



TONBRIDGE SCHOOL

Specimen paper for entry into Year 12

Business Studies

Time allowed: 1 hour

Total Marks: 30

Instructions

- You may use a calculator
- Answer **all** questions.

Information

- Mark allocations are shown in brackets. The mark indicates the amount you should write for each answer.
- It is understood that you may not have studied Business Studies. You are not therefore expected to use subject-specific language or theories, unless provided.
- The quality of your written communication will be considered when your script is reviewed.

Read the following case study and use it to answer the questions below.

STARBUCKS LOSES ITS SHINE

Starbucks is an international chain of coffee shops. It has over 15,000 branches in 49 countries including the UK. In the 1990s it expanded rapidly, but by 2009, after years of growth, the business was in trouble. So what happened? Some business consultants say Starbucks simply grew too fast, too soon.

In order to grow, as well as selling 'coffee and cakes', Starbucks has also sold books, music, and films. These activities have, however, not always been profitable. "Success was built on the coffee experience," said one consultant. "By moving so far beyond that without a clear business plan, it risked losing everything."

Starbucks operates in a competitive market, alongside other well-known high street retailers such as Costa Coffee and Caffé Nero. Recently, Costa Coffee overtook Starbucks as market leader in the UK with 1,100 stores. Starbucks has 708 stores.

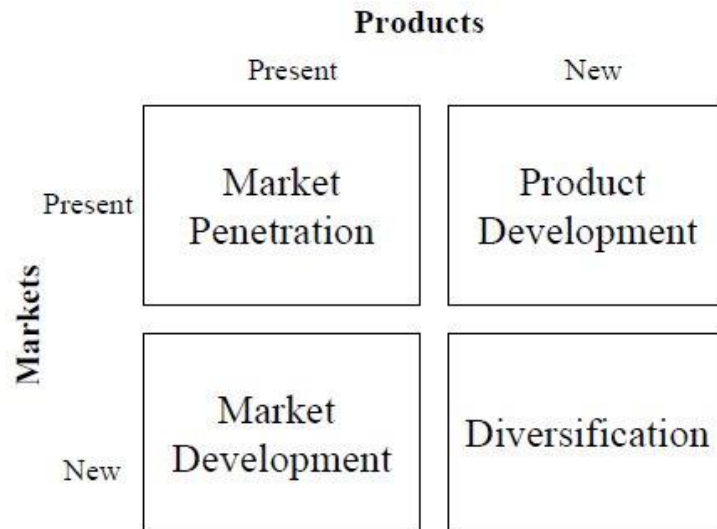
A Starbucks spokeswoman declined to comment on the closure of any under-performing UK coffee shops. She said, "Starbucks continues to plan new store openings internationally, including in the UK where it is expected that there will be 1020 stores in total by 2013."

1. Calculate the percentage of Starbucks stores that are in the UK. [2]
2. 'Without a clear business plan, it risked losing everything'. Explain **one** way in which Starbucks could benefit from clear business planning. [4]
3. a. Calculate the percentage growth of Starbucks stores which is expected in the UK by 2013. [4]
b. 'Starbucks continues to plan new store openings internationally, including in the UK.' Explain **two** implications to Starbucks of this expansion. [8]

4. The following box contains a description of a tool called Ansoff's growth matrix. Read about it and then use it to answer the questions about Starbucks that follow.

The Ansoff growth matrix is a tool that helps businesses to decide how to grow.

The matrix suggests that a business looking to grow can choose between selling *existing* products or *new* products in *existing* markets or *new* markets.



The more that a business uses a new product and/or a new market, the riskier the growth strategy is. Thus, the most risky growth strategy is selling a **new** product in a **new** market: diversification

- a. **Using Ansoff's growth matrix and the case study**, explain one possible reason why 'by 2009, after years of growth, the business was in trouble'. [8]
- b. **Using Ansoff's growth matrix and the case study**, explain how Starbucks intends to grow in the future. [4]

END OF PAPER

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