

Please check the examination details below before entering your candidate information

Candidate surname

Other names

Centre Number

Candidate Number

**Pearson Edexcel Level 3 GCE**

**Wednesday 14 June 2023**

Morning (Time: 2 hours)

Paper  
reference

**9BS0/03**

**Business**

**Advanced**

**PAPER 3: Investigating business in a competitive environment**

**You must have:**

Source Booklet (enclosed)

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 100.
- 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 Extracts A to C in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

- 1 (a) Assess **two** factors which might affect the accuracy of UK new car sales forecasts. (8)

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(b) Using the data in Extracts A and B, assess the importance of just in time (JIT) management of stock for UK car manufacturers.

(10)

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(c) Assess the likely impact of increased foreign direct investment (FDI) on the growth of businesses in the UK car industry.

(12)

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Porter's Strategic Matrix suggests that a car manufacturer can grow the sales of its electric cars by either focusing on differentiation or cost leadership.

- (d) Evaluate these **two** options and recommend which one is the most important for the successful growth in sales of its electric cars.

(20)

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(Total for Question 1 = 50 marks)

**TOTAL FOR SECTION A = 50 MARKS**



### SECTION B

**Read Extracts D to H in the Source Booklet before answering Question 2.**

**Write your answers in the spaces provided.**

- 2** (a) Using the data in Extracts D and E, assess how **two** entrepreneurial roles may have led to the success of German Automotive (GA).

(8)

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(b) Assess the likely importance of corporate social responsibility (CSR) as an influence on German Automotive's (GA) business decisions.

(10)

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(c) Using the data in Extracts F and G, assess the likely impact of movements in the UK exchange rate to German Automotive's (GA) profit.

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Ian Essex identified two ways to improve employee performance at German Automotive (GA). He could either use financial or non-financial techniques.

(d) Evaluate these **two** options and recommend which one might best improve employee performance at German Automotive (GA).

(20)

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(Total for Question 2 = 50 marks)

**TOTAL FOR SECTION B = 50 MARKS**  
**TOTAL FOR PAPER = 100 MARKS**



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# Pearson Edexcel Level 3 GCE

**Wednesday 14 June 2023**

Morning (Time: 2 hours)

Paper  
reference

**9BS0/03**

## **Business**

**Advanced**

**PAPER 3: Investigating business in a competitive environment**

### **Source Booklet**

**Do not return this Booklet with the question paper.**

### **Context**

- This year the context is the UK car market and businesses operating in this market.

### **Research**

- To prepare for this year's context, you should research:
  - Current trends in the UK car market: Prices; consumer tastes and preferences (e.g. style, colour); growth of electric car sales.
  - The markets and competitive environment facing car manufacturers, car dealers and car servicing businesses.
  - Resource management in the car industry.
  - Managing people in the car industry.
  - Entrepreneurs and leaders in the UK car market.
  - Global and external influences on the car market.
- You **cannot** take any of your research or investigation data carried out as part of the pre-release into the examination.

Turn over ►

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## SECTION A

Read the following extracts (A to C) before answering Question 1.

### Extract A

#### UK car sales down in March 2022

It was the weakest March for total new car sales in the UK since 1998. Sales in the UK new car market fell by 14.3% to 243 479, according to the latest figures from the Society of Motor Manufacturers and Traders (SMMT).

