

Pearson Edexcel Level 1/Level 2 GCSE (9–1)

Sample assessment materials for first teaching Xxxx 20XX

Morning/Afternoon (Time: 1 hour
45 minutes)

Paper
reference

1BS0/02

Business

PAPER 2: Building a business

Source Booklet

Do not return this Booklet with the question paper.

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SECTION B

Read the following extract before answering Questions 4, 5 and 6.

Extract A

Tesla is a public limited company based in California, USA. Its founder and main shareholder, Elon Musk, wanted to produce an electric car that is affordable to a large number of potential customers. This car is called the *Tesla* Model 3 (Figure 3).

Introduced in 2017, the basic version of the Model 3 was originally priced at \$50 000 and the company wanted to reduce this price to \$35 000 by 2019. However, this was difficult to achieve because *Tesla's* California factory suffered from low levels of productivity. These problems resulted in *Tesla* making a \$976 million loss in 2018.



(Source: Grzegorz Czapski/Shutterstock)

Figure 3: *Tesla* Model 3 electric car

Following the introduction of tariffs on US imports by the Chinese government in 2018, *Tesla* decided to invest \$5 billion in the construction of a new car factory in Shanghai, China. This factory will use flow production. However, with only \$2.4 billion of available capital, *Tesla* needs to raise external finance to fund it.

In 2019, *Tesla* decided to close most of its showrooms to reduce costs. The company believes customers will be happy to purchase electric cars using e-commerce.

(Source: adapted from <https://www.telegraph.co.uk/technology/2019/02/28/tesla-launches-long-awaited-35000-car-closes-dealerships-move/> and <https://www.bloomberg.com/news/articles/2018-08-01/tesla-is-said-to-plan-5-billion-investment-in-chinese-factory>)

SECTION C

Read the following extract before answering Question 7.

Extract B

ASOS plc is an online fashion retailer which targets customers in their 20s. The company started in 2000 and since then it has grown significantly. One of the main reasons for its growth is what Chief Executive Nick Beighton calls, the 'ASOS Experience'.

The company focuses on high quality logistics to distribute its products and increased use of warehouse technology. This has resulted in a warehouse and distribution system which is almost fully automated (Figure 4). This allows ASOS to deliver customer orders the next day, so long as the order is placed online before midnight. Automation has also given ASOS the ability to increase the range of clothes it can sell on its website.

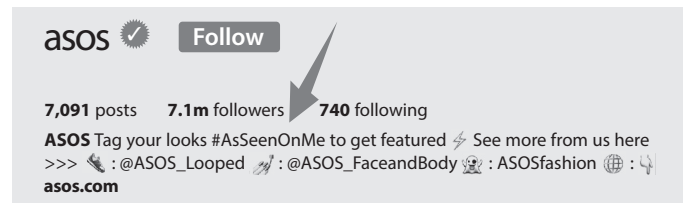


Figure 5: ASOS's Instagram bio

However, the market for clothes in the UK is becoming increasingly competitive. Despite a significant growth in sales, ASOS's profits have fallen. This has caused the company's share price to fall. ASOS has responded by focusing on viral advertising. Its latest campaign is to get customers to use the hashtag #AsSeenOnMe (Figure 5) when they are showing off their latest ASOS outfit on social media. In return, ASOS gives customers the opportunity to be featured on the ASOS Instagram feed which has 7.1 million followers.

(Source: adapted from <https://jilt.com/upsell/asos-shipping-logistics/> and <https://sproutsocial.com/insights/social-media-marketing-examples/>)

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