



National  
Qualifications  
SPECIMEN ONLY

**SQ05/H/01**

**Business Management**

Date — Not applicable

Duration — 2 hours and 15 minutes

**Total marks — 70**

**SECTION 1 — 30 marks**

Attempt ALL questions.

**SECTION 2 — 40 marks**

Attempt ALL 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.

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

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.



\* S Q 0 5 H 0 1 \*

## SECTION 1 — 30 marks

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

*The following information has been taken from an Annual Report of J. Sainsbury PLC and is presented as a report to its shareholders.*

### **J. Sainsbury PLC**

#### ***Annual Report to shareholders 2013***

The Board is pleased to report on another good year for Sainsbury's. Profits have improved and we are continuing to invest significantly in strengthening the business for the future.

#### ***Business review***

##### **A winning team**

We would like to thank our 157,000 colleagues for their efforts in providing excellent customer service. Our people are the face of Sainsbury's and are central to our success. We continue to invest in their training and development, and in ensuring Sainsbury's is a great place to work. Many of our colleagues have benefited from externally certified training qualifications in our seven food colleges. We are delighted that they share in a record bonus of over £90 million this year.

##### **Sainsbury's Bank**

Whilst our core business remains supermarkets, the move into banking with Lloyds Banking Group in 1997 has proved profitable. We have now reached an agreement to acquire Lloyds' 50 per cent shareholding and take full ownership of Sainsbury's Bank.

##### **Our values**

Our unique values and strong corporate culture are at the heart of our success and this remains as true today as it was when we were founded 144 years ago. Through our ambitious *20×20 Sustainability Plan* we aim to:

- *Source raw materials with integrity* — by ensuring our products ensure sustainability, eg responsibly caught seafood and no contribution to global deforestation
- *Reduce consumption of unhealthy foods* — by providing clear nutritional information
- *Respect our environment* — by reducing carbon emissions and continuing to use solar energy
- *Be a great place to work* — by providing certificated training for employees
- *Make a positive difference to the community* — by encouraging children to enjoy physical activity

##### **Loyalty and insight**

Nearly 12 million Sainsbury's customers regularly use their loyalty card and the data gathered from these cards enables us to understand our customers better and offer them targeted promotions.

##### **Market overview**

The UK economic climate in 2012/13 continued to be challenging. Inflation outstripped wage growth, squeezing household budgets. However, consumer confidence is improving due to continued low interest rates and falling unemployment.

Although the outlook has improved slightly over the year, consumer confidence is still lower than it was five years ago due to rising living costs and changes to taxation and benefits. People are buying slightly less in their weekly grocery shop and then topping it up locally in convenience stores.

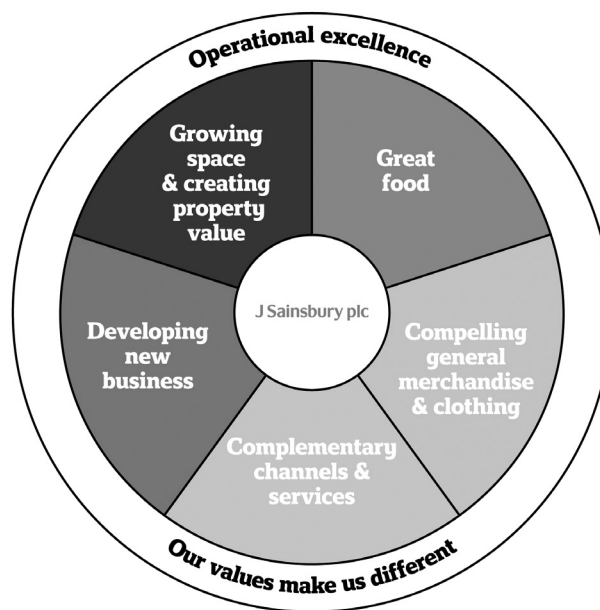
## SECTION 1 (continued)

Customers are more price-conscious than ever, looking for discounts and offers to help them save money. Despite the economic downturn, consumers are still willing to spend money on expensive ethical products such as fair trade items. People carefully consider their spending decisions and have greater expectations of the quality and integrity of goods and services they buy.

### **Strategy for growth**

The following five-point plan highlights our strategy going forward:

- *Great food*—the quality and value of our food, combined with our strong ethical standards and supplier relationships, differentiate us from other supermarkets and help our customers to *Live Well for Less*.
- *Compelling general merchandise and clothing*—*Tu* is the seventh most popular clothing brand in the UK and we sell more bakeware than our rivals.
- *Complementary channels of distribution and services*—we offer a winning mix of supermarkets, convenience stores and an online service.
- *Developing new business*—we continue our drive into the online and digital entertainment market with the purchase of a majority stake in Anobii, now operating as *eBooks by Sainsbury's*. Sainsbury's pharmacies are now open in over 270 stores and in three hospitals. We are finding other new ways to offer our services— from our online retail website to our innovative *Mobile Scan & Go*.
- *Growing space and creating property value*—we are increasing our store portfolio by adding bright, modern extensions, and state-of-the-art new supermarkets and convenience stores.



