

# Business decisions and strategy

Level: Pearson Edexcel Level 3 Advanced GCE

Subject: Business (9BS0)

Exam Board: Edexcel A level Business students for all boards

Topic: Business decisions and strategy

Type: Questionnaire

To be used by all students preparing for Pearson Edexcel Level 3  
Advanced GCE Business (9BS0)

## Questions

Q1.

### Extract A

Extract from easyJet plc's annual report 2020

	2020
	£m
Non-current liabilities	2748
Total equity	1899

EasyJet plc's gearing for 2019 was 45.67%

(Source: adapted from <https://corporate.easyjet.com/~media/Files/E/Easyjet/pdf/investors/agm/agm-dec-2020/annual-report-2020.pdf>)

### Extract B

#### Why is the budget airline industry struggling?

In 2019, budget airline Flybmi and travel business Thomas Cook both collapsed. "The aviation industry is struggling with rising costs," says Loizos Heracleous, Professor of Strategy at Warwick Business School. "Aeroplanes are expensive assets with few alternative uses, which limits the ability of airlines to reduce their capacity during lean periods. Airlines also have to deal with fluctuating expenses like fuel, which accounts for around a third of total costs."

5

Delayed flights, cramped seating, inconvenient flight times and poor service are common customer complaints, which have damaged the reputation of many budget airlines. Customers share their experiences on social media, resulting in widespread bad publicity.

10

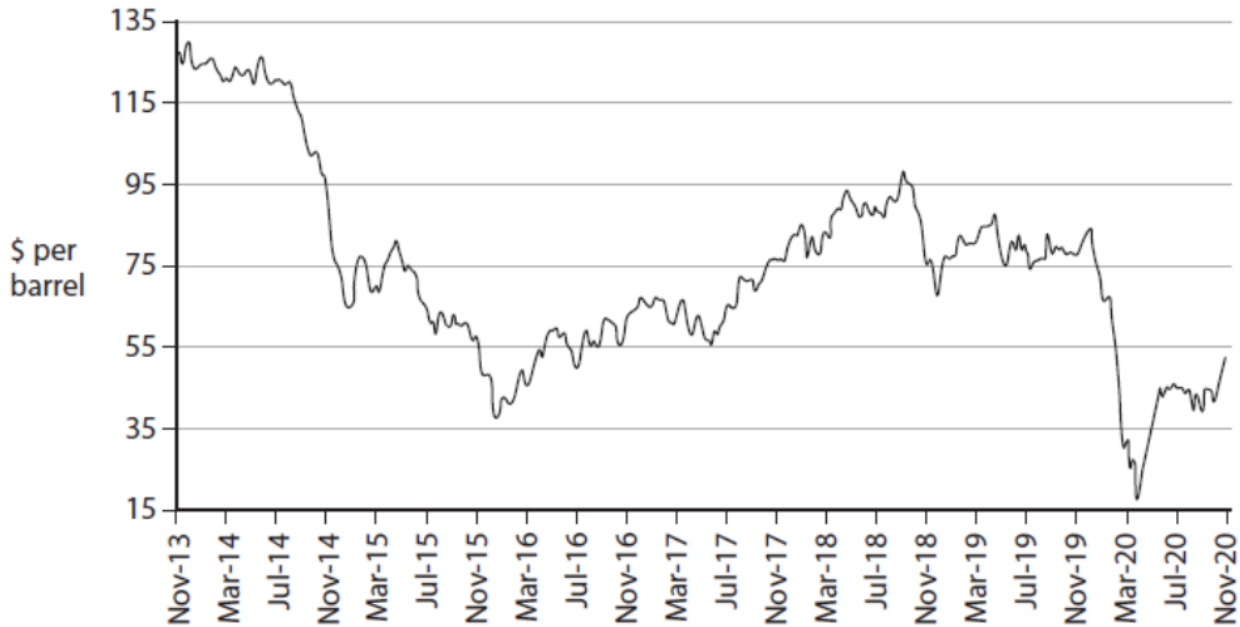
Alex Brummer, City Editor for the Daily Mail, argues that there is a far greater problem for budget airlines: "The rise of a new generation of budget airlines, challenging the dominance of easyJet and Ryanair, means that there is huge overcapacity in the industry. As the number of seats exceeds the number of travellers, prices have been pushed down".

(Source: adapted from <https://www.theweek.co.uk/105222/flybe-saved-but-why-is-the-airline-industry-struggling>)



**Extract C**

**Jet fuel price (\$/barrel) November 2013 – November 2020**



(Source: adapted from <https://www.iata.org/en/publications/economics/fuel-monitor/>)

**Extract D**

**easyJet plc**

EasyJet plc is a low-cost European airline. It is the seventh largest airline in the world, with 342 aircraft and 48 million customers across 35 countries and 154 airports.

In 2019, the company launched easyJet holidays to offer package holidays, combining flights and hotels. At present 97% of its customers travel for leisure and easyJet plc is aiming its package holidays at these customers. EasyJet holidays offers its customers a best price guarantee and full refund if customers cancel their holiday at least 28 days before departure.



