

Write your name here

Surname

Other names

**Pearson  
Edexcel GCE**

Centre Number

--	--	--	--	--

Candidate Number

--	--	--	--

# Business Studies/Economics and Business

**Advanced Subsidiary**

**Unit 1: Developing New Business Ideas**

Monday 18 May 2015 – Morning

**Time: 1 hour 15 minutes**

Paper Reference

**6BS01/01**

**6EB01/01**

**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.*
- 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.*
- Questions labelled with an **asterisk** (\*) are ones where the quality of your written communication will be assessed  
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

## 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 ►

P44877A

©2015 Pearson Education Ltd.

1/2/1/1



**PEARSON**

**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 in your answers.**

**1** In 2013, after conducting market research, Tesco introduced more dining areas, coffee shops and even yoga classes to tempt customers back to its retail park stores.

(a) This might **best** be described as

(1)

- A** market segmentation
- B** market growth
- C** test marketing
- D** market orientation

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 1 = 4 marks)**



2 Rob and Paul Forkan started a footwear business in 2011 using the brand name Gandys to sell stylish and fun flip-flops. They donate 10% of their profits to an orphanage in Goa, India.

(a) The entrepreneurial motive for **this** donation is best described as

(1)

- A a trade-off
- B paternalistic
- C an ethical stance
- D a desire to work independently

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 2 = 4 marks)**



3 In 2008 the exchange rate for £ sterling averaged 60 Indian Rupees. By July 2013, the £ sterling had risen in value to 80 Indian Rupees.

(a) This could have led to

(1)

- A an increase in the number of UK tourists visiting India
- B an increase in the number of Indian people visiting families in the UK
- C a fall in the volume of steel made in India and sold to the UK
- D an increase in the demand in India for chocolate made in the UK

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 3 = 4 marks)**



4 Adidas, the world's second biggest sportswear firm, reported that in the first three months of 2013, operating profits rose by 6% to 308m euro and the gross profit margin was 50.1%.

(a) This means that during the previous three months

(1)

- A the sales volume was double the gross profit
- B costs and expenses were 44.1% of sales
- C operating profits were 290.56m euro
- D the operating profit margin was 44.1% of gross profits

Answer

(b) Explain your answer (show your workings)

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 4 = 4 marks)**



5 In January 2015, Lee Andrews set up his first business called Man-i-cure, a men's grooming salon. Before starting up Man-i-cure, Lee prepared a business plan.

(a) A business plan usually contains each of the following **except**:

(1)

- A marketing plan
- B retained profit
- C premises and equipment needed
- D human resources required

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 5 = 4 marks)**



6 The Titanic Visitor Centre in Belfast, opened in March 2012. During its first year, it exceeded its initial target of 450,000 visitors and is on track to break-even.

(a) Which of the following would indicate that the Titanic Visitor Centre has reached break-even point?

(1)

- A Demand equals supply
- B Margin of safety is zero (0)
- C Fixed costs are zero (0)
- D Contribution is zero (0)

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 6 = 4 marks)**



7 Hawk-Eye is a new technology that assists sporting officials in making accurate decisions. In 2013, the English Premier Football League (EPL) became the first domestic league to introduce Hawk-Eye.

(a) This innovation might do all of the following **except**:

(1)

- A differentiate the EPL from other leagues
- B affect various stakeholders in the EPL
- C guarantee an operating profit for all the EPL clubs
- D cause opportunity costs

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 7 = 4 marks)**





8 In August 2013, UK fashion and home ware retailer Cath Kidston reported that UK sales were up 21% in the year to March and international sales were up by 53% in the same period.

(a) These increases are **most likely** because

(1)

- A the £ sterling had appreciated
- B consumer wants were met
- C low levels of trade credit were available
- D of high rates of unemployment in the UK

Answer

(b) Explain your answer

(3)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 8 = 4 marks)

**TOTAL FOR SECTION A = 32 MARKS**



## SECTION B

Read the article below, then answer ALL the questions that follow.

You are advised to spend 45 minutes on this section.

