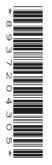


Tuesday 7 June 2022 – Morning AS Level Business

H031/02 The wider business environment

Resource Booklet

Time allowed: 1 hour 30 minutes



INSTRUCTIONS

- Use this Resource Booklet to answer the questions in Section B.
- You should refer to this Resource Booklet when answering the exam questions which are contained in a separate booklet.

INFORMATION

- The business described in this Resource Booklet is a real business.
- This document has 4 pages.

INSTRUCTIONS

• Do not send this Resource Booklet for marking. Keep it in the centre or recycle it.

Greggs plc

Extract A – About Greggs plc

Greggs plc is a UK-based bakery chain. It specialises in the production and retail of savoury products such as sausage rolls, chicken bakes, sandwiches and sweet items including doughnuts, cakes and vanilla slices.

The first Greggs bakery store was opened in 1951. Over the years the business has used a combination of organic growth and acquisitions. After acquiring its major rival, Bakers Oven, in May 1994, Greggs plc became the largest bakery chain in the country. In 2019, the chain had over 1950 stores.

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Source: Adapted from https://en.wikipedia.org/wiki/Greggs (Accessed 01/12/19)

Extract B – Extract from Greggs plc's income statement for the year ended 31 December 2018

| | 2018 | 2017 | | |
|---------------|---------|---------|--|--|
| | £000 | £000 | | |
| Revenue | 1029347 | 960 005 | | |
| Cost of sales | 373487 | 348098 | | |
| Expenses | 566017 | 529732 | | |

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Source: Greggs plc Annual Report, year ended 31 December 2018

Extract C – Greggs plc's delivery

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Source: Adapted from https://inews.co.uk/news/uk/greggs-pasty-tax-start-delivering-sausagerolls-533631 (Accessed 01/12/19)

Extract D – Greggs plc cautiously optimistic for the first six months of 2018

Greggs plc reported a 5% increase in sales in the first six months of 2018, compared to the same period in 2017. Stripping out the costs associated with the bakery's restructuring, its profit before tax rose by 24%.

"Greggs has delivered a resilient performance despite challenging market conditions and we have continued to make good progress with our strategic investment programme to transform the business into the customers' favourite for food-on-the-go," said Chief Executive, Roger Whiteside.

Sales of hot drinks, breakfast, healthier choices and hot food grew particularly well in the first six months of 2018. These categories now account for 30% of sales, compared to 15% in 2013. Tapping into the growing customer preference for healthier and more alternative options, Greggs launched its first vegan product, a Mexican bean wrap, in May 2018.

The chain opened 59 shops over the six-month period, including a 'Drive Thru' in Ashby-de-la-Zouch, in the Midlands.

Source: Adapted from https://www.ft.com/content/25a87f36-948a-11e8-b747-fb1e803ee64e (Accessed 01/12/19)

Extract E – What has contributed to Greggs plc's high street success?

Due to changing consumer habits and increasingly high costs, British retailers are struggling. Interestingly, Greggs is one of the brands to buck this trend, instead seeing increased share investment and strong sales.

One of the reasons for this is how the bakery meets consumer demand. Instead of opening further branches in towns and high streets (where it already has a significant presence), it has placed more stores in airports, railway stations and other places where people want to grab-and-go.

Source: Adapted from https://econsultancy.com/what-has-contributed-to-greggs-high-street-success (Accessed 01/12/19)

Extract F – Key UK economic indicators (as predicted by the Bank of England, August 2019)

| | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|------|------|------|------|
| Increase in Gross Domestic Product | 0.7% | 1.5% | 2.2% | 2.3% |
| Inflation | 1.5% | 1.8% | 1.9% | 2.1% |

Source: https://www.bankofengland.co.uk/monetary-policy-report/2019/november-2019/ the-economic-outlook (Accessed 01/12/19)

NB: All data was correct at the time of writing

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