## EXAM PAPERS PRACTICE

94% of easyJet plc's customers are concerned with the environmental impact of air travel. The company wants to lead the aviation industry in meeting this challenge. Its 'sustainability strategy' aims to achieve net zero carbon emissions by working with manufacturers to develop electric and hydrogen powered aircraft. This will also avoid reliance on fuels that cannot be stored for long periods of time.

10

In common with all airlines, easyJet plc was affected by travel restrictions in 2020 caused by the global health crisis. The capacity utilisation of its planes fell from 91.5% in 2019 to 87.2%.

15

(Source: adapted from <https://corporate.easyjet.com/~media/Files/E/Easyjet/pdf/investors/agm/agm-dec-2020/annual-report-2020.pdf>)

Assess, with reference to Porter's five forces, whether the 'bargaining power of buyers' represents the most significant external influence on easyJet plc.

(10)

**(Total for question = 10 marks)**

Q2.

**Extract A**

**VisionSpring**

VisionSpring is a social enterprise founded to provide glasses that are affordable for people in developing countries, such as India. These glasses improve job opportunities for many people in rural areas.

VisionSpring supplies local small businesses, that sell its glasses, and also trains the business owners to conduct eye tests in local villages.

5

Each pair of glasses costs VisionSpring £1 to make and deliver, which the small business buys for £2 and sells to customers for £4. As every step of the chain is profitable, the business model is sustainable.

VisionSpring's current growth strategy is to reinvest its profits to expand the scheme, but it is also considering obtaining loans from established businesses in developing countries.

10

One such business is ITC, a tobacco company in India that supplies the majority of village shops.

(Source: adapted from Pyramid power © The Economist, Jan 11th 2007)

**Extract B**

**Economic impact of buying a pair of VisionSpring glasses**

Price	£4
Estimated increased earnings per person, per year	£108
Expected life of a pair of glasses	2 years

(Source: adapted from © VisionSpring 2018)

**Extract C**

**Warby Parker**

Warby Parker was founded with the objectives of selling designer glasses at a low price and being socially responsible. The optical industry is dominated by a few large companies that keep prices high, making huge profits from consumers who have limited choice.

5

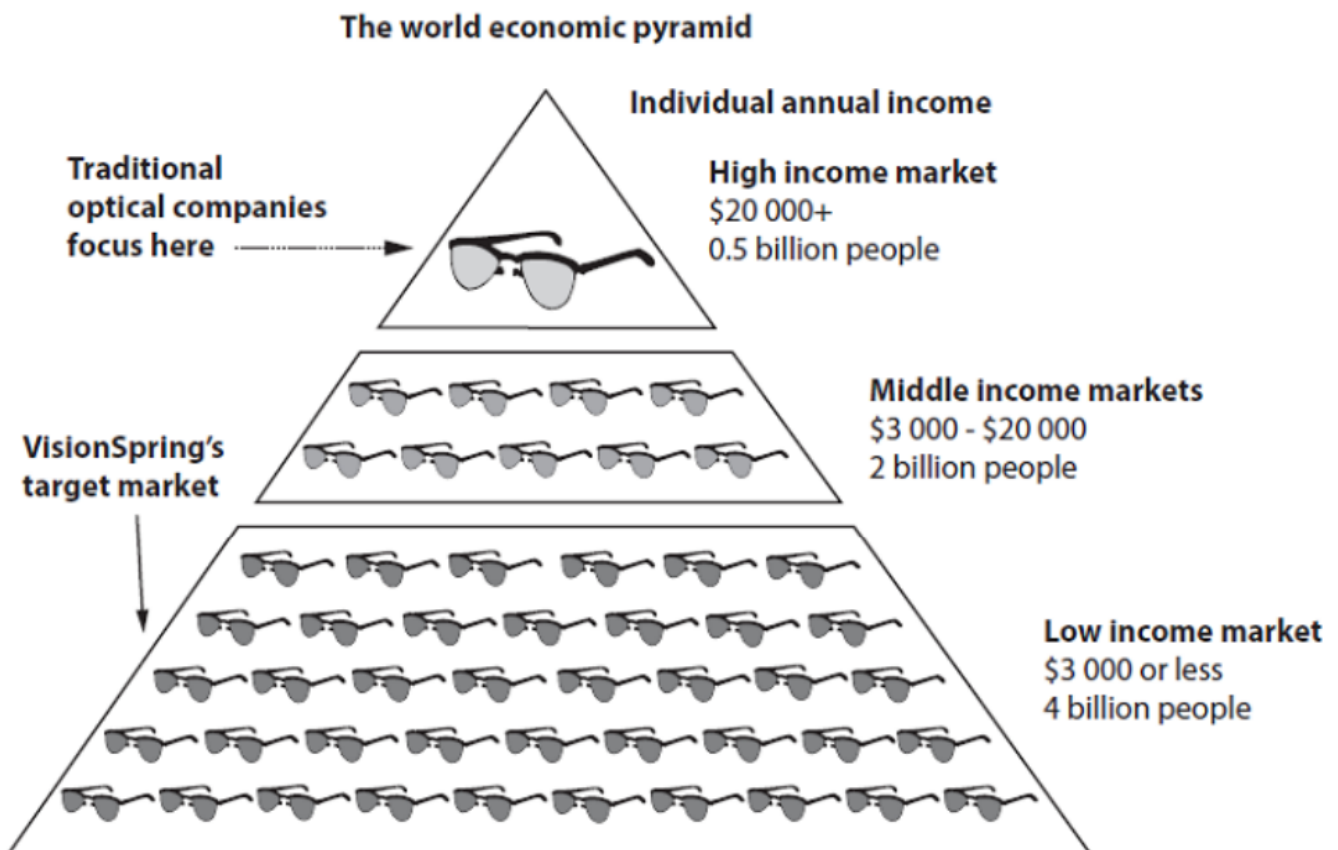
Warby Parker created an alternative by designing and selling glasses to customers directly online. It is able to provide higher-quality, better-looking prescription glasses at a lower price than larger competitors.

