| Write your name here Surname | Other na | names | |
|---|---------------|--------------------------|--|
| Edexcel GCE | Centre Number | Candidate Number | |
| Business Sto Advanced Subsidi Unit 2A: Managing | ary | | |
| Thursday 19 January 201 Time: 1 hour 15 minute | • | 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** guestions 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 12 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.

P 3 9 7 9 2 A 0 1 1 6

Turn over ▶



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 include diagrams and annotate them in your answers.

1 (a) When seeking to fill the position of Football Development Officer at the East Riding County Football Association, the Board of Directors discussed whether to recruit internally or externally.

Which **one** of the following is the best argument for **internal** recruitment of this post?

(1)

- A Those that are not promoted may become demotivated
- **B** An external agency does not need to be hired
- **C** Valued employees who are clearly not qualified may apply
- **D** External candidates may be better qualified

Answer

| (b) Explain your answer. | | |
|--------------------------|------|------|
| (1) | | (3) |
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(Total for Question 1 = 4 marks)

| 2 | (a) | | eltons, a family run bakery for over 100 years, renowned for good customer vice, has closed down. | |
|---|-----|-----|---|-------------|
| | | Wh | nich one of the following is the most likely cause of its decision to stop tradi | ing? (1) |
| | | A | Well managed cash flow | |
| | | В | Effective stock control | |
| | | C | Competition from supermarkets | |
| | | D | Longer credit terms from suppliers | |
| | | An | nswer | |
| | (b) | Exp | plain your answer. | (3) |
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| | | | (Total for Question 2 = 4 | marks) |
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| 3 | | ner Moses, a London based taxi driver, drives his come, he has decided to rent his taxi to another d | | à |
|---|---------|--|------------------------------|------|
| | Thi | s decision illustrates the concept of | | (1) |
| | Α | improving capacity utilisation. | | |
| | В | under-utilisation of capacity. | | |
| | C | surplus capacity. | | |
| | D | management of stock. | | |
| | An | swer | | |
| | (b) Exp | olain your answer. | | (3) |
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| | | | (Total for Question 3 = 4 ma | rks) |
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| 4 | | ummer 2010, it was reported that there had bee sumption in Britain in 60 years. | n the biggest fall in alcohol | |
|---|---------|---|-------------------------------|------|
| | | ich one of the following might explain this? | | (1) |
| | Α | Greater availability of quality British wine | | |
| | В | A rise in duties (taxation) on alcohol | | |
| | C | Increased prices of non-alcoholic drinks | | |
| | D | Discounted supermarket prices for beer | | |
| | An | swer | | |
| | (b) Exp | lain your answer. | | |
| | | | | (3) |
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| 5 | (a) | Jase | en setting up their baby and toddler clothing business, one of the first things on and Anita Pritchard did was to trademark the name 'Dijjie' and the bear's ad logo in their design. | |
|---|-----|------|---|------|
| | | All | of the following would be an advantage of doing this, except | (1) |
| | | A | to protect the brand. | |
| | | В | to gain bargaining power when negotiating with retailers. | |
| | | C | to make the business more attractive to potential investors. | |
| | | D | to prevent other businesses from setting up in the same market. | |
| | | An | swer | |
| | (b) | Exp | lain your answer. | (2) |
| | | | | (3) |
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| 6 | (a) | | staff at Sainsbury plc are expected to gain from a £70m payout, averaging at 0 each, after a successful year in 2009 for Britain's third-biggest supermarket in. | |
|---|-----|------|--|------|
| | | This | s payment could best be described by which one of the following? | (1) |
| | | Α | Piecework | |
| | | В | Job enrichment | |
| | | C | Bonus | |
| | | D | Performance related pay | |
| | | Ans | swer | |
| | (b) | Ехр | lain your answer. | (3) |
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| | | | (Total for Question 6 = 4 ma | rks) |
| _ | | | TOTAL FOR SECTION A = 24 MAI | RKS |
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SECTION B

Answer ALL the questions in this section.

You are advised to spend 45 minutes on this section.

Evidence A

The Loss Making Online Retailer

Ocado is an online grocery retailer operating from a state-of-the-art warehouse in Hatfield, Southern England. It buys its groceries from the supermarket chain Waitrose in a deal that is valid until 2017. Ocado has traded since 2002 and in 2009 had sales revenue of £422m. Sales grew by 30 per cent in the first half of 2010 and this trend continued into the second half of the year. However, Ocado has yet to make a profit, although analysts predict that it will do so in 2011.



Ocado was founded by three former investment bankers and has some high profile investors such as Al Gore, the former vice president of the USA, and Jorn Rausing, the Tetra Pack billionaire. In 2010, in an attempt to raise £500m to develop the Hatfield site, to pay off debt and to build a new warehouse in the Midlands, Ocado floated on the London Stock Exchange, to become a public limited company. The share flotation did not raise enough new capital to enable Ocado to fund its ambitious plans and any delays in opening the new warehouse will slow its growth.

Its own customers have a high opinion of the business according to a recent survey. Retail analysts also believe it has built up a good brand and offers great customer service. Furthermore, in 2009 Ocado won the Green Retailer of the Year award for its low environmental impact.

As part of the original contract with Waitrose the supermarket agreed not to deliver groceries itself in certain regions of the country. This non-competitive arrangement expires in 2012, which will allow the supermarket to deliver groceries directly. Tesco is the UK market leader in online retail groceries with Sainsbury and Asda now in the market and Morrison's considering its position. Ocado states that its business model – operating from a highly automated distribution centre - is completely different from that of its supermarket rivals.

Ocado believes it is attracting between 20 and 25 per cent of new online shoppers. Independent research suggests that the average cost of delivery, which includes driver wages, diesel and van maintenance, is £14-£15. The charge per customer is £5.99. Ocado will need to grow its average spend per customer, which in 2010 was £113.59, and increase its market share if it is to become profitable.

(Source: adapted from articles in The Sunday Times, 18 July 2010, and from The Times, 8 September 2010) (image from: http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/7893139/Ocado-float-firmly-on-track-say-bankers.html)



| 7 | Briefly describe two ways that the £500m raised by Ocado could affect its working capital. | | | | |
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| | (Total for Question 7 = 4 marks) Explain why 'low environmental impact' is important to Ocado (see Evidence A). | | | | |
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| By 2010, Ocado had been trading two reasons why lenders might s | g for over 8 years without making a profit. Analyse still be prepared to provide further funds. |
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| | (Total for Question 9 = 8 marks) |



| O Prior to opening its new Midlands base budgets. Assess the likely value of budgets. | sed warehouse Ocado will need to prepare dgeting to Ocado. |
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| | (Total for Question 10 = 8 marks) |



| 11 Evaluate the likely difficulties Ocado might exfer few years. | xperience in forecasting sales for the next |
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| | (Total for Question 11 = 8 marks) |



| Evaluate two lear competitive adva | intage. | techniques C | ocado could a | adopt to give | IL d | |
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| (Total for Question 12 = 14 marks) |
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| TOTAL FOR SECTION B = 46 MARKS TOTAL FOR PAPER = 70 MARKS |
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