



X810/76/11

**Business
Management**

Duration — 2 hours 45 minutes

Total marks — 90

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 60 marks

Attempt ALL questions.

You may use a calculator.

It is recommended that you spend 15 minutes reading over the information provided in **SECTION 1** before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



* X 8 1 0 7 6 1 1 *

SECTION 1 — 30 marks

Read ALL the following information and attempt ALL the questions that follow.

Waitrose

Waitrose is an upmarket British supermarket chain, which forms the food retail division of Britain's largest employee-owned retailer, the John Lewis Partnership. It has 353 branches across the United Kingdom, including 'Little Waitrose' convenience stores. Waitrose has a 5.5% share of the market, making it the sixth-largest grocery retailer in the UK. With 85,500 employees, Waitrose prides itself on offering meaningful and rewarding employment.

Online recruitment

Waitrose use an online recruitment model where jobs are regularly updated on its website. Candidates apply online and sign up for e-mail reminders when vacancies arise. With 353 branches in the UK, Waitrose's website is a key element of its workforce planning.

(Exhibit 1 shows an extract of Waitrose's staff commitment strategy.)

Leckford Farm

As part of its commitment to producing the very best quality food, Waitrose owns and operates Leckford Farm. The farm produces arable crops including high quality bread-making wheat which is used to make a range of flours. The farm also supplies milk, apples, pears, apple juice, cider, mushrooms, free range eggs and chickens, to many Waitrose branches throughout the UK.

In 2013, Waitrose opened the Leckford Farm Shop which sells more than 1,000 home-grown products, including fresh meats and cheeses, bread, chutneys and a specially selected range of wine, as well as stocking products from more than 60 locally sourced suppliers in the region.

Iain Dalton, Head of Leckford Farm, said: "Waitrose is in a very fortunate position to have its own farm and its farm shop, which is totally unique to Waitrose, and can showcase not just the food produced on the estate, but allows outstanding local and regional food producers to flourish. The shop sells the highest quality food and, if something proves popular, there is the potential for it to be sold more widely throughout the Waitrose stores."

(Exhibit 2 shows images of the Leckford Farm Shop.)

Branch closures and delayering

In 2017, Waitrose announced that its senior management planned to close 6 of its underperforming stores, putting nearly 700 jobs at risk. Ahead of the closures, Waitrose began consulting with staff at the 6 affected stores in: Hertford, Staines, Leek, Huntingdon, Cardiff Queen Street, and Palmers Green in London.

In addition, Waitrose will remove the role of department manager from its retail structure. Waitrose said some of the 486 department managers would be promoted to deputy store managers, and the reduction in staff would happen gradually over 3 years through retirement, natural turnover and voluntary redundancies.

Challenging retail environment

Charlie Mayfield, the Chairman of Waitrose's parent group, the John Lewis Partnership, warned that retailers would have to face the rise in the cost of importing goods as the UK is no longer a member of the European Union (EU). Trade negotiations with the EU are creating uncertainty in the UK market for retailers. This comes at a time when shoppers are moving away from big weekly shops towards picking up what they need locally, on a more regular basis.

The 'big four' supermarket rivals: Tesco, Sainsbury's, Asda and Morrisons have already pushed through restructuring plans in the face of an increasingly competitive landscape. In an attempt to maintain its competitive edge, Waitrose pledges to price-match Tesco, the UK's biggest supermarket chain, on thousands of branded product lines. In addition, the rise in popularity of discounters, mainly Aldi and Lidl in the UK, has seen many of Waitrose's middle-class shoppers picking up bargains in the German-owned low-cost retailers.

Waitrose's wealthier London-based shoppers have been keen adopters of online retail. With rising internet grocery sales, the amount of time spent on picking and packing customers' groceries is increasing. Overall Waitrose is profitable, however it makes considerably less profit online than it does in its stores.

(Exhibit 3 shows a summary of Waitrose's retail distribution channels.)

