

Please check the examination details below before entering your candidate information		
Candidate surname	Other names	
Pearson Edexcel Level 3 GCE	Centre Number	Candidate Number
Friday 15 May 2020		
Afternoon (Time: 1 hour 30 minutes)	Paper Reference 8BS0/01	
Business Advanced Subsidiary Paper 1: Marketing and People		
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.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- You may use a calculator.

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 ►

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Answer ALL questions.

SECTION A

Read Extract A before answering Question 1.

Write your answers in the spaces provided.

Extract A

Online presence is essential for modern businesses

Ryan Daniels started Hydra Creative, a company that provides services including bespoke website design, online advertising and business stationery design. It makes use of business to business (B2B) marketing.

High demand caused Hydra Creative to grow rapidly. Ryan needed to take on employees to cope with the workload and quickly changed from being a sole trader to a private limited company with his wife, Gemma, as a shareholder and director. He now has 18 team members and offices in Sheffield and London.

5

Responding to customer feedback, Ryan and Gemma have improved promotion of the company, ensuring that sales for traditional services, such as stationery design, do not fall into the decline stage of the product life cycle.

10

Gemma stated; "more and more businesses are turning to search engine optimisation (SEO) to promote themselves online. We have updated this paid for service which helps to position our clients' businesses higher in search engine results."

(Source: Interview with Gemma Daniels shareholder and Director of Hydra Creative)

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1 (a) What is meant by business to business (B2B) marketing?

(2)

(b) What is meant by sole trader?

(2)



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(4)

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(d) Explain **one** reason why Hydra Creative might use an extension strategy.

(4)

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(e) Assess **two** difficulties Ryan may face as he develops from an entrepreneur to a leader.

(8)

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(f) Assess the likely benefits to Hydra Creative of becoming a private limited company. (10)

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(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS



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SECTION B**Read Extract B before answering Question 2.****Write your answers in the spaces provided.****Extract B****Global demand for coconut is booming**

Founder and CEO of Ape Snacks, Zack Nathan, dropped out of university to start a healthy snack company focusing on coconut-based products. Ape Snacks aims to encourage the average person to eat a better diet, whilst operating as an environmentally responsible business.

In the past decade, the global demand for coconut has grown by 500%. During the same time a series of celebrity endorsements and sponsorships have relaunched coconut as a 'superfood'. In addition to demand for coconut oil and coconut water, strong niche markets are also emerging for coconut-based snacks.

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However, many coconut producing countries are struggling to keep up with demand due to ageing coconut trees, which produce fewer coconuts. Estimates suggest that 1 billion new trees need to be planted to keep up with demand.

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2 (a) State **two** examples of entrepreneurial motives.

(2)

(b) What is meant by sponsorship?

(2)



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(c) Explain how opportunity cost might have applied to Zack when he chose to set up Ape Snacks.

(4)



- (d) Using the data from Extract B, construct a supply and demand diagram to illustrate the impact of ageing coconut trees on the existing coconut market.

(4)

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(e) Assess **two** factors that could cause a change in demand for Ape Snacks.

(8)



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- (f) Assess whether social trends might affect the design mix for Ape Snacks' coconut snacks.

(10)



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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS



SECTION C**Read Extract C before answering Question 3.****Write your answer in the space provided.****Extract C****Jamie Oliver hits hard times**

In 2017, Jamie Oliver blamed intense competition and rising costs, such as ingredients and rent, for the closure of six of his Italian restaurants. Accounts for 2016 showed the business had slumped to a £9.9m loss from a profit of £2.4m a year earlier. At the same time Byron, the burger chain, had to be rescued financially after expanding too quickly.

The problems at Jamie's Italian restaurants reflect the wider market for casual dining. In recent years consumers have spent more on eating out, but a large number of new restaurant openings led to intense competition. 5

Peter Martin, vice-president at the food and drink consultancy CGA, says, "savvy operators such as Nando's and JD Wetherspoon have remained successful by adapting to changing tastes. With this much choice in the market, customers will choose other options unless you stay fresh and relevant. When Jamie came on to the scene it was new and exciting; they were taking samples outside for people to try which was innovative. However, more and more businesses are doing that sort of thing now." 10

(Source adapted from: <https://www.theguardian.com/lifeandstyle/2018/feb/16/not-so-fresh-why-jamie-oliver-restaurants-lost-their-bite>)

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- 3 To prevent further business failure Jamie could either reduce costs or adapt to market changes.

Evaluate these **two** options and recommend which option is most likely to prevent further business failure.

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TOTAL FOR PAPER = 80 MARKS



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