



CANDIDATE
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Secondary 6

BUSINESS STUDIES

12/08 / 2024

Paper 3 CASE STUDY

1 Hour 45

Minutes

Candidates answer on the Question Paper.

No Additional Materials are required.

READ THESE INSTRUCTIONS FIRST

Write your Centre number, candidate number and name on all the work you hand in.

Write in dark blue or black pen.

You may use a soft pencil for any diagrams.

You may use Calculators.

Do not use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** the questions.

The number of marks is given in brackets [] at the end of each question or part question.

The total of the marks for this paper is 60.

For Teacher's Use

Question No	Marks
No. 1	
No. 2	
No. 3	
No.4	
No.5	
Total	/60

Invigilator's Name:

Invigilator's Sign:

This document has 15 pages

Happy Pets (HP)

HP is a public limited company. It is a retailer of pet products such as food and accessories. HP operates 30 large stores situated on the outskirts of towns and cities in Australasia. Most stores are located in retail parks that have parking facilities for customers. Each HP store also has a pet hospital and pet care facility. Evana, HP's CEO, tells the other directors how important HP's mission statement is when making decisions – 'the first choice one-stop shop for pet products'. 5

HP sells a wide range of pet care products for dogs, cats, and other small animals. Most products are popular brands, but HP is starting to build a portfolio of its own-brand products. HP also offers a click and collect service, where customers order products on HP's website and pick them up from collection points.

The external environment 10

There has been an increase in pet ownership in Australasia over the last two years, which is mostly the result of more people working from home. This has led to an increase in demand for pet products which has encouraged the entry of multinational competitors into the market. Economic conditions have been favourable, with strong GDP growth and low rates of unemployment. However, the rate of inflation is increasing and central banks have stated that interest rates will rise in the near future. 15

Organisational structure and human resource management (HRM)

HP has a decentralised structure with many decisions (such as those on inventory, displays and recruitment) delegated to store managers. The performance of stores is monitored by four regional directors who are each responsible for one geographical area. They make regular visits to discuss the performance of each store against budgets and other targets. 20

HP expects its sales assistants to be 'passionate about pets' and 'willing to learn'. These statements are included on HP's person specifications. HP provides an extensive programme of employee training which is carried out both on-the-job and off-the-job at local colleges. Once trained, HP's sales assistants are very knowledgeable about pet care. There are good career opportunities, as HP usually promotes internally. However, increasing competition for experienced well-trained sales assistants has led to an increase in labour turnover. 25

HP encourages employees to show enterprise. Recently, a suggestion was made that stores should have a 'coffee corner' with coffee and snack vending machines so that customers can sit and wait for pet hospital appointments or pet care to be completed. The coffee corner was test marketed at one store and was very popular with customers. The plan is to introduce a coffee corner to all stores in the near future. 30

Customer relationships

As an element of its coordinated marketing strategy, HP has a customer loyalty scheme. This is based on its 'Happy Pets Club'. Pet owners who join the club receive a loyalty card, monthly online newsletter and personalised special offers. Club members receive points with every purchase. They can be converted into vouchers to spend at any HP store. 35

Developing own-brand products

Evana and the other directors have started to develop HP's portfolio of own-brand products. HP has taken over Organic Pet Foods, a medium-sized business that manufactures organic pet food products. The factory uses labour-intensive batch production methods. These methods have contributed to high inventory levels. The products have been rebranded as 'HP Organic'. 40

Evana thinks that this vertical integration will give HP the ability to control the quality of its own-brand products, which supports its coordinated marketing strategy.

Answer all questions

1. Analyse **two** constraints on HP of changes in its external environment.

3. Define the term Integration and Explain 'vertical integration'

(4)

4 a). Explain two reasons why HP's decision to introduce a 'coffee corner' in their stores could be beneficial for the business

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b). Evaluate the potential impact of the decentralized structure and strong internal training programs on HP’s ability to compete in the increasing competitive market.

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