Almost one billion people worldwide lack access to glasses, limiting their ability to learn or work. Warby Parker believes that everyone has the right to see. For every pair of glasses it sells another pair is given free to charities, such as Sightsavers, operating in developing countries.

10

(Source: adapted from <https://www.warbyparker.com/history>)

**Extract D**





Q3.

**Extract A**

**Mumtaz Food Group**

Mumtaz is an Asian food producer in Bradford. It is a private limited company owned and run by the Akbar family. Established as a takeaway restaurant in 1979, it now owns three restaurants and food processing factories that make ready meals. It has always used internal finance to establish and grow the business.

5

Mumtaz has sales revenues of around £25m. Unlike many of its rivals that produce ready meals for the supermarkets' own label brands, Mumtaz sells most of its products under the Mumtaz premium brand name. Asda, Morrisons and Tesco are among the supermarkets that sell Mumtaz products and they are also sold in more than 40 countries. The ready meals part of the Group is growing by 15-20% a year.

10

In 2006, a new product range of Halal baby food was launched after Mumtaz became aware of how difficult it was for Muslim parents to find Halal baby food. Today, roughly half of all Mumtaz baby food is bought by non-Muslim customers.

Mumtaz intends to continue to expand by organic growth. It recently opened a second factory in Bradford to meet the increased demand for its ready meals. It is also considering setting up manufacturing operations in Asia.

15

(Source: adapted from © 2017 Johnston Publishing Ltd)

Assess whether expanding by organic growth was the right decision for Mumtaz.

**(Total for question = 10 marks)**



Q4.

**Extract D**

**Morrisons' improved performance**

Morrisons' revenue and share price have increased for the first time in almost four years, as new boss David Potts shared his vision for turning around the struggling supermarket. Since his appointment, he has replaced several of Morrisons' directors and sold off 140 of its convenience stores.

5

Morrisons suffered from declining sales as a fall in consumer incomes meant that shoppers moved their spending to the discounters, such as Aldi and Lidl. David Potts responded to this by cutting prices with the 'I'm cheaper' campaign.

10

Consumer research reveals that whilst cheap prices have an influence on supermarket choice, the overall customer experience, such as range and quality of products, store layout and service, all play a part.

Changes in society, such as an ageing population and more single person households, have resulted in customers making more frequent grocery trips. Furthermore, consumer confidence has improved recently due to continued low interest rates and falling energy prices.

15

(Sources: adapted from <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11708744/Morrisons-grows-market-share-for-first-time-since-2011.html> and <http://www.morrisons-corporate.com/ar2015>)

Assess whether the transformational leadership shown by David Potts is the main cause of Morrisons' improved performance.

(12)



Q5.

**Extract A**

**VisionSpring**

VisionSpring is a social enterprise founded to provide glasses that are affordable for people in developing countries, such as India. These glasses improve job opportunities for many people in rural areas.

VisionSpring supplies local small businesses, that sell its glasses, and also trains the business owners to conduct eye tests in local villages.

5

Each pair of glasses costs VisionSpring £1 to make and deliver, which the small business buys for £2 and sells to customers for £4. As every step of the chain is profitable, the business model is sustainable.

VisionSpring's current growth strategy is to reinvest its profits to expand the scheme, but it is also considering obtaining loans from established businesses in developing countries.

10

One such business is ITC, a tobacco company in India that supplies the majority of village shops.

(Source: adapted from Pyramid power © The Economist, Jan 11th 2007)

**Extract B**

**Economic impact of buying a pair of VisionSpring glasses**

Price	£4
Estimated increased earnings per person, per year	£108
Expected life of a pair of glasses	2 years

(Source: adapted from © VisionSpring 2018)

**Extract C**

**Warby Parker**

Warby Parker was founded with the objectives of selling designer glasses at a low price and being socially responsible. The optical industry is dominated by a few large companies that keep prices high, making huge profits from consumers who have limited choice.

