






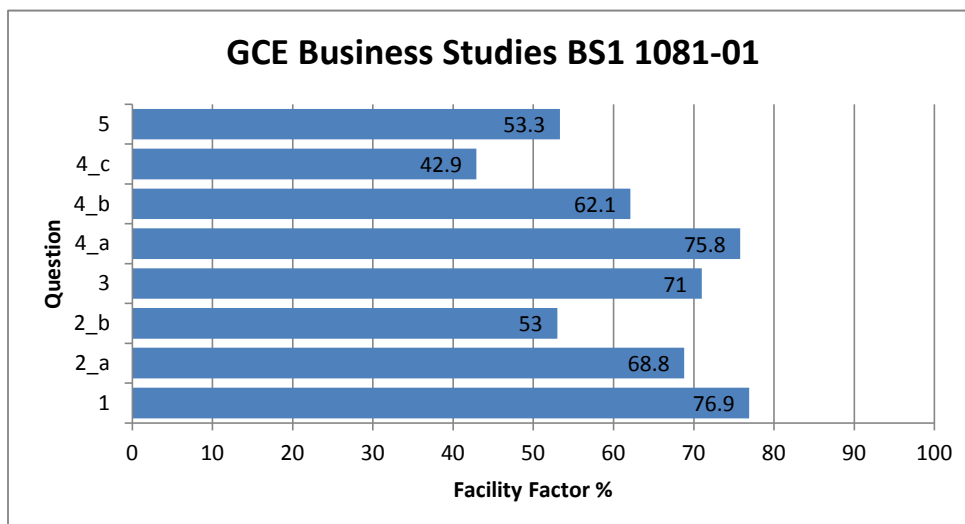


GCE Business Studies BS1 1081-01

All Candidates' performance across questions

						
Question Title	N	Mean	SD	Max Mark	FF	Attempt %
1	3451	3.1	1	4	76.9	99.9
2a	3446	2.8	1.3	4	68.8	99.7
2b	3443	4.2	1.5	8	53	99.6
3	3454	4.3	1.2	6	71	99.9
4a	3455	3	1	4	75.8	100
4b	3439	3.7	1.4	6	62.1	99.5
4c	3445	3.4	1.9	8	42.9	99.7
5	3446	5.3	1.8	10	53.3	99.7





(b) Discuss the view that not all businesses will suffer as a result of the impact of exogenous shocks, such as the floods that hit the UK in 2012. [8]

~~Exogog~~ Exogenous shocks are unpredicted events that no-one knows are going to happen. They can have negative effects on a lot of businesses, however can benefit others.

Farmers were effected by the weather causing their crop yield to fall, this meant revenue fell for their businesses and other businesses that need various crops from their farmers as a factor of production i.e. fish and chip shops. Cost of fish would have risen as a result of short supply of potatoes.

However, other businesses will not be effected by exogenous shocks and can actually benefit. For example, the bad rainy weather meant lack of sun which meant people couldn't dry their washing outside on the sun, this meant demand for tumble dryers rose as consumers had to find an alternative to dry their washing. i.e. Currys and PC World for tumble dryers had doubled.



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- (b) Discuss the view that not all businesses will suffer as a result of the impact of exogenous shocks, such as the floods that hit the UK in 2012. [8]

Exogenous shocks are unforeseen and unexpected events that happen outside an industry or market but can have a big effect on the businesses that operate within it. Some businesses suffer greatly as a result of exogenous shocks. For example after the 2012 UK floods the farming industry suffered greatly because ^{lots} all of their crops were ruined by the floods. Wheat yields were down by 15% and the gardening industry ~~was~~ "a complete washout". Sales were also down on ~~gardening~~ ^{barbecue} products as they fell by 6% and shopper numbers were down 20% as people were put off by the terrible weather. But not all businesses are affected badly by exogenous shocks, some actually flourish and experience an unexpected surge in sales. For example, after the 2012 UK floods, sales of slug ~~pot~~ pellets and weed killer did very well because they thrived in the wet weather. Also Dixons said that sales of tumble dryers had doubled due to the ~~wet~~ wet weather and also sales of electric ~~blankets~~ heaters had shot up 10-fold from a year before. In conclusion, it is apparent that not all businesses suffer as a result of exogenous shocks and some actually do well because of them.



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2b: 5



- (b) Discuss the view that not all businesses will suffer as a result of the impact of exogenous shocks, such as the floods that hit the UK in 2012. [8]

An exogenous shock is an external factor that is unforeseen and can effect a business either positively or negatively.

