

Answer ALL questions.

SECTION A

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

Write your answers in the spaces provided.

Extract A

Benefits of McDonald's to London and the UK

London represents an important part of the McDonald's story. It opened its first UK restaurant in Woolwich in 1974.

In 2016, McDonald's added £540 million in revenue to the Greater London economy. 82% of restaurants in London are owned and operated by 24 franchisees – local entrepreneurs – with the remainder operated by the corporate group (McOpCo). McDonald's and its franchisees have become important members of communities in London: investing in skills and developing people, supporting local causes and getting kids into football. 5

Today McDonald's has 183 restaurants across London, employing 15,000 people, with a presence in every borough. In the UK, McDonald's operates over 1,250 restaurants and employs just over 115,000 people. Over 80% of restaurants are operated by franchisees as local businesses. Worldwide, today, there are over 38,000 restaurants. 10

(Source: adapted from <https://www.london.gov.uk/sites/default/files/McDonald%27s%20Restaurants%20Ltd%20%282650%29.pdf>)

Extract B

Jamie Oliver's empire collapses

Jamie Oliver's has closed all but three of 25 UK restaurants, with the loss of 1,000 jobs, after the business called in administrators.

The celebrity chef said he was "deeply saddened" by the blow to his restaurant empire, which first launched in London in 2002. 5

"I appreciate how difficult this is for everyone affected," he said. "We launched the brand Jamie's Italian in 2008, with the intention of positively disrupting mid-market dining in the UK high street. The brand offered great value and much higher quality ingredients, best-in-class animal welfare standards and an amazing team who shared my passion for great food and service. And we did exactly that." 10

Will Wright, a partner at KPMG and the joint administrator, said: "The current trading environment for companies across the casual dining sector is as tough as I've ever seen. The directors at Jamie Oliver's have worked tirelessly to stabilise the business against a backdrop of rising costs and weak consumer confidence."

(Source: adapted from Jamie Oliver's empire collapses as 22 UK restaurants close
By Sarah Butler © Guardian News & Media Ltd, 21 May 2019.)



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Extract C

Hospitality firms can make use of various loans, grants and tax cuts

The hospitality industry warned that it faced an 'obvious crisis' without financial support from the UK Government.

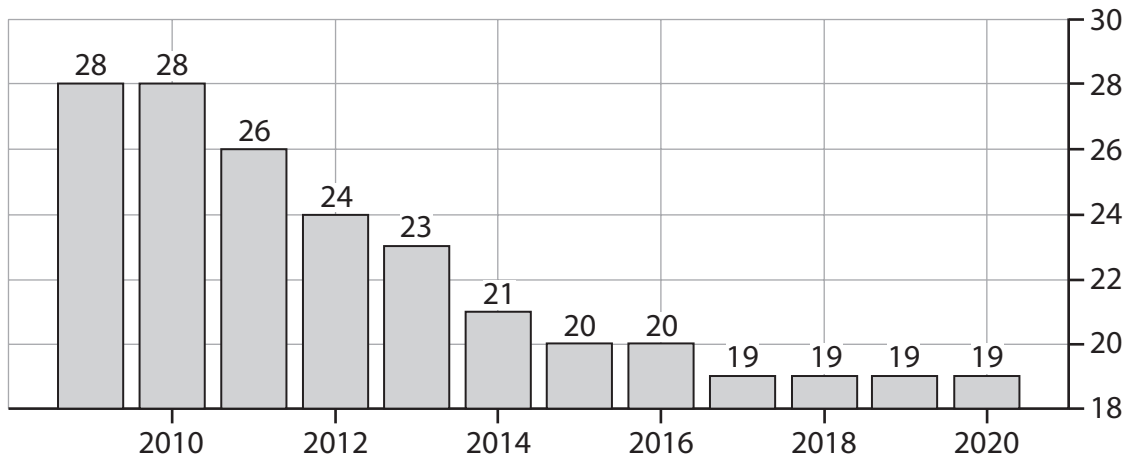
Shops, restaurants, cafes, pubs, bars and cinemas were the first businesses to feel the full effect of the economic recession in 2020.