5

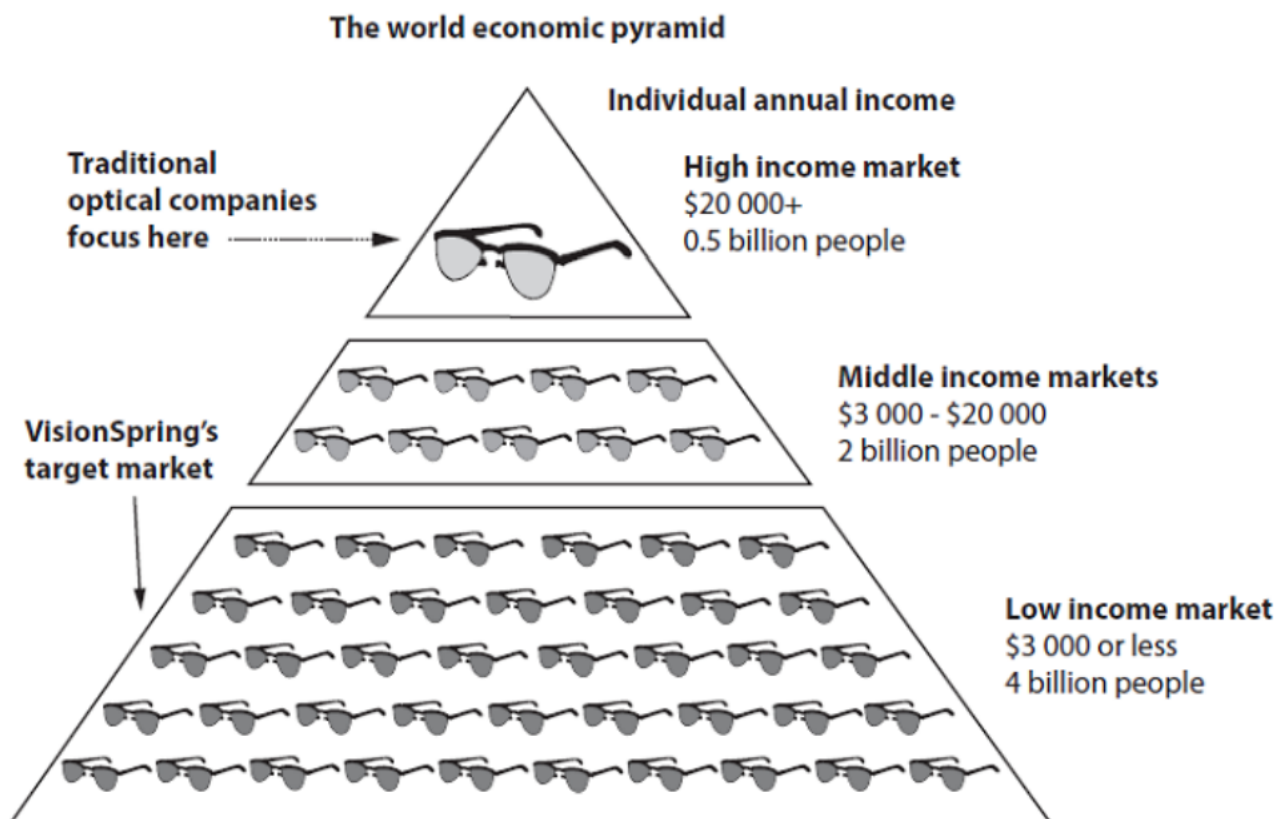
Warby Parker created an alternative by designing and selling glasses to customers directly online. It is able to provide higher-quality, better-looking prescription glasses at a lower price than larger competitors.

Almost one billion people worldwide lack access to glasses, limiting their ability to learn or work. Warby Parker believes that everyone has the right to see. For every pair of glasses it sells another pair is given free to charities, such as Sightsavers, operating in developing countries.

10

(Source: adapted from <https://www.warbyparker.com/history>)

**Extract D**







Q6.

**Extract A**

**Extract from easyJet plc's annual report 2020**

	<b>2020</b>
	<b>£m</b>
Non-current liabilities	2748
Total equity	1899

EasyJet plc's gearing for 2019 was 45.67%

(Source: adapted from [https://corporate.easyjet.com/~/\\_media/Files/E/Easyjet/pdf/investors/agm/agm-dec-2020/annual-report-2020.pdf](https://corporate.easyjet.com/~/_media/Files/E/Easyjet/pdf/investors/agm/agm-dec-2020/annual-report-2020.pdf))

Using the data from Extract A, calculate the difference in the gearing ratio for easyJet plc between 2019 and 2020. You should state the difference to two decimal places. You are advised to show your working.

(4)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

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

Q7.

**Extract E**

**Buy it Direct**

Buy it Direct is one of the largest online retailers in the UK. Established in 1999, it employs over 250 staff across three sites in Huddersfield, Barnsley and the East Midlands. The business is split into separate divisions, each of which is responsible for managing its own budget. The head of each division reports directly to Buy it Direct's Chief Executive.

5

Buy it Direct was one of the first e-commerce businesses in the UK to sell computers and electronics and then moved into also selling kitchen appliances, televisions and furniture.

Buy it Direct offers competitive prices and high levels of customer service. For example, it has a customer call centre that provides product advice and offers additional services, such as arranging for the installation of new appliances. Buy it Direct aims to hold a wider range of stock than its competitors. It sells premium brands, such as Bosch and Zanussi, as well as lower priced 'own brand' products. A significant proportion of its products are imported from China.

10

(Source: adapted from <https://www.laptopsdirect.co.uk/content/buyitdirect>)

**Extract F**

Buy it Direct's Chief Executive has set a target of 3 years payback for all investment projects including a new bathroom division with an estimated cost of £700 000.

