

**ADVANCED GCE
BUSINESS STUDIES**
Marketing

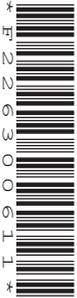
F293/RB

RESOURCE BOOKLET

**Friday 10 June 2011
Morning**

To be given to candidates at the start of the examination.

Duration: 2 hours



INSTRUCTIONS TO CANDIDATES

- The information required to answer questions 1–6 is contained within this resource booklet.
- Do not hand this resource booklet in at the end of the examination. It is not needed by the Examiner.

INFORMATION FOR CANDIDATES

- This document consists of 4 pages. Any blank pages are indicated.

INSTRUCTION TO EXAMS OFFICER / INVIGILATOR

- Do not send this resource booklet for marking; it should be retained in the centre or destroyed.

Perry Cars Ltd (PCL)

Perry Cars Ltd (PCL) is a garage which sells and repairs cars. It is owned and run by David Perry. David established the business in 1982, having worked as a mechanic for a large franchise dealer. David became frustrated by working long hours, generating lots of revenue for the garage owners. He felt that he could oversee all aspects of garage management and PCL has flourished since he set it up. David believes that working together with all stakeholders is the key to a successful future. David puts his success down to a series of business principles: 5

Employees:

- *to recognise that happy and satisfied employees give excellent customer service and we therefore aim to always put our staff first;* 10
- *to provide them with effective leadership, communicate honestly and positively and consult on business decisions where we can;*
- *to provide a safe and comfortable working environment and ensure every employee can take advantage of the training and development opportunities available;*
- *to recognise and reward the contribution which employees make on an individual and team basis.* 15

Customers:

- *to communicate with every customer in an honest and positive way, providing a supportive and friendly environment;*
- *to be flexible to customers' needs and to give attention to detail;*
- *to provide them with technical expertise while, at the same time, giving value for money* 20

Suppliers:

- *to recognise the importance of maintaining a strong relationship with manufacturers and with all the organisations providing us with products and services;*
- *to have a professional attitude in our dealings with them and learn from them where we can.* 25

These business principles serve as a set of goals or objectives that David instils into the staff at PCL. David is aware that every business is judged on its ability to generate a profit.

PCL is based in South Wales and provides a range of products and services on an independent basis. The garage is not franchised to any car brand; and successfully sells a range of used cars of many types and sizes. On a typical day it is quite common to have cars available for sale ranging from £30,000 down to £2,000. PCL also carries out car servicing, MOT testing, accident repairs, and tyres/exhaust fastfit work. David sees each of the products/services as profit centres for PCL. 30

Business activity is high with the individual profit centres all generating revenues over the course of the year. Seasonal variation in sales, however, is an issue for some of the profit centres. 35

PCL is influenced by the state of the economy. It did well during the 2009 recession as car owners tried to save money on repairs and servicing by using PCL rather than the main franchised dealers. On the other hand, initiatives such as the car scrappage scheme, designed to remove older cars from the market, also impacted on PCL by encouraging customers to replace their older cars with brand new cars. 40

PCL employs 30 full-time equivalent staff across all aspects of the business. There is a 'family feel' to the business and many customers return time and time again. David is fully aware of the importance of personal selling within PCL.

The firm uses a variety of promotional methods to inform customers of the services on offer. These range from local radio advertising to leaflets sent to local housing estates. David is considering enhancing PCL's website. At the moment the website is largely used to display information. David feels that it could be used to book services, order parts, etc. David has also considered using local television advertising but he wonders how he would judge whether it is worthwhile. 45
50

Pricing within PCL is quite complex. The many profit centres mean that several different approaches need to be used. An example of this is the price charged for servicing and repairs. David has to be mindful of the competition but he targets a percentage mark up where possible. PCL adds a mark up on labour costs of 300%, but only 50% on parts. In the accident repair aspect of the business, David is aware that he can use premium pricing. In such cases, the bill is sent to insurance companies which are often less concerned about the actual cost of the repair bill. 55

David feels that he should be setting specific objectives for PCL's marketing activities and is keen to develop these into an overall mission statement for the business. David is keen for PCL to innovate and diversify. He can often be heard commenting on "where we used to be and where we are now". 60

David's next 'idea' is to consider moving into the car hire market. Whilst PCL has never considered this before, a local company offering this service, Wonder Car Hire (WCH), is up for sale. WCH has been quite successful but the owner, Brian Allen, is keen to sell up and enjoy his retirement. David's idea is to take over WCH and to utilise PCL's strong reputation for customer service within WCH. He is also aware that the business principles of PCL would need to be incorporated into WCH and feels that this might be something of a challenge. WCH has a reputation for being quite casual in its approach to customers and David will have his work cut out to change this image. 65

David has much to think about. He is aware of the need to carry out good quality market research in order to assess whether the takeover of WCH would be a good idea. With little or no experience of the car hire market, he will need to be cautious. 70

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