OCR

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 ☐☐☐☐☐ 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.

OCR is an exempt Charity

Turn over

2

Answer **all** the questions.

Use the information provided in the **Resource Booklet** to answer the following questions.

1   Explain the purpose of a mission statement.

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.... **[2]**

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

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.... **[2]**

3   Evaluate the use of lean production methods at Subway restaurants.   **[10]**

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

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

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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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(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.
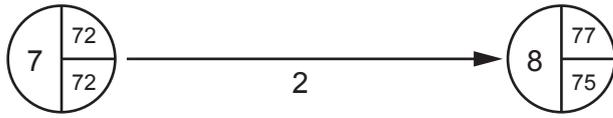
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.... **[2]**

(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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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.

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

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Turn over

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

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10* Evaluate the possible causes of change that might have affected Subway's operations. **[20]**

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END OF QUESTION PAPER

PLEASE DO NOT WRITE ON THIS PAGE

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