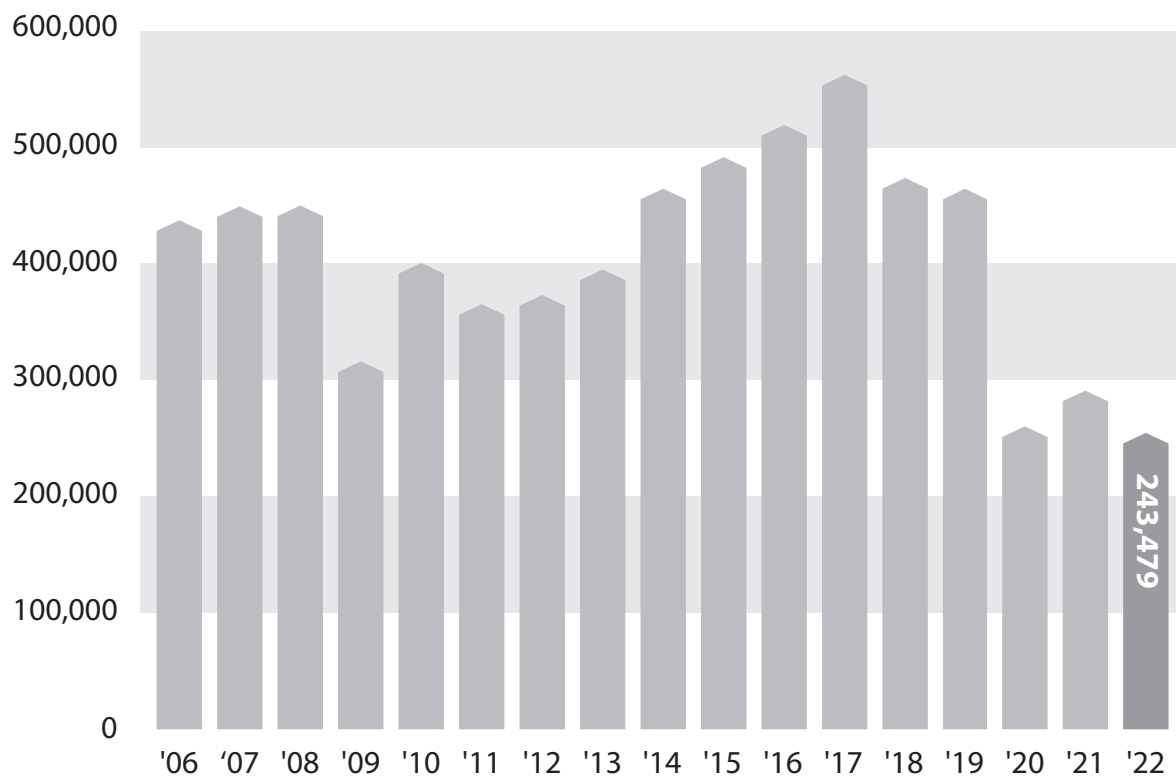
Despite manufacturers forecasting high volume of orders for the first quarter of 2022, ongoing supply chain shortages – especially of semiconductors and car body paint – continued to limit supply. March is normally the industry's busiest month as buyers demand the latest number plate.

5

Fluctuating exchange rates, rising energy costs, and car fuel costs, plus car manufacturer price wars, could impact the demand for new vehicles.

10

March new car sales 2006 to 2022



(Source: adapted from <https://www.just-auto.com/news/uk-car-market-down-14-3-in-march/>)

## Extract B

### Growth of electric car sales

Battery electric vehicles (BEVs) continued to enjoy tremendous growth, with 39 315 new cars sold in March 2022 – an increase of 78.7% on last year. This is the highest volume of BEV sales ever recorded in a single month, and more than during the whole of 2019.

In the same period, new diesel and petrol car sales declined.

5

Just in time (JIT) stock control is used in the manufacture of most cars, including electric vehicles and hybrid electric vehicles, which have seen an increase in market share from 21.4% in 2021 to 34.1% in 2022.

Car engine type	March 2021 sales	March 2022 sales	Change (%)	Market share 2021 (%)	Market share 2022 (%)
Diesel	30 730	13 736	-55.3	10.8	5.6
Petrol	137 557	102 349	-25.6	48.4	42.0
BEV	22 003	39 315	78.7	7.7	16.1
PHEV	17 330	16 037	-7.5	6.1	6.6
HEV	21 599	27 737	28.4	7.6	11.4
Other	54 745	44 305	-19.1	19.3	18.2
TOTAL	283 964	243 479	-14.3	-	-

Key: BEV – battery electric vehicle; PHEV – plug-in hybrid electric vehicle; HEV – hybrid electric vehicle

(Source: adapted from <https://www.just-auto.com/news/uk-car-market-down-14-3-in-march/>)

## Extract C

### UK car industry forecast

Despite strong order books and foreign direct investment (FDI) at foreign owned companies, such as Jaguar Land Rover in the West Midlands and Toyota in Derby, constraints on supply are preventing the sector from moving into a full recovery. The lack of semiconductors and longer-term uncertainty remain, especially given the political and economic climate.

