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Centre number

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Candidate number

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Surname

Forename(s)

Candidate signature

I declare this is my own work.

A-level BUSINESS

Paper 2 Business 2

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- 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.

For Examiner's Use	
Question	Mark
1.1	
1.2	
1.3	
1.4	
1.5	
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3.3	
3.4	
TOTAL	



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Answer **all** questions in the spaces provided.

0 1

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

Banking on change

The UK banking industry is dominated by the 'Big 5' banks. These banks have had costly networks of physical branches. Recently they have closed many branches, particularly in rural areas.

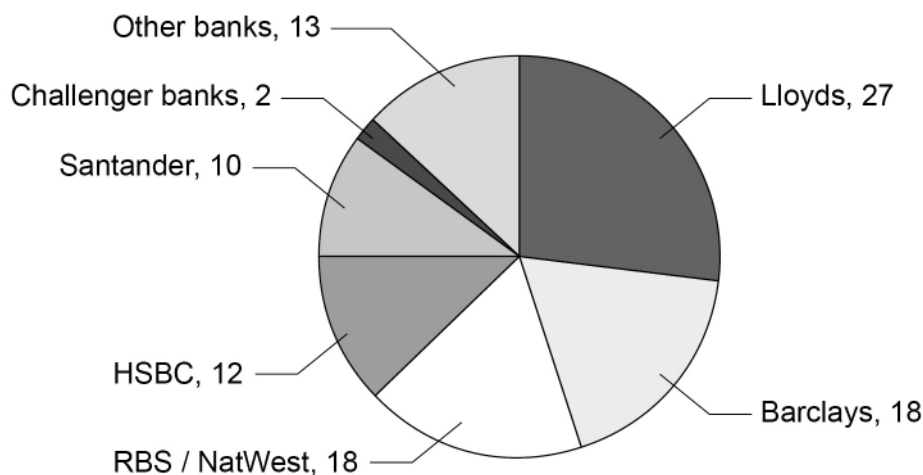
New technology and changes to government rules have opened the market to competition from relatively new entrants called 'challengers'. Challenger banks target a niche and aim to provide better customer service.

Metro Bank, like other challengers, has grown fast, but unfortunately it had to declare losses after a major accounting error in early 2019.

Appendix A Examples of types of challenger bank

Bank(s)	Type of service
Monzo, Starling	Fully online bank (this type includes 90% of challengers)
Tesco, M&S	Bank linked to retailer brand
Metro Bank	City branches open 12 hours a day

Appendix B Market share of banks in UK, 2019 (%)



Note: The 'Big 5' banks are Lloyds, Barclays, RBS/NatWest, HSBC, Santander

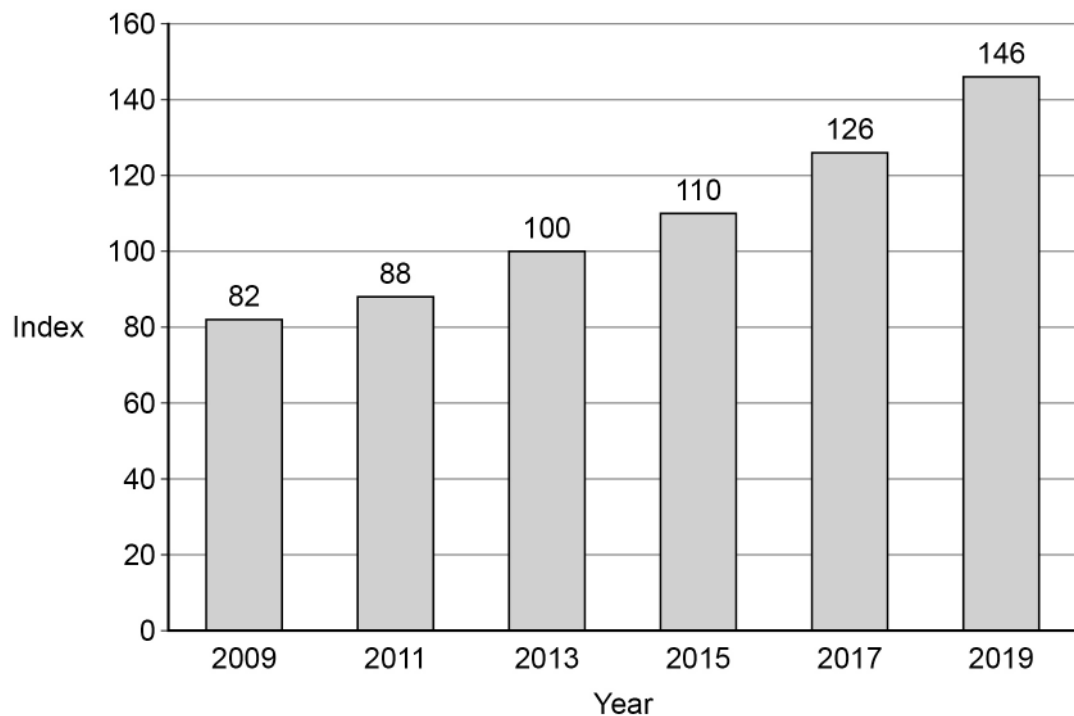
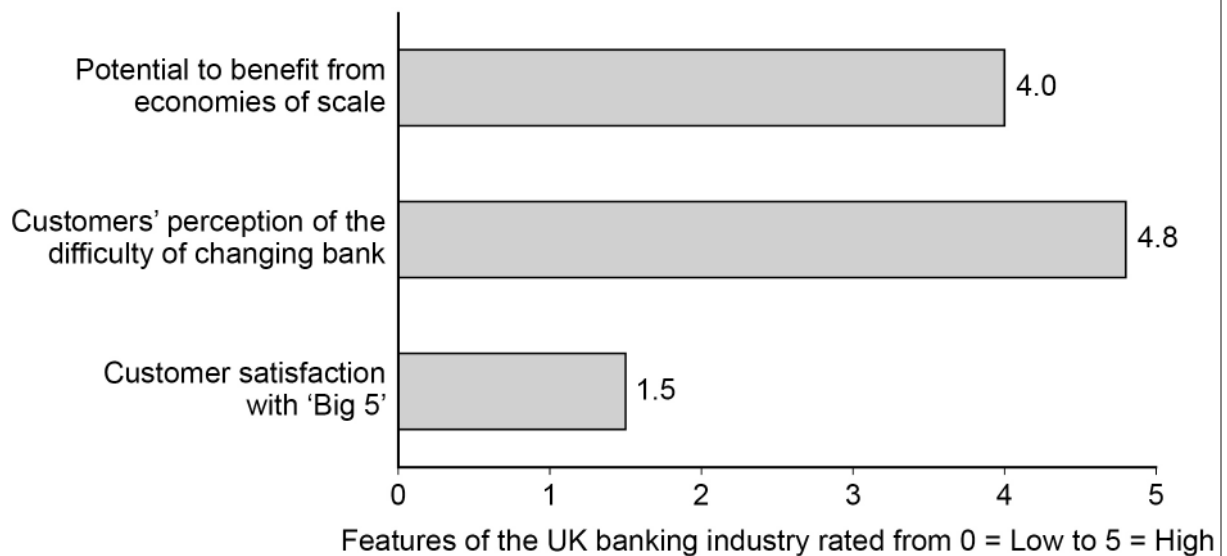


