

A



Surname _____

Other Names _____

Centre Number _____

Candidate Number _____

Candidate Signature _____

A-level BUSINESS

Paper 2 Business 2

7132/2

Monday 3 June 2019

Afternoon

Time allowed: 2 hours

For this paper you must have:

- a calculator
- a separate insert.

At the top of the page, write your surname and other names, your centre number, your candidate number and add your signature.

[Turn over]



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INSTRUCTIONS

- **Use black ink or black ball-point pen.**
- **Answer ALL questions.**
- **You must answer the questions in the spaces provided. Do not write on blank pages.**
- **Do all rough work in this answer book. Cross through any work you do not want to be marked.**

INFORMATION

- **The marks for questions are shown in brackets.**
- **The maximum mark for this paper is 100.**

DO NOT TURN OVER UNTIL TOLD TO DO SO



Answer ALL questions in the spaces provided.

0 1

Read APPENDIX A to E, in the separate insert, and then answer the questions that follow.

0 1 . 1

‘The data in APPENDIX E, on page 6 of the insert, shows that the fall in advertising spending by Kellogg’s from 2013 to 2017 has caused lower sales.’

Explain why this statement might NOT be correct. [2 marks]

2



0 1 . 2 APPENDIX B, on page 3 of the insert, shows the actual and forecasted data for the value and the volume of sales of RTE breakfast cereals between 2018 and 2023.

Explain how it is possible for the value of sales to increase when the volume of sales is falling. [2 marks]

[Turn over]

2



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[Turn over]



[Turn over]

9



0 2

Read the information below and then answer the questions that follow.

WeRide plc

WeRide (WR) is a taxi business. It has an app that allows its passengers to find and book the nearest driver themselves. WR has grown quickly and its service is now available in over 400 cities in 60 countries. It employs its taxi drivers on flexible employment contracts.

Stricter laws are threatening WR's growth in the taxi market in some locations.

For example, several cities have:

- **imposed limits on the number of new licences for all taxis in order to reduce congestion and pollution**
- **banned WR because of concerns that its vehicles do not meet new safety regulations.**

In 2018, WR announced a change to its future strategy. Instead of trying to grow its taxi business further, WR intends to invest several million pounds in developing a rental service for electric bicycles. This will be delivered through its app.

WR's Chief Executive said that individual methods of transport, such as electric bicycles, were better suited to travelling



around cities than cars these days. She recognises that the move into the rental of electric bicycles might damage short-term profits, but thinks it is the right long-term strategy for the business.

Although the profit margin on an electric bicycle ride will be less than a taxi ride, WR's Chief Executive believes that the profits from electric bicycles will eventually be higher than from taxis. However, some investors are concerned about the impact on dividends of the decision to move into electric bicycles.

0 2 . 1 WR has made a strategic decision to move into electric bicycle rentals.

Analyse the possible impact of this on the market capitalisation of the company.

[9 marks]

[Turn over]



03

Read the information below and then answer the questions that follow.

Galin plc

Galin is a large multinational company that sells products in 10 different categories, including fabric care (eg washing powder), home care (eg furniture polish) and hair care (eg shampoo) products. It has 50 different brands and in 2018 achieved global sales of \$60 billion.

Galin has chosen to have a regional organisational structure, dividing the world into six regions: North America, Europe, Asia, Latin America, the Middle East and Africa. There are major differences between these regions: for example, in terms of market conditions, labour markets and economic factors.

In 2018 Galin invested 3% of its sales revenue into research and development (compared with an industry average of 1%) and owned 55 000 patents. Its new products achieve high profit margins. When developing products, Galin encourages collaboration between people in different jobs.

An objective of the company for 2019 is to increase labour productivity.





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For Examiner's Use	
Question	Mark
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