

Text 1**Tesco plc**

Tesco plc is one of the largest retailers in the UK. It sells a range of products through its shops and uses e-commerce across the UK. The business procures its supplies from a range of UK and foreign businesses.

On its website, Tesco plc states its core purpose as *'wanting to be a champion for customers, helping them to enjoy a better quality of life and an easier way of living. Customers want great products at great value which they can buy easily and it's our job to deliver this in the right way for them.'*

In recent years, sales of Tesco plc's products and services have been affected by increasing competition, consumer law and the growth of e-commerce. In addition, sales are impacted by how the UK economy is performing and the level of UK employment.

Explain **two** reasons why Tesco plc needs reliable suppliers.

Reason 1

Reason 2

[4]

In 2016, Virgin Atlantic carried 6 million passengers and made £23 million in profit, its highest profit in five years. The company can calculate the number of customers it needs for each of its flights to break-even.

Part of Virgin Atlantic's aim is 'to grow a profitable airline, where people love to fly and people love to work.' The business has always been keen to provide excellent customer service, competitive prices and a fantastic choice of food and drink on its planes. Additionally, the business takes its ethical and environmental responsibilities very seriously too.

* Evaluate the importance of good customer service to Virgin Atlantic's objective of growth.

[illegible]

[9]

3

- A charge low prices for its services
- B produce the best goods on the market
- C provide services to required standards
- D source its raw materials from ethical suppliers

Your answer

9

[1]

- 4 The length of a firm's supply chain:
- A affects how quickly it can respond to changes in demand
 - B depends on the production method used by the business
 - C has no impact on the procurement function
 - D is shown on an organisation chart

Your answer

☐

[1]

- 5 A store that sells mobile phones wishes to improve the level of customer service it offers to those who come into the store.

Which one of the following will **not** improve the level of customer service the store offers?

- A Demonstrating to all staff how to be attentive, polite and helpful
- B Giving the sales assistants lists detailing the features of each phone
- C Offering a free phone case with every mobile phone purchased
- D Training the store manager to deal with technical queries

Your answer

☐

[1]

- 6 Breakfast biscuits are becoming increasingly popular. HealthBisc Ltd predicts that in future years it will have difficulty producing enough breakfast biscuits to keep up with demand.

Which one of the following actions could help HealthBisc Ltd deal with this problem?

- A Automate the production process
- B Improve its after-sales service
- C Reduce its prices
- D Switch to job production

Your answer

☐

[1]

7(a)

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- i. State **two** methods of ensuring quality.

Method 1 -----

Method 2 -----

[2]

- ii. Analyse **one** advantage to Tesco plc of selling using e-commerce.

[3]

(b) Explain **one** way consumer law may impact Tesco plc.

[2]

8

Text 2

MD Sports Clinic

Martina Doyle currently works for the National Health Service (NHS). She has total savings of just over £5000 in her bank account. Martina is planning to leave the NHS and start up a private sports injury clinic. She intends to call her new business ‘MD Sports Clinic’.

Martina wishes to rent a property for her new business and expects to pay rent each month. She wants to take a monthly income from the business. She also wants to employ a part time receptionist.

Martina needs to buy some equipment to set up MD Sports Clinic. She has estimated the following figures for MD Sports Clinic’s first month of trading:

- fixed costs of £6000
- variable costs of £5 per session
- revenue of £30 per session.

Identify **one** factor that a new business like Martina’s should consider when choosing a location for its business.

[1]

NEXT plc.



NEXT plc. is a clothing retailer selling clothing, footwear, accessories and home products through its high street shops and online across the UK. NEXT plc. understands the importance of creating good relationships with its customers and constantly tries to improve its levels of customer service. Customer service is important for NEXT plc.

For NEXT, responsible business behaviour includes addressing key business-related social, ethical and environmental impacts in a way that aims to bring value to all its stakeholders, including its shareholders. NEXT plc. sources products from many suppliers across the world. The company takes its environmental and ethical responsibilities very seriously.

State **one** example of good customer service that retailers may provide for their customers.

[1]

10 What is e-commerce?

- A A method used to ensure quality
- B A planning tool
- C A type of bank loan
- D A way to sell goods on the Internet

Your answer

[1]

11 David works in a biscuit factory and is responsible for procurement.

Which task is **not** likely to be part of David's job role?

- A Buying sugar
- B Ordering biscuit packaging materials
- C Purchasing stationery
- D Selling biscuits

Your answer

☐

[1]

12 Sabena works for a small business that makes computers. Her main task is to test every computer before it leaves the factory.

What key business function does Sabena perform?

- A After sales service
- B Quality control
- C Setting production levels
- D Supply chain management

Your answer

☐

[1]

13 Choosing how products will be delivered to customers is an example of a:

- A flow production issue
- B liquidity problem
- C logistical decision
- D purchasing concern

Your answer

☐

[1]

14 Which one of the following businesses is most likely to use telesales?

- A A burger van
- B A petrol station
- C A school
- D An insurance company

Your answer

☐

[1]

15 Consumer law requires shops to sell goods that are:

- A cheap
- B high quality
- C safe
- D unique

Your answer

☐

[1]

16 An entrepreneur makes individual handmade prom dresses to order.

What method of production does the entrepreneur use?

- A Automated
- B Batch
- C Flow
- D Job

Your answer

☐

[1]

Jaguar Land Rover



Jaguar Land Rover (JLR) is one of the largest manufacturers of cars in the UK. The business buys some of the parts it uses to make the cars from the UK; other parts are bought from overseas. JLR specialises in producing luxury cars. JLR's main competitors are German car manufacturers - BMW and Mercedes.

In recent years, sales of JLR cars have been affected by:

- the slowdown of consumer spending in China and Russia
- the increase in consumer spending in Europe.

Explain **two** reasons why quality is important to JLR.

Reason 1

Reason 2

[4]

(b) JLR uses automation to produce cars in its factories.

Analyse **two** advantages to JLR of using automation to produce its cars.

Advantage 1

Advantage 2

[6]

- (c) If JLR buys 500 000 tyres and 80% of these are bought from overseas suppliers, calculate the number of tyres JLR buys from overseas.

Workings:

Answer:

[1]

END OF QUESTION PAPER