Appendix C Selected share price and market capitalisation information

	22 February 2019	6 March 2020
Metro Bank share price (pence)	1430.0	128.0
Metro Bank market capitalisation (£)	N/A	218.8m
Barclays Bank market capitalisation (£)	N/A	16 850m

Appendix D People using online banking (2009–2019)

(Index: base year 2013)

**Appendix E Analysis of UK banking industry (2019)****Turn over ►**

0 1 . 1

Using the data in **Appendix C**, calculate how many shares Metro Bank plc had issued, as of 6 March 2020.

[3 marks]

3

0 1 . 2

Using the data in **Appendix D**, calculate the percentage change in the number of people using online banking from 2009 to 2019.

[2 marks]

2

0 1 . 3

Explain **one** possible reason for the change in the share price of Metro Bank plc shown in **Appendix C**.

[4 marks]

4



The closure of branches is seen as a way for the 'Big 5' banks to better match supply with demand.

[9 marks]

[illegible]

9



To what extent does the data show that new entrants are a significant threat to the 'Big 5' banks?

[illegible]

Extra space



0 2

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

Bell Ltd

Bell Ltd is a UK-based food manufacturer with 27 branded products in three main markets:

- sweets
- snacks
- drinks.

The company has been very successful over many years, increasing its market share in each market. It has responded to market changes by investing in the development of new products such as low-sugar and vegetarian ranges. It monitors the sales and costs associated with each of its brands.

100% of shares in Bell Ltd are owned by four members of the Bell family who also have management roles in the business. The owners feel long-term strategic decision making at the company is more effective than if it was a public limited company.

Bell Ltd actively manages the trade credit offered to retailers who buy its products, such as chasing any overdue payments and minimising the period of credit it offers to them. By building long-term relationships with suppliers, it has secured favourable credit terms from them.

Speckles is produced by Bell Ltd and used to be a leading brand of sweets in the UK. In terms of the Boston Matrix, *Speckles* is now a 'dog'. It was recently announced that *Speckles* would be discontinued. A social media campaign against this decision claimed that *Speckles* was an iconic brand from people's childhoods and should be saved.

Table 1 Financial data for the *Speckles* brand

Year	2019	2020
Sales revenue (£'000)	40	20
Cost of sales (£'000)	25	16
Gross profit (£'000)	15	4



[2 marks]

2

[6 marks]

[illegible]

6

Turn over ►



[9 marks]

[illegible]

9



Should businesses always stop the production of products classified as 'dogs' in the Boston Matrix?

[16 marks]

[illegible]

Extra space



[illegible]

Turn over ►



0 3

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

Chillax Ltd

Chillax Ltd runs six luxury health spas in southern England. Health spas offer health and beauty treatments such as steam baths, exercise and massage. Chillax Ltd's customers expect high levels of service.

The business focuses on quality. It emphasises the importance of getting the customer experience right. It feels this is more about how employees interact with customers than the facilities in each health spa. The quality of customer experience is monitored through frequent customer surveys using the Chillax App. The business regularly has positive reviews online.

Chillax Ltd invests heavily in training, consults regularly and provides frequent feedback to staff. It feels that its high level of employee engagement has many benefits and ultimately ensures happy customers.

Chillax Ltd is unusual in the Health and Beauty sector in that many businesses in that sector have very high rates of labour turnover averaging over 30%.

Table 2 Selected employee data for Chillax Ltd for 2020 (31 December 2020)

Number of employees on 1 January 2020	180
Employees leaving during the year	24
Employees staying all year	162

0 3 . 1Using **Table 2** calculate the employee retention rate for Chillax Ltd in 2020.**[2 marks]**

2

0 3 . 2

Analyse how Chillax Ltd benefits from its focus on quality.

[6 marks]

6**Question 3 continues on the next page****Turn over ►**

[9 marks]

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9



To what extent should **all** businesses be concerned if they have high rates of labour turnover?

[illegible]

[illegible]

[illegible]

16



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