



**ADVANCED GCE
BUSINESS STUDIES**
Marketing

F293/RB

RESOURCE BOOKLET

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

**Monday 25 January 2010
Afternoon**

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.

Bell's Furniture Ltd (BFL)

Since its origin in the early 20th century, the family-run firm of Bell's Furniture Ltd (BFL) has grown from a 'one-man' operation into one of the south west's leading furniture retailers.

It was back in 1903 when James Bell made the decision to start his own business. Selling oil, carpets and other wares, his horse-drawn wagon became a familiar sight around the streets in the west of Bath and the business soon became a household name. He continued running the business until the end of the First World War. Then when his eldest son, Ben, returned from war service, James retired – although he still continued to play an active part in the business until his death in 1936. 5

Ben continued to develop the existing business and in 1938 he also opened a furniture showroom in Market Street, in the centre of Bath. He still maintained the long-established, excellent door-to-door service throughout Bath, although by this time the horse-drawn wagon had been replaced by electrically-operated vans! 10

In 1960, the business moved into a purpose-built, three-storey, furniture showroom in a prominent position on the main Swindon Road. Business flourished and BFL continued to grow. The vast floor area was soon transformed into an elegant showroom displaying an extensive and varied range of furniture, carpets and rugs. Since then, BFL has continued to grow and expand. 15

The existing building itself was extended in order to accommodate an even larger display area and in 1998, the building opposite was purchased and used to accommodate the carpet department and the warehouse. BFL, however, needed to expand further and in 1999 a new showroom was built at Avon Cross Retail Park, just outside the city centre of Bristol to provide quality furniture to Bristol and the surrounding area. 20

Today, the two superb showrooms display modern, sleek furniture alongside traditional, elegant ranges to suit all tastes. With a work-force of more than 100 employees, its fleet of easily-recognisable green lorries and a reputation for excellent customer service, BFL continues to thrive. The key to success is the personal touch, with sales staff trained to pay attention to each customer's needs. Personal selling techniques are vital. 25

Hugh Bell is the latest in the long line of the Bell family to take charge of BFL. He has a degree in Economics and is fully aware of BFL's need to develop and innovate. He realises that market conditions have fluctuated in recent years and competition continues to be an issue. He feels that he must carry out extensive market research to assess the future direction that BFL should take. 30

Hugh is also aware that due to the extensive product range, a number of different pricing approaches are necessary. In the 'budget' ranges, pricing tends to be very competitive. Customers are price conscious and search for a clear bargain. At the 'luxury' end of the ranges on offer, it is possible to achieve a significant mark up on cost. Hugh has tried several pricing approaches and is constantly looking for the best prices to charge. His economics background has led him to try to assess the impact of price changes. Table 1 highlights some recent price changes and their impacts. He is never sure, however, about the actual causes of the changes in sales. 35 40

Table 1 – Recent price changes and their impacts

Product	Price before change	Price after change	Weekly sales at previous price	Weekly sales at new price
Luxury leather suite	£1499.00	£1199.00	8	9
Mid-range coffee table	£100.00	£95.00	20	24
Budget single bed with mattress	£75.00	£67.50	25	30

Hugh is keen to continue the expansion of BFL and to diversify into new markets. He has made an offer to take over Desks and More (DAM), a struggling office furniture retailer near Cheltenham. DAM is located some 40 miles from Bristol in a prime retail location. He hopes that the strong reputation of BFL can be transferred to the office furniture market. He is aware that such an acquisition will impact on all areas of the business and he will need to liaise with BFL's other managers before making this strategic move. Hugh has prepared sales data (see Table 2) to compare BFL and DAM.

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Table 2 – Employees and sales

	Employees – 2009	Sales – 2009	Sales – 2008
BFL	108	£14.9m	£14.5m
DAM	42	£2.9m	£3.1m

The office furniture market tends to operate in a totally different way to the domestic furniture market. The office furniture market, for example, places greater reliance on e-commerce. The Internet is a strong selling tool and Hugh is keen to pursue this for other aspects of BFL's operation. He wonders whether e-selling is possible for BFL.

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Given BFL's history of growth, he feels it would be quite fitting for this to continue whilst he is at the helm. Market share, in the local area, appears to be quite strong and the possible venture into new markets may well enhance the reputation of BFL still further. Given the importance of having a strong reputation, Hugh feels that this can only be positive in terms of further sales growth.

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