5

There are significant benefits for buyers of new electric cars, such as grants for customers purchasing BEVs available until at least March 2023 and the lower running costs.

Mike Hawes, SMMT Chief Executive, said: "March is typically the biggest month of the year for the new car market, so this month's sales performance is deeply disappointing. With increasing household and business costs, government must do all it can to support consumers. Growth of electric car sales needs to be sustained so that the UK's ambitious net zero carbon timetable can be delivered."

10

(Source: adapted from <https://www.just-auto.com/news/uk-car-market-down-14-3-in-march/>)



## SECTION B

Read the following extracts (D to H) before answering Question 2.

### Extract D

#### German Automotive, Derby

Ian Essex has been the owner of German Automotive (GA) in Derby since October 2006. The business positions itself as an 'alternative to using a main dealer'. GA offers guaranteed mechanical work that will not invalidate warranties.

Ian is a Mercedes trained technician and mechanic, and can ensure a first-class service, just like the main dealer. GA only uses manufacturer approved parts, so the manufacturer's warranties remain valid. GA also offers to pick-up and drop-off customer cars. Furthermore, prices for works undertaken are quoted at an average 20% below main dealer prices. 5

Unsurprisingly, GA's turnover has grown from £187 000 in 2007 to £1 200 000 in 2021. 10

(Source: adapted from interview with Ian Essex, Company Director of German Automotive, November 2021)

### Extract E

#### Staffing at German Automotive

From just three employees in October 2006, by November 2021 GA employed 10 staff. Roles include the Company Director, Service Manager, Vehicle Technicians and Receptionists.

Staff at GA are paid more than they would be at any of the main alternative German car dealers, namely Audi, Mercedes, BMW and Volkswagen. 5

Employees go the extra mile to offer a caring and quality service. A personal touch that has proven so successful that advertising and marketing costs have actually fallen from a budget of £25 000 in the first year to just over £12 000 in 2021.

GA keeps customers happy by providing free loan cars to those customers who need them. 10

Over the next five years GA plans to expand its operations by investing in new technology and equipment. This should enable GA to demonstrate its corporate social responsibility (CSR) by keeping up with the growing demand for electric vehicles.

(Source: adapted from interview with Ian Essex, Company Director of German Automotive, November 2021 and <https://www.germanauto.co.uk>)



## Extract F

### Parts used by German Automotive

The type of parts we use on your vehicle is important when it comes to protecting your manufacturer warranty.

#### Genuine parts

Mirrors, wheels, electrical equipment, etc are supplied by German vehicle manufacturers such as Audi or Volkswagen, to franchised dealerships in the UK for servicing and repairs. 5

#### Original equipment

Original equipment parts meet the German vehicle manufacturer specification and are of equal performance to the genuine parts. Parts might be made in the UK and of better quality to the original genuine parts, such as tyres, car mats, accessories like roof rails, may be made of better-quality material. 10

(Source: adapted from <https://www.germanauto.co.uk/frequently-asked-questions/>)

## Extract G

### Exchange rates of the euro to £



(Source: adapted from <https://www.macrotrends.net/2553/euro-british-pound-exchange-rate-historical-chart>)

## Extract H

### Remuneration at German Automotive compared to BMW in Derby

Job role	German Automotive	BMW
Company Director	Basic salary of £60 000 plus profit share	unknown
Service Manager	£45 000 plus commission	£40 000
Vehicle Technicians	£28–38 000 plus bonuses	£25–34 000
Receptionists	£12–£17 per hour	£10–£15 per hour

(Source: adapted from <https://uk.talent.com/salary?job=bmw> and interview with Ian Essex, November 2021)



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