

Write your name here	
Surname	Other names
Pearson Edexcel International Advanced Level	Centre Number Candidate Number
Business Studies International Advanced Subsidiary Unit 2: Business Structures and Processes	
Tuesday 21 January 2014 – Afternoon Time: 1 hour 30 minutes	Paper Reference WBS02/01
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.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- In your responses, you should take particular care with punctuation and grammar, as well as the clarity of your expression.
- Calculators may be used.

Advice

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

Turn over ►

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Answer ALL questions in this section.

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)

D 40% decrease in quantity demanded

- (3)

This image shows a blank sheet of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting or typing. There are no margins, text, or other markings on the paper.

2 (a) *Zurich Insurance* operate a TQM system called iQUALITY that focuses on high customer service throughout all of its insurance operations.

The use of TQM at *Zurich Insurance* is **most likely** to lead to an increase in

(1)

- A labour turnover
- B lead times
- C wastage levels
- D repeat purchases

Answer

☐

(b) Explain why this answer is correct.

(3)

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(Total for Question 2 = 4 marks)



3 (a) *Coca Cola* manufactures a wide range of fizzy drinks that are sold around the world. Its most popular drink is still the original *Coca Cola*, which is a cash cow.

A cash cow is important to *Coca Cola* because it

(1)

- A generates a significant amount of revenue
- B is new on the market
- C has a high market share and a high rate of growth
- D generates all *Coca Cola's* profits

Answer

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(b) Explain why this answer is correct.

(3)

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(Total for Question 3 = 4 marks)

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4 (a) French fashion designer, Jean Paul Gaultier, produces one-off designs of clothing for fashion shows, films and celebrities such as Madonna.

Which aspect of the design mix would be the **most important** for his one-off designs?

(1)

- A Efficiency
- B Aesthetics
- C Economic manufacture
- D Function

Answer ☐

(b) Explain why this answer is correct.

(3)

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(Total for Question 4 = 4 marks)



- 5 (a) In May 2013, *Bells of Lazonby* announced it would recruit 20 new members of staff. This will widen the span of control of its existing managers.

What would be **one** benefit to *Bells of Lazonby* of a wider span of control?

(1)

- A It can provide more management positions
- B Managers will have more time to supervise each employee
- C The organisational structure will remain the same
- D It will be easier to control a greater number of employees

Answer

- (b) Explain why this answer is correct.

(3)

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(Total for Question 5 = 4 marks)

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- Which **one** of the following would be the **most appropriate** marketing strategy for *The Adventure Company* to use?

- A** Penetration pricing
- B** Specialist magazines
- C** Special offers
- D** National television

- (3)

This image shows a full page of white paper with horizontal dashed lines, typical of primary school handwriting practice paper. The lines are evenly spaced and run across the entire width of the page. There are no margins, text, or other markings present.

TOTAL FOR SECTION A = 24 MARKS



SECTION B**Answer ALL questions in this section.****You should spend 60 minutes on this section.****Evidence A The Low Cost, No Frills Airline**

Ryanair (founded 1985) is Europe's only ultra-low cost airline, operating more than 1,500 flights per day across 28 countries, connecting 178 destinations. *Ryanair* currently employs more than 8,500 people. In 2012–2013, passenger traffic grew by 5% to 79.3 million, revenues increased by 13% to €4.8 billion and profit was up 13% to €569 million.

In summer 2013, *Ryanair* added another 200 routes and seven new bases, including Marrakesh in Morocco. This should help the number of passengers to increase to 81.5 million in 2014.

5

Although they still have the lowest fares in Europe, *Ryanair's* average fares rose by 6% over the year. But the biggest revenue-earner came from a 20% jump in sales of additional services such as reserved seating, which brought in €1.06 billion – or 22% of total revenue.

10

(Source adapted from: www.managementtoday.co.uk/go/ryanair/)

Evidence B Extract From *Ryanair's* Careers page

The source material has been removed due to copyright reasons.



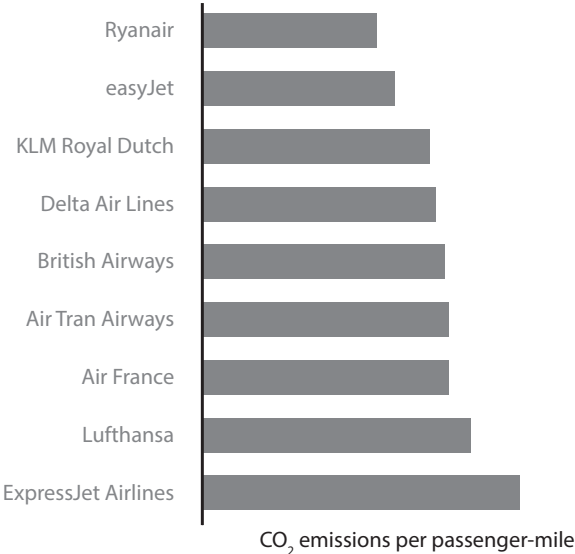
Evidence C Low Cost but at a price...

Ryanair's cost per passenger is the lowest in Europe by some margin, with main rival easyJet being 67% higher than that of Ryanair. Ryanair uses smaller, lower cost airports with faster turnaround times of only 25 minutes, which allows the airline to maximise aircraft utilisation. It also benefits from high seat density (189 seats per aircraft, compared with 156 seats for easyJet) with an aircraft capacity utilisation of 82%. 5

Ryanair has a younger fleet of aircraft giving them advantages of fuel efficiency and lower maintenance costs. In addition, Ryanair's labour force is more productive and flexible: 50% of flight crew are contracted and employed only when required.

There is a downside to cutting costs and Ryanair is frequently featured in surveys as having one of the weakest brands in European aviation. Ryanair is seen as mean, uncaring and money-grabbing, and social media sites are used to reinforce this image as well as complain about poor customer service. Despite this, passenger numbers are set to rise by 4-5% per annum with 98% of all tickets booked online. 10

RYANAIR
EUROPE'S GREENEST AIRLINE



(Source adapted from: www.centreforaviation.com/analysis/ryanair-swot-analysis--michael-olearys-maniacal-focus-on-being-the-lowest-cost-producer-96465)



This image shows a full page of white paper with horizontal dashed lines, typical of primary-ruled notebook paper. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

(6)

This image shows a single sheet of white paper with horizontal dashed lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the paper.

(6)

[illegible]

(Total for Question 8 = 12 marks)

9 (a) Explain **one** impact on *Ryanair* of having a poor brand image.

(4)

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Before opening its new route to Marrakesh, *Ryanair* needed to prepare budgets.

(b) Assess the likely usefulness of budgeting to *Ryanair* when opening a new route.

(8)

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(Total for Question 9 = 12 marks)



[illegible]



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(Total for Question 10 = 12 marks)



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QUESTION 11 STARTS ON NEXT PAGE.



11 Evaluate the methods it could use to do this.

[illegible]

TOTAL FOR PAPER = 80 MARKS

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