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Exhibit 1

Extract of Waitrose's staff commitment strategy

Employee benefits	
Competitive salary	Waitrose offers a performance-based pay policy so employees can improve their salary based on the quality of their work.
Bonus	The annual bonus is a proportion of Waitrose's profits given to employees as a percentage of their salary. In 2018 this was 5% of each employee's pay.
Career progression	Waitrose offers a range of ways its employees can develop their careers; from promotion to empowerment.
Commitment to employee safety and well-being	
Work related stress policy	Waitrose has set up a group to monitor work related stress on an ongoing basis which reviews employees' workload.
Risk assessment review group	Waitrose regularly carries out health and safety inspections and audits potential hazards in the workplace.
Facilities and working practices	
Subsidised support clubs	Waitrose part-funds some clubs and societies for its employees including drama, photography, music and art societies.
Low-cost canteens	Most of Waitrose's supermarkets have subsidised dining facilities that offer excellent food at very reasonable prices to its employees.
Permanent contracts	Waitrose retains workers through the use of permanent contracts with very few temporary contracts issued in comparison to rival grocers.

Exhibit 2

Images of the Leckford Farm Shop

Farm shop






Retail floor



Exhibit 3

Summary of Waitrose's retail distribution channels

<h4>Waitrose supermarket stores</h4>	
	<p>Waitrose's supermarket stores sell home and general merchandise goods in addition to groceries. They often have an in-house restaurant, selling hot and cold food from its product ranges.</p>
<h4>Waitrose.com online retailer</h4>	
	<p>Access to the full range of Waitrose's quality groceries, wine and general merchandise with free delivery on every online order or the option to 'Click and Collect' in many of its branches.</p>
<h4>'Little Waitrose' convenience stores</h4>	
	<p>Announcing its entry into the convenience sector in 2008, Waitrose opened its first convenience store in Nottingham. It has since expanded to open numerous convenience stores across the UK. 'Little Waitrose' convenience stores are often open later than Waitrose supermarkets.</p>

The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

- | | | |
|--------|---|---|
| 1. (a) | Discuss the impact of Waitrose's decision to start delayering the business. | 5 |
| (b) | (i) Distinguish between the features of an operational decision and Waitrose's decision to close 6 of its stores. | 2 |
| | (ii) Describe the role of senior management in the decision to close 6 Waitrose stores. | 4 |
| (c) | Describe the benefits to Waitrose of vertically integrating by owning and operating its Leckford Farm. | 4 |
| (d) | Using the case study, explain the effects on Waitrose of the external factors in the UK's retail market. | 5 |
| (e) | From the case study, justify Waitrose's use of technology in its human resource management. | 3 |
| (f) | Using examples from Exhibit 1 , explain how Maslow's hierarchy of needs is used by Waitrose. | 4 |
| (g) | Explain the advantages to customers of Waitrose's retail channels. (A different advantage should be explained for each.) | |
| | <ul style="list-style-type: none">• Waitrose supermarket stores• Waitrose.com online retailer• 'Little Waitrose' convenience stores | 3 |

[Turn over

SECTION 2 — 60 marks

Attempt ALL questions

2. (a) Explain the impact on a product's profit as it moves through the various stages of its product life cycle. 5
- (b) Discuss the advantages and disadvantages of using market skimming as a pricing strategy. 3
- (c) Distinguish between desk and field research. 4
- (d) Describe the impact of current employment legislation on organisations. 3
3. (a) Describe the actions an organisation could take to overcome cash flow problems. 5
- (b) Describe the following terms found in a Statement of Financial Position:
- Non-Current Assets
 - Working Equity
 - Non-Current Liabilities
- 3
- (c) Explain the possible reasons for the Gross Profit figure improving. 3
- (d) Describe the benefits of quality standards for an organisation. 4
4. (a) Discuss the costs and benefits of operating as a multinational organisation. 7
- (b) Describe the methods of appraisal an organisation could use. 5
- (c) Discuss the use of virtual learning environments (VLEs). 3
5. (a) Describe 3 financial ratios. 3
- (b) Discuss the use of labour intensive production. 5
- (c) Describe the benefits of using computerised inventory control. 4
- (d) Describe the factors which should be considered when setting a re-order quantity. 3

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