**Cash-flow data for Buy it Direct's proposed new bathroom division**

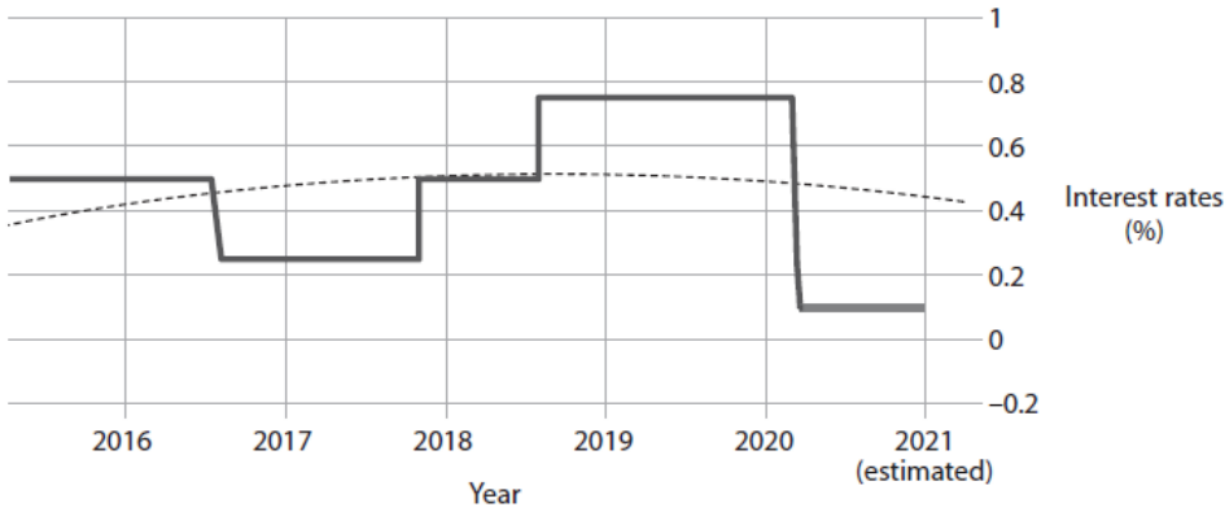
Year	Net cash-flow, £000s
1	200
2	200
3	200
4	200

(Source: figures provided by Nick Glynne, Chief Executive of Buy it Direct)



**Extract G**

**UK interest rates 2016–2021 (estimated forecast for 2021)**



(Source: adapted from <https://tradingeconomics.com/united-kingdom/interest-rate>)

**Extract H**

**The UK electrical household appliance sector**

It's been a challenging year for the sales of major domestic appliances, such as washing machines and televisions. The market has been growing at just 0.5% as a result of a slowing housing market and wavering consumer confidence. Most major domestic appliance purchases are triggered by replacing a broken or faulty appliance and this part of the market has remained unchanged. When buying household appliances, price and speed of delivery are key factors for consumers.

5

High rates of innovation in the sector and introduction of smart technologies are helping to tempt some consumers to trade up. However, only a small proportion of consumers are willing to pay a higher price for the latest innovations. Meanwhile, research shows that style and design, combined with either price or quality, are the key to deciding which brand of major domestic appliance to buy.

10

(Source: adapted from [https://www.retailerconomics.co.uk/retail-sector-electricals\\_market](https://www.retailerconomics.co.uk/retail-sector-electricals_market))









Q9.

Extract F

Room occupancy levels for Bluebells 2019

Month	% of rooms occupied
March	30
April	45
May	70
June	70
July	90
Aug	90
Sept	70
Oct	50
Nov	30

(Source: adapted from interview with Les Miller, owner of Bluebells)

Using the information in Extract F, calculate the three period moving averages for the percentage of rooms occupied for the periods March to May and June to August to two decimal places, stating the difference between these moving averages. You are advised to show your working.

(4)





Q11.

**Extract A**

**Microsoft buys Nokia handset business for €5.4bn**

Nokia is selling its mobile phone division for €5.44bn (£4.6bn) in a deal that will result in 32 000 staff transferring to Microsoft. This takeover marks the boldest step yet taken by Microsoft in its recently announced strategy of moving decisively into the device- manufacturing business. Prior to this deal, Microsoft provided Nokia with Windows software at a reduced cost to prevent it from developing its own operating system.

5

Microsoft hopes this move will allow it to design hardware for its software products and will therefore bring it the kind of success enjoyed by competitors such as Apple.

As part of this deal, Microsoft is also providing €1.5bn of immediate financing to Nokia who have been unable to raise external finance. Even inside cash-rich Microsoft, Nokia's phone division will face serious challenges. In 2010, revenue from sales of Nokia handsets was €7.2bn. By 2013, revenue had fallen by 61%.