**Source: Adapted from J. Sainsbury PLC Annual Report 2013**

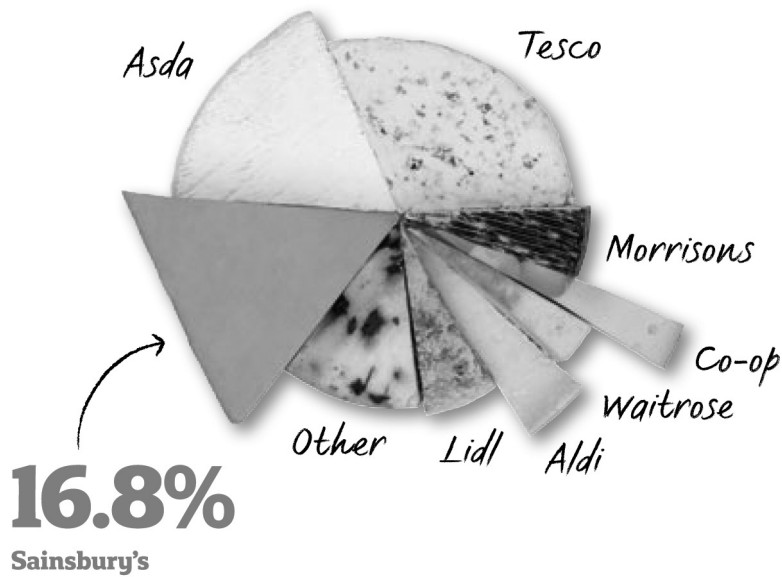
**Further information**

*Exhibit 1 — Extract from Sainsbury’s financial performance*

	2012/13	2011/12	Change
	£ millions	£ millions	%
Sales	23,303	22,294	+ 4.5
Gross Profit	829	789	+ 5.1
Net Profit	614	598	+ 2.7

*Source: Adapted from J. Sainsbury PLC Annual Report 2013*

*Exhibit 2 — Sainsbury’s market share*



*Source: Kantar Worldpanel total till roll for the 52 weeks to 17 March 2013*

*Exhibit 3 — Sainsbury's growth timeline*

<b>1869</b>	First store opened on London's Drury Lane
<b>1950s</b>	First self-service stores opened
<b>1970s</b>	Introduced the first bakeries, fresh fish counters, coffee shops and petrol stations
<b>1994</b>	First major supermarket in the UK to sell fair trade food
<b>1996</b>	Began recycling partnership with Oxfam
<b>1997</b>	Started Sainsbury's Bank in a joint venture with Lloyds Banking Group
<b>2004</b>	Launched the <i>Tu</i> fashion range
<b>2009</b>	First major retailer to stop selling eggs from caged hens
<b>2010</b>	Opened the first of our seven food colleges – with over 20,000 colleagues given off-the-job training
<b>2012</b>	Sainsbury's was the only sponsor for the 2012 Paralympic Games and was a major partner of the Diamond Jubilee celebrations Purchased majority stake in e-book business Anobii

*Source: Adapted from J. Sainsbury PLC Annual Report 2013*

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

- |   |   |
|---|---|
| 1. (a) (i) Describe what is meant by market share.  | 1 |
| (ii) Describe People, Process and Physical Evidence used by Sainsbury's in the information provided.                              | 3 |
| (b) Discuss the methods of growth used by Sainsbury's in the information provided.  | 6 |
| (c) Describe, using evidence from the information provided, ethical and environmental factors Sainsbury's has taken into account. | 5 |
| (d) Describe the profitability ratios used to analyse financial data.   | 3 |
| (e) Explain the impact on Sainsbury's of the external factors highlighted in the information provided.                            | 6 |
| (f) Compare Sainsbury's method of staff training with on-the-job training.  | 4 |
| (g) Describe the interdependence of Sainsbury's stakeholders identified in the information provided.                              | 2 |

## SECTION 2 — 40 marks

Attempt ALL questions

- |    |     |  |   |
|----|-----|--|---|
| 1. | (a) | Describe the selection methods used to appoint new employees.                    | 4 |
|    | (b) | Explain the benefits of using information technology to deliver staff training.  | 3 |
|    | (c) | Describe one theory of motivation used by managers.                              | 3 |
| 2. | (a) | Describe the reasons a profitable organisation may experience cashflow problems. | 4 |
|    | (b) | Discuss the advantages and disadvantages of using ratio analysis.                | 6 |
| 3. | (a) | Describe the production methods an organisation could use.                       | 4 |
|    | (b) | Discuss the use of a just-in-time stock control system.                          | 6 |
| 4. | (a) | Describe the benefits of maintaining a product portfolio.                        | 4 |
|    | (b) | Compare the use of penetration pricing with skimming pricing.                    | 3 |
|    | (c) | Describe into the pipeline promotions that an organisation could use.            | 3 |

[END OF SPECIMEN QUESTION PAPER]

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Section One Source, Sainsbury's market share - 'Kantar Worldpanel total till roll for the 52 weeks to 17 March 2013,' is reproduced by kind permission of Kantar Worldpanel.