5

In March 2020, the Chancellor of the Exchequer pledged to provide a £330 billion package to help businesses through the recession, with a number of measures such as tax cuts and millions of pounds in grants and loans.

(Source: adapted from What help the government has announced for the hospitality sector – and how to apply for support By Rachel Millard and Sophie Smith © Telegraph, 26 March 2020)

UK corporation tax rates, 2009–2019 (%)



(Source: adapted from <https://tradingeconomics.com/united-kingdom>)



Extract D

Mindful Chef sees sales boost

Childhood school friends Rob Grieg-Gran, Giles Humphries and Myles Hopper founded Mindful Chef in 2015. The London-based delivery company now employs 27 people and aims to make healthy eating easy by creating healthy food boxes with locally sourced, high quality ingredients, complete with tasty recipes.

5

Since its launch, Mindful Chef has grown rapidly, with a 178% increase in sales in 2019, delivering nearly two million meals to UK consumers, with annual sales of £10 million.

The sales boost could enable Mindful Chef to grow its customer base in the UK to second place behind market leader Gousto, helping it to capitalise on the expanding recipe box market, which is forecast to double over the next 10 years.

10

More ambitious long-term expansion plans also include exploring options to either undertake a global merger with US company Blue Apron, or a joint venture with French supermarket chain Auchan to help secure customers in France.

(Source: adapted from <http://www.fruitnet.com/fpj/article/177512/mindful-chef-gets-6m-boost-1>)

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1 (a) Using Extract A, assess **two** likely reasons why US fast food companies such as McDonald's choose to locate restaurants in the UK.

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(b) Assess the possible limitations of secondary market research to restaurant chain companies, such as Jamie Oliver's.

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(c) Using the data in Extracts B and C, assess the likely effects of decreases in UK corporation tax rates in March 2020 on UK restaurants chains, such as Jamie Oliver's.

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(d) Using the data in Extract D and your own knowledge of business, evaluate and recommend whether Mindful Chef should seek a joint venture with Auchan, France or seek a global merger with companies such as Blue Apron, US.

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(Total for Question 1 = 50 marks)

TOTAL FOR SECTION A = 50 MARKS



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SECTION B

Read the following extracts (E to G) before answering Question 2.

Write your answers in the spaces provided.

Extract E

The Wonky Table Ltd

Located in the Cathedral Quarter area of Derby city centre, The Wonky Table restaurant offers plain and simple dining with a contemporary twist. It opened in December 2010, with start-up capital of £75 000. All staff at The Wonky Table are passionate about serving quality food, using locally sourced produce.

5

The Wonky Table operates from leased premises. It is a family-run restaurant owned and managed by Holly and Andy, operating with 2 full-time and 12 part-time staff. In 2012, The Wonky Table became a private limited company to secure additional funds to grow and develop.

Holly and Andy have offered Movie Theme Nights and Vegetarian Evenings, which have proven popular with customers, ensuring that there is always something wonderfully charming and unique about The Wonky Table.

10

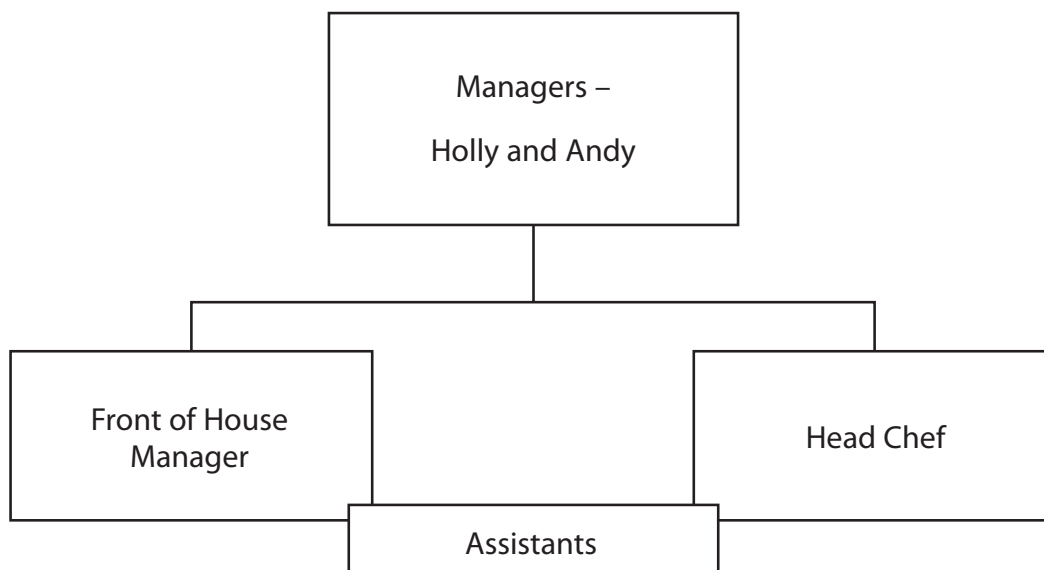
(Source: adapted from www.wonkytable.co.uk and interview with Holly Marianne Faulkner, Joint Proprietor/Manager of The Wonky Table, March 2020)