### Evidence A



At the age of 24, Matthew Nation wanted to live a certain lifestyle, which he could only do by being his own boss. This included the freedom to set his own working hours, target the type of person he wanted to meet and listen to his *own* music all day! After speaking with Matthew it is also clear that he is passionate about independent brands and shops. He wanted to offer an alternative range of clothing, magazines and books to those typically found on the high street and from larger on-line retailers like ASOS. So in the autumn of 2011 he set up PROVIDE, in the Custard Factory creative and retail centre, Birmingham.

#### 'Pop-Up' Start

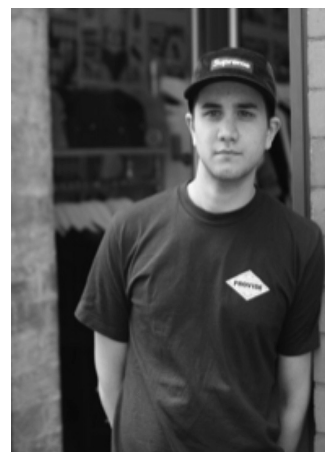
Matthew decided it would be a good idea to start selling his range of clothing like T-shirts and beanie hats by using a pop-up store at the Custard Factory. This avoided taking on the commitment of an annual lease agreement. Pop-up stores, also known as pop-up retailing or flash retailing, are a trend of opening short-term sales spaces which can serve as a test marketing method. Established businesses also use this concept to take up sites from October to January each year, either within shopping centres or in vacant shops to benefit from the higher Christmas trade. Other national retailers see pop-up stores as temporary lettings giving the opportunity to sell excess stock or to try out certain product lines.

#### Friendly Finance

Matthew was unable to obtain the £20,000 start-up capital from a commercial bank. To finance the business it was clear that Matthew needed to use his own savings and obtain loans from friends and family. As the business developed he started to obtain trade credit, though this was usually limited to 30 days.

#### Two Years On

With almost two years of trading completed, Matthew has managed to expand operations at PROVIDE. He now has a member of staff working for him, Reena Sohpal, who describes Matthew as 'inspirational and enthusiastic'.



5

10

15

20

25



Reena and Matthew work very closely together. Matthew takes time to 'develop and teach Reena to think and act' as he does.

Reena is often left to work independently, using her initiative and making smaller decisions on her own. These include editing products in the PROVIDE online store, adding items to the inventory (stock) or engaging in the essential use of social media, such as Twitter and Facebook. Using social media supports PROVIDE's market research and promotes various marketing strategies aimed at the business' discerning customers. 30

Matthew regards his customers as "those who may wish to explore the three statements that underpin PROVIDE: Choose Adventure, Embrace Failure, Defy Impossible." 35

(Source: Interview with Matthew Nation. Jim Byng)

### Evidence B

**Table 1:** UK Inflation Rates (Consumer Price Index) and UK Government Spending: 2007–2013

Year	Inflation Rates (%)	Government Spending (£billion)
2007	2.3	549
2008	3.6	582
2009	2.2	634
2010	3.3	672
2011	4.5	693
2012	2.8	694
2013 (estimated)	2.7	675

(Sources: <http://www.rateinflation.com/inflation-rate/uk-historical-inflation-rate>  
[http://www.ukpublicspending.co.uk/year\\_spending\\_2012UKbn\\_13bc1n#ukgs302](http://www.ukpublicspending.co.uk/year_spending_2012UKbn_13bc1n#ukgs302))



9 Analyse **two** non-price factors that could increase the demand for PROVIDE’s products.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 9 = 6 marks)**



10 Explain **one** possible benefit of Matthew's leadership style to PROVIDE.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

**(Total for Question 10 = 4 marks)**





**12** Evaluate Matthew’s choice of financing for his start-up capital.

[Dotted lines for writing]

(Total for Question 12 = 8 marks)







(b) a decrease in UK Government spending

(6)

**(Total for Question 13 = 12 marks)**

**TOTAL FOR SECTION B = 38 MARKS**

**TOTAL FOR PAPER = 70 MARKS**





**BLANK PAGE**



**BLANK PAGE**





**BLANK PAGE**