10

(Source: adapted from 'China lifts 13-year ban on video game consoles' by Fred McConnell, 7 January 2014, © Guardian News and Media Limited 2014)

**Extract B**

**Worldwide mobile device sales to end users by vendor in Quarter 1 2011 and Quarter 1 2012 (thousands of units)**

Company	Quarter 1 2011 units	Quarter 1 2011 market share (%)	Quarter 1 2012 units	Quarter 1 2012 market share (%)
Samsung	68 782.0	16.1	86 567.6	20.7
Nokia	107 556.1	25.1	83 162.5	19.8
Apple	16 883.2	3.9	33 120.5	7.9

(Source: adapted from [www.gartner.com](http://www.gartner.com))



Extract C

Mobile phone usage forecast

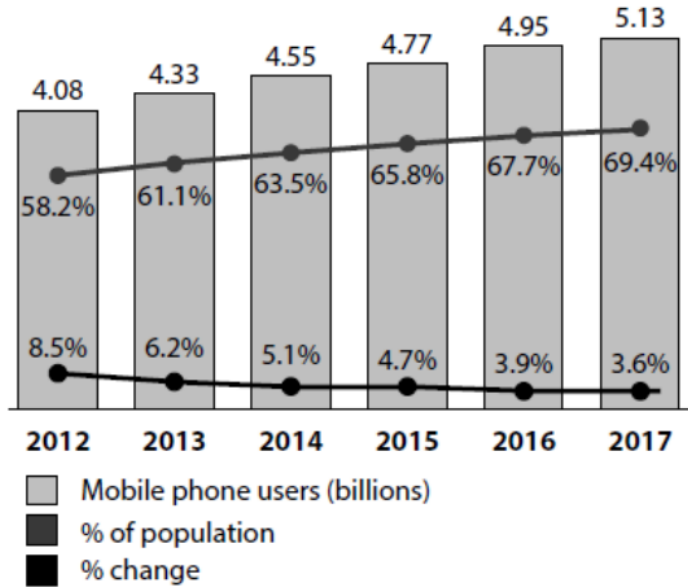


Figure 1

Mobile Phone Users Worldwide, 2012–2017 (billions, % of population and % change)

(Source: © eMarketer Inc)

Mobile phone users are rapidly switching over to smartphones as devices become more affordable due to technology advances. Smartphone users currently account for the majority of mobile phone users.

Explain **one** reason why diseconomies of scale might affect a business such as Microsoft.

(4)

.....

.....

.....

.....

.....

.....



.....

.....

.....

.....

.....

.....

.....

.....

Q12.

**Extract E**

**Get on your bike**

Northfield Cycles (NC), Birmingham, was established in 1996 by Richard Tranter, a semi-professional cyclist. It has gone from strength to strength as a retailer, repairs and servicing centre.

In 1996, unemployment in the region was growing because of the gradual closure of the Rover car manufacturing plant in nearby Longbridge. NC flourished thanks to cheap overheads but especially given the demand from locals on low incomes. Cars, it seems, were being exchanged for bikes.

5

Initially Richard sold an average of 20 bikes a week, growing to 20 bikes a day in the summer of 2012. Sales were boosted by Bradley Wiggins winning the Tour de France and the successes of the Great Britain Cycling Team at the London Olympics.

10

NC sold an average of £40,000 worth of bikes per week. Sales then experienced phenomenal growth in 2019 because of UK Government schemes and the closure of a competitor, Action Bikes, in Longbridge.

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020, [http:// northfieldcycles.co.uk](http://northfieldcycles.co.uk) and <https://www.britishcycling.org.uk>)



## Extract F

### Northfield Cycles stock from the Far East

Since opening in 1996, Richard has sold popular brands such as Giant, Scott, GT and Raleigh. This means that 95% of the bikes, helmets, clothing and equipment are manufactured in China, Taiwan, Vietnam and Malaysia, with the remaining 5% from Europe, mostly Germany.

5

The majority of bikes sold at NC are priced between £900-£1100, though they can sell at anything from £90 to £24,000.

The product life cycle of a high performance Giant bike can be as short as 12 months, which means that discounts become a common sales feature at NC.

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020)

## Extract G

### 'Cycle To Work' and 'Fix Your Bike' schemes

The updated June 2019 Cycle To Work scheme allows employers to provide funding for bikes and equipment worth up to £10,000, including electric bikes (e-bikes).

The Department for Transport said that the changes were made to promote the increased use of e-bikes to help tackle congestion, speed up commutes and cut travel costs, as well as reduce air pollution in cities.

5

In 2020 the UK Government launched its Fix Your Bike scheme - a scheme that saves customers up to £50 on bike repairs.

(Source: adapted from <https://www.cyclingweekly.com/news/product-news/e-bike-cycle-work-scheme-without-1000-limit-launched-uk-government-426596> and <https://www.cyclescheme.co.uk/>)

**Extract H**

**Expansion plans at Northfield Cycles**

In April 2020, Richard approached architects, Slaters Ltd of Dudley, to prepare expansion plans for NC.

Plan A

To remove existing walls and partitions, extending the shop by 25 m<sup>2</sup>. Upgrade the basement of the premises to become the workshop for bike repairs and servicing. The net present value for this project is £4,989 given a 10% discount rate.

5

Plan B

To build an extension to the rear of the premises, extending the shop by 40m<sup>2</sup>. Completely refit the basement of the premises to become a high-tech workshop for bike repairs and servicing, to include e-bikes.

10

The predicted net cash-flows were as follows:

Year	Plan A, £000s	Plan B, £000s
0	(12)	(60)
1	3	12
2	4	15
3	5	20
4	6	26
5	5	28

Discount rates table for 10% interest rate	
Year 1	0.909
Year 2	0.826
Year 3	0.751
Year 4	0.683
Year 5	0.621

(Source: adapted from interview with Richard Tranter, Joint Proprietor/ Manager of Northfield Cycles, November 2020)

Using the data in Extracts E to H, Payback and NPV investment appraisal methods, evaluate Plan A and Plan B expansion plans and recommend which one might be better for Northfield Cycles.