Some businesses wouldn't suffer as a result of flooding. For example, businesses who sell de-humidifiers, fans etc. needed to 'fix' a house after flooding would see sales rise, like Dixons whom saw a tumble dryer sales increases.

Moreover, businesses whom provide flood defence schemes, such as pumps, moats etc. could benefit in the long run as people look to fortify their homes from future flooding.

Sandbag companies may also benefit during this time as flooding as people seek more sandbags to protect their homes (on top of ~~the~~ ~~more~~ increased sand orders from councils to produce their own sand bags). Increased sales could benefit those type of business.

Despite a decrease in crop numbers, competition, such as carrot growers or foreign businesses producing potatoes could take advantage of the lack of supply of potatoes.

ON CONTINUATION PAGE 11



Question number	Additional page, if required. Write the question number(s) in the left-hand margin.	Examiner only
2 b)	<p>These business could 'pick up' the slack demand and sell more products, increasing their profits. AD AL</p> <p>Finally, homeware companies could benefit if peoples homes have been flooded. People would need to replace flood damaged items and therefore spending in these homeware stores is likely to increase.</p> <p>However, many businesses are damaged by this exogenous shock - flooding. Potato growers cannot keep up with demand and hence lose out on profit and to competition. Moreover, in general B&Q lost out on sales of DIY gardening equipment, thus reducing their profits, and meaning a lost opportunity cost (Money tied up in stock).</p> <p>Others ^{also} were damaged, such as insurance companies whom would have to pay out millions to compensate for the damage. This would massively damage ^{profits} luxury goods businesses would also likely</p>	



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	<p>suffer as flood hit victims decide to save their disposable income rather than spend it, hence reducing sales and profits. The council, although not a business would be damaged, due to cost of repairs, sandbags, delayed services etc. putting huge financial demands on it.</p> <p>To conclude, although there could be some business winners from the flooding, there are many losers as well.</p> <p>✶ Rescue services e.g. some mountain services that have been privatised may earn more through more rescues needed due to incidents caused by flooding. Greater income can therefore boost their profits.</p>	



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Small businesses still exist despite of huge competitive pressures from larger business. Smaller business will usually be sole traders or partnerships.

Many public limited companies dominate the market and can often make it hard for newer, smaller businesses to enter. Oligopolys are an example of how smaller business may find it hard to survive as with Oligopolys a few businesses dominate most of the market and through collusion many small businesses are at a disadvantage as big business use price fixing. Monopolys also sometimes use predatory pricing ~~pric~~ pricing.



to try and eliminate smaller business. Small business continue to survive because ~~may~~ many people, ~~can~~ consumers etc ~~are~~ have a strong sense of loyalty and will stick with their local shops to prove a point to the Government and big businesses who make it harder for small business. Many small business provide specific things to a Niche market. This helps them to survive as they are in a specialist industry and can often survive as they charge high amounts of money for their products which means that the business can still function. In conclusion Small Business still survive as they have customer preference and loyalty to local individualistic shops who offer unique products that bigger business




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- (c) Explain why, despite all the difficulties that face them, small businesses continue to survive. [8]

There are many reasons why small businesses continue to survive first of all people keep opening small businesses due to it being fairly quick and easy to set up with them only having to register with the HMRC. A reason for them staying open is customer loyalty. Locals in a town would mainly rather go to a small business that has been open for years, where they are personally known, than a new commercialised supermarket. Small businesses could provide a better quality service than the bigger names, causing more customers to come back. A local butcher would have fresher local meat than Asda, so lots of people would buy from the butchers because of this. Also small businesses may find a gap in the market, where they sell goods or a



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Service that you wouldn't find in any big name companies. One more reason small businesses survive is down to location. There are many of them in small towns and villages where the big names do not want to go, therefore small businesses survive ^{due} to not having much or any competition.

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Small Businesses struggle in today's economies due to things like big Companies who can benefit from economies of Scale, however small businesses will continue to survive for many reasons.

Firstly Small businesses tend to keep business due to the Customer Service they provide, when going to small family run Companies the service tends to be more personal and the knowledge is normally more in depth as the business can be important to the owners whereas in places like Currys many of the staff are normally part time students who are primarily there for the money because of this small businesses will always gain to a certain extent.



~~One~~ Secondly because of certain types of markets such as niche markets. Some businesses remain small due to the part they operate in. For example a company who sells Vegan footwear online could be very successful as it is an idea not many big companies would consider, because of this the company could be very successful but not need to expand due to the small segment of people who would buy the footwear.

