTION 13



Method 2

(6)

Area with horizontal dotted lines for writing.

(Total for Question 13 = 12 marks)

TOTAL FOR SECTION B: 46 MARKS
TOTAL FOR PAPER: 70 MARKS



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