Extract F

The Wonky Table: Management structure, March 2020

Staffing at The Wonky Table is made up of a Head Chef, responsible for two assistant cooks, and two other kitchen staff; a Front of House Manager who is responsible for eight waiting staff. The assistants undertake job rotation regularly, in order to appreciate and understand each other's roles more effectively.

5



(Source: adapted from an interview with Holly Marianne Faulkner, Joint Proprietor/Manager of The Wonky Table, March 2020)



Extract G

The Wonky Table expansion plans – 2021

Holly and Andy considered two options:

Upstairs renovation

The first option was to extend the number of covers (seats) from 24 to 48 by renovating upstairs at a cost of £14 000. This would enable The Wonky Table to boost sales from not only more customers, but also from the introduction of private party bookings. 5

The extra seating and tables would need to be ordered by July 2021 in order to enable installation during the second and third weeks of August 2021, when The Wonky Table is usually less busy. Andy suggested to Holly that this might also present an opportunity to replace existing lighting with more economical LED lighting and redecorate the restaurant at an extra cost of £6 000. 10

External catering

There is the opportunity to provide external catering for a number of local businesses in the Cathedral Quarter of Derby. These include accountants, estate agents, solicitors and premium hair salons. The Wonky Table could offer buffet lunches, celebration dinners and catering for conference events. 15

This option would mean the closure of The Wonky Table for two weeks in December to have an additional kitchen built at the rear of the restaurant. This new kitchen would provide more facilities for the preparation, cooking and storage of food with an estimated cost of £8 000. 20

(Source: adapted from an interview with Andy Threwliss, Joint Proprietor/
Manager of The Wonky Table, March 2020)



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Holly and Andy are considering creating a mission statement for The Wonky Table.

(b) Assess the potential benefits to The Wonky Table of having a mission statement.

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(c) Assess the likely value of flexible working to small family-owned restaurants, such as The Wonky Table.

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(Total for Question 2 = 50 marks)

TOTAL FOR SECTION B = 50 MARKS

TOTAL FOR PAPER = 100 MARKS



Pearson Edexcel Level 3 GCE

Time 2 hours

Paper
reference

9BS0/03

Business

Advanced

PAPER 3: Investigating business in a competitive environment

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Pearson

Investigating business in a competitive environment

Context

This year the context is the fast food/take-away and restaurant industry, and the UK-based businesses operating in these markets.

Research

To prepare for this year's context, you should research:

- Trends over the last 10 years, for example in terms of demographic change; changing costs and prices; change in health, lifestyle and diets; emergence of recipe boxes; consumer tastes and preferences.
- The market and competitive environment facing UK fast food/take-away and restaurant businesses: large chains and small independent operators.
- Marketing and promotions used by UK fast food/take-away and restaurant businesses.
- Financing the UK fast food/take-away and restaurant industry.
- Human resource management in the UK fast food/take-away and restaurant industry.
- Global influences on the UK fast food/take-away and restaurant industry over the last 20 years.

You **cannot** take any of your research or investigation data carried out as part of the pre-release into the examination.