



Oxford Cambridge and RSA

**Thursday 16 June 2022 – Afternoon**

**A Level Business**

**H431/03** The global business environment

**Time allowed: 2 hours**



**You must have:**

- the Resource Booklet

**You can use:**

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

|  |  |  |  |  |
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Candidate number

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

First name(s)

Last name

**INSTRUCTIONS**

- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.
- Use the Resource Booklet to answer all the questions.

**INFORMATION**

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [ ].
- Quality of extended response will be assessed in questions marked with an asterisk (\*).
- This document has **16** pages.

**ADVICE**

- Read each question carefully before you start your answer.

Answer **all** the questions.

**1** Explain the purpose of a mission statement.

**2** Explain **one** way in which Subway could use drip marketing.

**3** Evaluate the use of lean production methods at Subway restaurants.

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**4\*** Evaluate the extent to which 'product' is the most important element of Subway's marketing mix. **[20]**

[illegible]

Handwriting practice area with 20 horizontal dotted lines.



5 Explain **two** methods Subway could use to communicate with its franchisees.

1 .....

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2 .....

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**[4]**

- 6 The owner of Tinkers Farm (TF), based in Central England, is considering bidding to supply the nearest eight Subway outlets with its tomatoes. Tomatoes are not TF's main product line. Current output is 6000 kg per annum. The table below shows TF's current costs of tomato production and average selling price.

|                                                      |       |
|------------------------------------------------------|-------|
| Allocated fixed costs per annum                      | £5500 |
| Variable costs (labour, fertiliser, compost), per kg | 32p   |
| Average selling price to current businesses, per kg  | £1.50 |

- (a) The owner of TF has estimated that he would need to increase the scale of tomato output to 7500 kg per annum to satisfy the demand from Subway, should he get the contract. He has calculated that the **extra** annual allocated fixed costs for the extra tomato production would be £750.

- (i) Calculate the difference in cost **per kg** if TF moves to the higher level of production.

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..... [3]

- (ii) The owner of TF believes that Subway will only pay him 90% of his normal average selling price per kg of tomatoes. Calculate the contribution at this price.

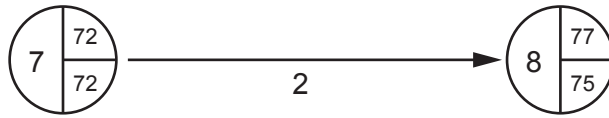
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..... [2]

- (b) Tomato production at TF is broken down into five stages, from planting seeds to picking and packing the tomatoes. The 'picking' stage is shown below as part of a critical path network diagram of all production at TF (all times are in days).



- (i) Identify the earliest start time for this activity.

..... [1]

- (ii) Calculate the free float for this activity.

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..... [2]

7 Subway India imports cheese from the USA.

Analyse **one** way in which Subway India might be affected by a rise in the value of the Indian Rupee against the US Dollar.

[6]

**8** Explain **one** way in which Subway adds value as it prepares its sandwich products.

..... [2]

- 9 Analyse **two** ways in which Subway might have benefited from using Ansoff's Matrix in its decision to expand into Kashmir.

[6]

This image shows a full page of white paper with horizontal dotted lines. The lines are evenly spaced and run across the width of the page, providing a guide for handwriting practice. There are no margins, text, or other markings on the page.



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