



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2011

Business Studies

Assessment Unit AS 1

assessing

The Competitive Business

[AT111]

FRIDAY 10 JUNE, MORNING



TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in question 1 parts (c), (d) and (e) and question 2 parts (c), (d) and (e).

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the available examination time.

1 Study the information below and answer the questions that follow.

Robinson's Shoemakers



© Robinson's Shoemakers, Carrickfergus and adapted from: © Robinson's true sole by Paul Gosling, Belfast Telegraph, 27 April 2010

Robinson's Shoemakers is a family business in Carrickfergus, established in 1954. It was taken over by Robin Stewart from his father-in-law fifteen years ago. The business originally sold only a limited range of shoe brands and when Robin took it over one of the first things he did was to build up the shoe repair side of the business. He had difficulty recruiting top quality shoe repairers in the local labour market and was only successful when he advertised the vacancies in a Polish language magazine in London.

Robin then made a decision to focus on high quality shoes. The business now sells several high-class brands such as Loake, Barker, Jeffrey-West and Church's. It has also begun to sell hand-made shoes which are specially made for individual customers. These can cost £1 000 a pair. Robinson's Shoemakers has also developed its own brand of Irish brogue shoes that it sells through its website to the American market.

Robinson's now has three premises in Carrickfergus – a men's quality shoe retailer, a ladies quality shoe retailer (which shares premises with the shoe repair branch) and a third unit which handles mail and internet orders, including sales of safety shoes. The business has its own website and on-line sales are now greater than those from the men's and ladies shops. Plans are at an advanced stage for a fourth shop targeting teenagers and young adults.

The business sets out its aims on its website, "We believe in a personal service, ensuring customers leave the shop fully informed, properly fitted, with a desire to come back again. We apply these same values to our internet sales, offering support throughout the process and well packaged and swiftly dispatched products to wherever in the world we may be lucky enough to receive your custom."

© Robinson's Shoemakers, Carrickfergus and adapted from: © Robinson's true sole by Paul Gosling, Belfast Telegraph, 27 April 2010

- (a) Explain what is meant by market segmentation using an example from the case study to illustrate your answer. [4]
- (b) Explain what is meant by the labour market using an example from the case study to illustrate your answer. [4]
- (c) Analyse how Robinson's Shoemakers achieves competitive advantage in its market. [8]
- (d) Discuss the advantages and disadvantages to a business such as Robinson's Shoemakers of having its own website. [12]
- (e) Evaluate whether a business such as Robinson's Shoemakers should segment its market. [12]

2 Study the information below and answer the questions that follow.

The Nissan Leaf



© AP/Press Association Images –
Photographer Frank Franklin II

Nissan Motors has recently announced that in 2013 it intends to begin producing a five-seater electric car, the Leaf, at its Sunderland factory in the north-east of England. It is investing £420 million in its new plant which will secure more than 2000 jobs. The Leaf will also be mass produced in two other factories, one in Japan and the other in the United States of America.

Although the Leaf is not the first electric car on the market, Andy Palmer, Nissan's head of 'green' cars, believes that it will do well because it ticks all the right boxes for consumers. It has a battery that will currently last for 100 miles and will probably soon be able to cover 200 miles. It can be fully charged in 30 minutes. The Leaf will also be priced competitively. It is likely to be sold for around £17 000 in the UK market when government incentives for consumers are taken into account.

Nissan's market research suggests that the company could be selling worldwide, 300 000 Leafs and other electric cars by 2014. The company predicts that electric cars will claim 10% of the global market by 2020. Analyst, PriceWaterhouseCoopers, estimates that the figure will be closer to 2%–5%.

It has been suggested by some critics that Nissan Motors has taken a gamble, betting on a technology for which the level of demand is uncertain. Indeed, the company needs to achieve success in the mass market quickly if it is to cover the higher manufacturing costs associated with electric cars. The Leaf's battery alone costs £6 000 to manufacture.

However, Andy Palmer is so confident of the Leaf's success that he is about to announce details of two other electric vehicles – a small van and a car to be sold under Nissan's upmarket brand, "Infiniti". He claims, "We are not going to lose money on this".

Adapted from © The Leaf out of the green book by John Arlidge and Nissan to safeguard British jobs with the Leaf by S Jagger & A Mostrous, from Timesonline, 4 April 2010 & 18 March 2010

- (a) Explain **two** reasons why Nissan Motors should carry out market research. [4]
- (b) Explain **two** factors that might affect productivity in the Nissan Motors factory in Sunderland. [4]
- (c) Analyse the main factors that Nissan Motors might have considered when setting the selling price for the Leaf. [8]
- (d) Discuss the benefits and drawbacks to a business such as Nissan Motors of using a telephone survey as a method of market research. [12]
- (e) Evaluate the advantages and disadvantages of producing on a large scale for a car manufacturer such as Nissan Motors. [12]

THIS IS THE END OF THE QUESTION PAPER

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