(20)

**(Total for question = 20 marks)**

**Q13.**

**Extract A**

**Commonwealth Games, Birmingham, 2022**

Durban, South Africa, was due to stage the Commonwealth Games 2022 but withdrew due to financial and practical concerns. Bids were also submitted by Edmonton, Canada and Liverpool, but the Commonwealth Games Foundation (CGF), chose Birmingham, the UK's second biggest city.

5

Over 1,000 people will be recruited to deliver Birmingham 2022. Job vacancies will include roles related to administration, planning, marketing and security. Recruitment and training of staff will be led by Gi Group, a world leader in human resource management.

Gi Group will deliver comprehensive recruitment services and fill over 1,000 roles across multiple specialisms, including selection, training and on-the-job support. Gi Group will also assist all Birmingham 2022 staff with developing their careers from August 2022, once the Games are over.

10

(Source: adapted from <https://birmingham2022.gigroup.com/about>)

## Extract B

### Huge progress at the Birmingham 2022 Alexander Athletics Stadium

Since planning permission was granted in January 2020, the demolition of three existing stands at the Perry Park site has been completed and work has started on rebuilding the stands with steelwork from British companies.

The £184m scheme remains on budget and scheduled for completion in spring 2022, ahead of its initial use as the venue for the Commonwealth Games athletics competition.

5

After the Games, the stadium is set to become a focal point of health, wellbeing, sport, academic and community activity as part of a £500m City of Birmingham Regeneration Scheme.

The stadium, which will hold around 30,000 spectators at each session during the Games, will switch to a permanent capacity of around 18,000 post-Games - the largest permanent facility capable of hosting international athletics in the UK. Furthermore, it will continue to be the home of the world-famous Birchfield Harriers Athletics Club.

10

(Source: adapted from <https://www.birmingham2022.com/news/blog/hugely-encouraging-progress-at-birmingham-2022-alexander-stadium/>)



Extract C

Capital funding and business partnerships for 2022 Commonwealth Games

Project	Cost (£m)	Main source(s)
Alexander Athletics Stadium redevelopment	184	Central Government and Sport England (£112m), Birmingham City Council (£27m), Local Enterprise Partnership (£20m), West Midlands Authority (£25m)
Sandwell Aquatics Centre, Smethwick (New build)	73	Central Government, Sandwell Council, Local Enterprise Partnership, Sport England, and Sandwell Leisure Trust
Smithfield Arena (New build)	64	Central Government, Birmingham City Council, West Midlands Authority
Coventry Stadium adaptations	32	Central Government, Coventry City Council
National Exhibition Centre adaptations	25	Central Government, West Midlands Authority
Other sites and infrastructure	400	Sport England, Business Partners/ Sponsorships
<b>Total</b>	<b>778</b>	

(Source: adapted from <https://www.birmingham2022.com/business/partnerships>, [www.sandwell.gov.uk](http://www.sandwell.gov.uk) and <https://www.birmingham2022.com/news/blog/hugely-encouraging-progress-at-birmingham-2022-alexander-stadium/>)

## Extract D

### Commonwealth Games vision and mission (Extracts from)

Ian Reid, Birmingham 2022 Chief Executive Officer stated: "In order to deliver this iconic celebration of sport we need to forge dynamic, new business partnerships. The Games will boost jobs and investment and promote Birmingham's national and international reputation."

The Birmingham 2022 Commonwealth Games will

- Embrace and drive the youth, diversity, humanity and pride of the region and the 76 countries of the Commonwealth.
- Inspire, engage and connect communities and athletes to realise their full potential and live happier, healthier lives.
- Drive sustainable economic growth and aspiration; creating opportunities through trade, investment, jobs and skills.
- Transform and strengthen local communities, working together to deliver new and improved homes, facilities and transport links.

(Source: adapted from <https://www.birmingham2022.com/about-us/our-purpose/>)

Ian Reid believes that the Commonwealth Games' Directors' objectives should be to prioritise jobs and investment when making business decisions. However, others have suggested that the objectives should meet the needs of all stakeholders.

Using the data in Extracts A to D, evaluate these **two** objectives and recommend which is more appropriate for the 2022 Commonwealth Games' Directors.

(20)

**(Total for question = 20 marks)**

Q14.

**Extract A**

**Tended Ltd**

Tended Ltd is a fast-growing technology start-up company based in Lincoln, UK founded by young entrepreneur Leo Scott Smith, who is the main shareholder. The company has created a personal safety device called the 'Tended Protect'. Tended Ltd aims to increase its market share of the global wearable technology market.

5

Tended Protect is a wrist-worn wearable safety device that monitors the movements of the user through artificial intelligence and has the ability to learn and detect 'abnormalities, such as a fall or strong impact. If the user does not or cannot respond to the device's safety check, then an alert will be sent to the user's nominated emergency contact. It gives the GPS location, health and activity information and will open the channel for live audio with the wearer.

10

Tended Ltd has gained £50 000 from Enterprise Loans\*, to help further develop the Tended Protect, create new jobs and marketing for the new product, as well as fulfil its initial orders.

