



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2012

Business Studies

Assessment Unit AS 1

assessing

The Competitive Business

[AT111]



WEDNESDAY 11 JANUARY, AFTERNOON

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.

Heinz



© H J Heinz & Co Ltd

Nowhere in the world is the Heinz brand as strong as it is in the UK and Ireland. Consumer surveys repeatedly demonstrate that Heinz is one of the most loved and trusted brands on the supermarket shelves. The company's iconic products include Heinz Banz, Tomato Ketchup, Spaghetti in Tomato Sauce, Cream of Tomato Soup and Salad Cream.

Heinz UK and Ireland's main food manufacturing facility is based in Kitt Green, near Wigan, in the North West of England. It is Europe's largest food factory and produces more than one billion cans of beans, soups and pasta meals every year. Using flow production methods it makes 1600 cans of soup every minute.

The UK is the biggest bean eating nation in the world and more than one million cans of Heinz Banz are sold in the UK market every day. Heinz works hard to maintain the quality image of its brand. There are approximately 465 beans in a standard 415 g can and each bean passes through a laser beam to ensure it meets quality standards. In 1998 Heinz Banz was selected as one of the twelve brands that people thought best represented the final ten years of the millennium. Today the company has more than 5700 products around the globe although it still uses its famous '57 varieties' slogan in its advertising.

Heinz has never stopped innovating and continually brings new products and serving ideas to consumers, including flavoured beans such as Mexican Spices, Sweet Chilli and Smokey BBQ. In 2007 the company launched Heinz Banz Snap Pots, individual-size portions that can be heated up in a microwave. A twenty year programme of gradual sugar and salt reduction from recipes has won praise from the Food Standards Agency and the Department of Health, proof that Heinz is implementing its policy of continuous product improvement.

Adapted from www.heinz.co.uk/ourcompany © H J Heinz & Co Ltd

- (a) Explain why it is important for Heinz to be concerned about the quality of its products. [4]
- (b) Explain **two** advantages to Heinz of using flow production methods to produce its products. [4]
- (c) Analyse how Heinz might improve the productivity of its workers at its factory in Wigan. [8]
- (d) Discuss the usefulness to a business, such as Heinz, of using quota sampling techniques when conducting market research. [12]
- (e) Evaluate the usefulness of price elasticity of demand to a business such as Heinz. [12]

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

Doodle Bread



© Food Doodle Ltd

A young Belfast woman has ‘used her loaf’ to come up with a brilliant home baking kit that has been very successful since its launch. Entrepreneur, Rose Kane, came up with the concept of Doodle Bread while she was studying at Art College in London. “I enjoy making food and baking and I just started experimenting and bringing loaves with hearts on them into college.” Rose soon won fans amongst her fellow students who loved her colourful and tasty creations. After graduating she moved back to Belfast where she spent three years developing and patenting the Doodle Bread technique which sells in kit form.

The kit, which includes a baking tin, a ‘doodle mix’ and a shaper, encourages children to become confident and creative in the kitchen, baking bread with a range of shapes and designs running through every slice. The colour of the mixes comes from powdered vegetables, seeds and grains, ensuring that everything that goes into Doodle Bread is simple, safe and healthy.

The launch of Doodle Bread came at the perfect time – just as the recession was driving increased interest in home bread baking, crafts and vegetable gardening. Rose sells both the kit and Doodle Bread loaves every weekend from a stall at St. George’s market in Belfast. She has also set up a website through which they can be bought on-line. Rose has already had orders coming in from across Europe and the United States of America.

The next step is to sell the kits through national and international retailers. There has already been interest expressed by several large companies. Achieving this would enable Rose to benefit from economies of scale and would greatly increase consumer awareness of her product.

Adapted from: © "Doodle kit proves successful for Rose" by Andrea McVeigh, published by The Belfast Telegraph, 29 July 2009.

- (a) Explain what is meant by adding value, using an example from the case study to illustrate your answer. [4]
- (b) Explain what is meant by the element of place in the marketing mix, using an example from the case study to illustrate your answer. [4]
- (c) Analyse the factors that might affect the weekly demand for Doodle Bread kits at Rose's market stall. [8]
- (d) Discuss the advantages and disadvantages of operating as a sole trader to an entrepreneur such as Rose. [12]
- (e) Evaluate the usefulness of preparing a marketing plan to a business such as Doodle Bread. [12]

THIS IS THE END OF THE QUESTION PAPER

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