In line with niche markets, some ^{small} business owners could have a very successful company but ~~may not~~ be money orientated and ~~do not want to~~ expand because they are happy with how things are, for example if a small family Pizzeria was very successful and doing well then the owner may not want to expand because he could lose control and quality of his ingredients due to needing to rely on another person, also if they expand then the existing successful business could suffer.

~~As~~ Finally many small businesses survive because of things like buying groups such as Euronics which enables small businesses to gain buying power when joined together meaning prices can be reduced and bigger companies can be challenged, the main reason small businesses survive is because ~~there will always be a need for them~~

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Adapted from: *South Wales Evening Post*, January 2013

Consider the factors that businesses, such as Glass Tech Recycling Ltd, need to take into account when deciding on where to locate. [10]



5. GLASS TECH RECYCLING LTD SEEKS SECOND LOCATION IN NORTH WALES.

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A good location is dependant on a number of factors.

As Glass Tech Recycling is a trading company it would need to be based near a motorway or even a port. This would reduce travel costs as the glass could be traded into the ships straightaway without lorries having to deliver batches of glass to different locations before it getting where it needs to go. Petrol costs will also be lower if the trading cars could get straight on the motorway, this would make the trades quicker and cheaper for Glass Tech Recycling.

The locations would have to be an open space with not too many people and houses around as sorting through heaps of glass is likely to be noisy and as it is likely to be from peoples



old goods or mines it will also be smelly. This means there will be pollution coming from the estate which local communities will not appreciate.

Another factor they may consider is dependence on phone signal and wifi. As they are a trading company they are likely to need to be making offers for their glass at all times, they cannot afford to lose signal in the middle of a deal so they are most likely to open an estate near signal wires.

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Consider the factors that businesses, such as Glass Tech Recycling Ltd, need to take into account when deciding on where to locate. [10]

For a business such as Glass Tech Recycling Ltd there are many factors that need to be considered when choosing where to locate. Firstly they will need to choose a site that is easily accessible to its customers i.e. an industrial estate off a busy motorway has benefited its first site very well as there are always potential customers passing by. Another factor when choosing to locate that Glass Tech Recycling Ltd would need to consider is the location of its competitors. It needs to be in a position where surrounding companies do not offer the same service i.e. glass recycling at a cheaper rate. This would mean that the company would need to offer very cheap prices to compete with its rivals. Further



more, the company may need to take into account whether or not their site will be easily visible to customers who do not know they are there. Opening in another industrial estate may result in low customer numbers as the factory may not be visible to passing by drivers on the motorway.

A company may need to take into account the kind of site preferences to locate on i.e. Braintree or Greenfield.

Locating on a Braintree site would ~~clearly~~ mean that as it has been previously occupied by a permanent structure, you know it is safe to build on and roads and towns are near by to be able to access it. Another

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factor that may effect where Glass Tech Recycling Ltd chose to locate could be the amount of skilled workers they need to carry out jobs are available in that area, without a skilled workforce they will not be very likely to achieve success.

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Consider the factors that businesses, such as Glass Tech Recycling Ltd, need to take into account when deciding on where to locate. [10]

There are lots of factors that a business needs to consider when deciding on location. Firstly, it needs to be in an area where it is accessible to workers. It needs workers with the right skills and also good road links for them to commute. Glass Tech recycling also needs to be by main roads so it can easily get the materials they are recycling. Their current site is near the M4. Government grants could also be a factor when deciding on location, as some local governments will offer these as an incentive to bring new jobs to the area. Glass Tech also need some where there is lots of land available as they are looking to expand. Legislation could also be a factor, e.g. legislation would prevent them from opening a site in a national park or listed building, or if there was protected wildlife in an area. Another factor is local opposition. A recycling plant would be seen as an eyesore in some areas and ruin the scenery so locals would



oppose it by protesting. Also competition would be a factor because ~~you~~^{they} wouldn't want to open up next door to one of their competitors. Another factor is where their customers are because it would be un-economical to have to transport goods from one end of the country to another. Image could also be a factor to consider, because certain products have more prestige if they come from a certain area, e.g. perfume from Paris. Also in a certain area, ~~workers~~ employees might demand to be paid more due to a higher cost of living, e.g. employees would be paid more in London. Also having a site with enough room to allow for further expansion in the future would prevent them having to move again. Also if the premises were already built it would prevent them having to pay ~~for~~ to construct new ~~a~~ buildings.

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