\*A subsidiary of the UK government's British Business Bank.

15

(Source: adapted from <http://www.smeweb.com/2018/07/09/qa-leo-scott-founder-ceo-tended-protect/>  
and <https://cityx.co.uk/2018/07/tended-wearable-safety-device-developed-lincolnshire/>)

**Extract B**

**The expansion of Tended Ltd**

Tended Ltd has developed at a fast rate, from one member of staff to a team of 10 in eight months. It encountered difficulties such as raising finance and it ran out of cash on a few occasions. Tended Ltd also faced development issues, which took months to fix. However, it overcame all of these issues. The staff pulled together as a team, worked into the early hours of the morning and constantly innovated and took risks, enabling the business to stay agile and continue to grow rapidly.

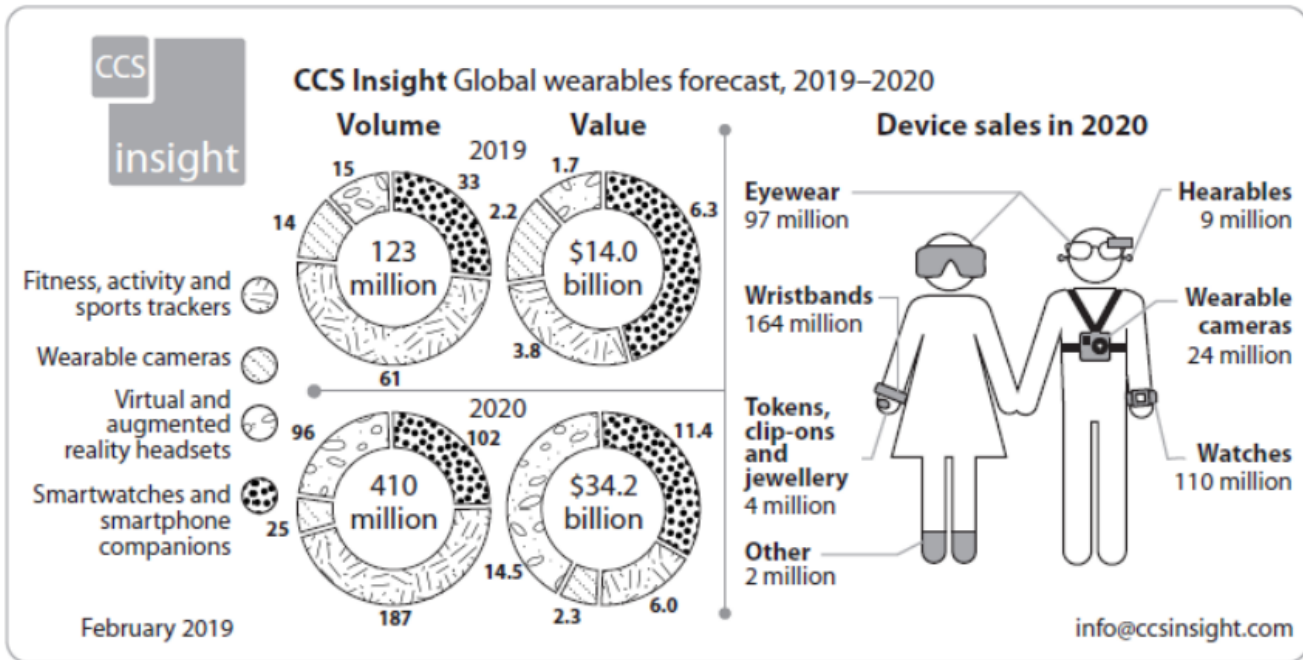
5

(Source: adapted from <https://www.startupvalley.news/uk/tended-personal-safety-wearables/>)



Extract C

The global technology wearables market



CCS Insight, a market research business, has updated its forecast on the future of wearable technology, indicating that 411 million smart wearable devices, worth a staggering \$34 billion, will be sold in 2020.

CCS Insight claims the industry will achieve sales of \$14 billion in 2019, with wrist-based devices, such as smartwatches and fitness trackers, continuing to dominate. Its forecast states half of all wearable technology sales over the next 12 months will be from these devices, with smartwatches making up 50%

5

Ben Wood, Chief of Research at CCS Insight, commented: "Given the falling consumer interest for smartphones, it is little wonder so many companies are chasing the rapidly growing opportunity presented by this dynamic market."

10

(Source: adapted from <https://www.forbes.com/sites/paullamkin/2016/02/17/wearable-tech-market-to-be-worth-34-billion-by-2020/#192e2d113cb5>)



To achieve its aim of increasing its market share of the global wearable technology market, Tended Ltd could produce a new smartwatch or launch a marketing campaign for 'Tended Protect'.

Evaluate these two options and recommend which one is most suitable for Tended Ltd to achieve its aim of increasing its market share.

(20)

**(Total for question = 20 marks)**

**Q15.**

Before making the investments Jaguar Land Rover would have considered the likely success of the two projects. As well as the payback period and the Average Rate of Return (ARR) they would have considered both the limitations of these techniques and other factors.

Using the information in Extract H and appropriate calculations, evaluate the potential investments at Wolverhampton and Castle Bromwich considering both financial and other factors.

Recommend which project is likely to be the most successful investment for Jaguar Land Rover.

(20)