



**GCE A LEVEL**

**A510U30-1**



S24-A510U30-1



**THURSDAY, 6 JUNE 2024 – MORNING**

**BUSINESS – A level component 3**  
**Business in a Changing World**

2 hours 15 minutes

A510U301  
01

**ADDITIONAL MATERIALS**

A WJEC pink 16-page answer booklet.

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

Do not use gel pen or correction fluid.

Answer **all** questions in Section A.

Answer **one** question from Section B.

You are advised to spend no more than:

- 80 minutes on Section A
- 55 minutes on Section B

Write your answers in the separate answer booklet provided, following the instructions on the front of the answer booklet.

Use both sides of the paper. Write only within the white areas of the booklet.

Write the question number in the two boxes in the left-hand margin at the start of each answer,

for example 

1	1
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Leave at least two line spaces between each answer.

**INFORMATION FOR CANDIDATES**

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the need for good English and orderly, clear presentation in your answers.

## SECTION A

Answer **all** the questions in this section.

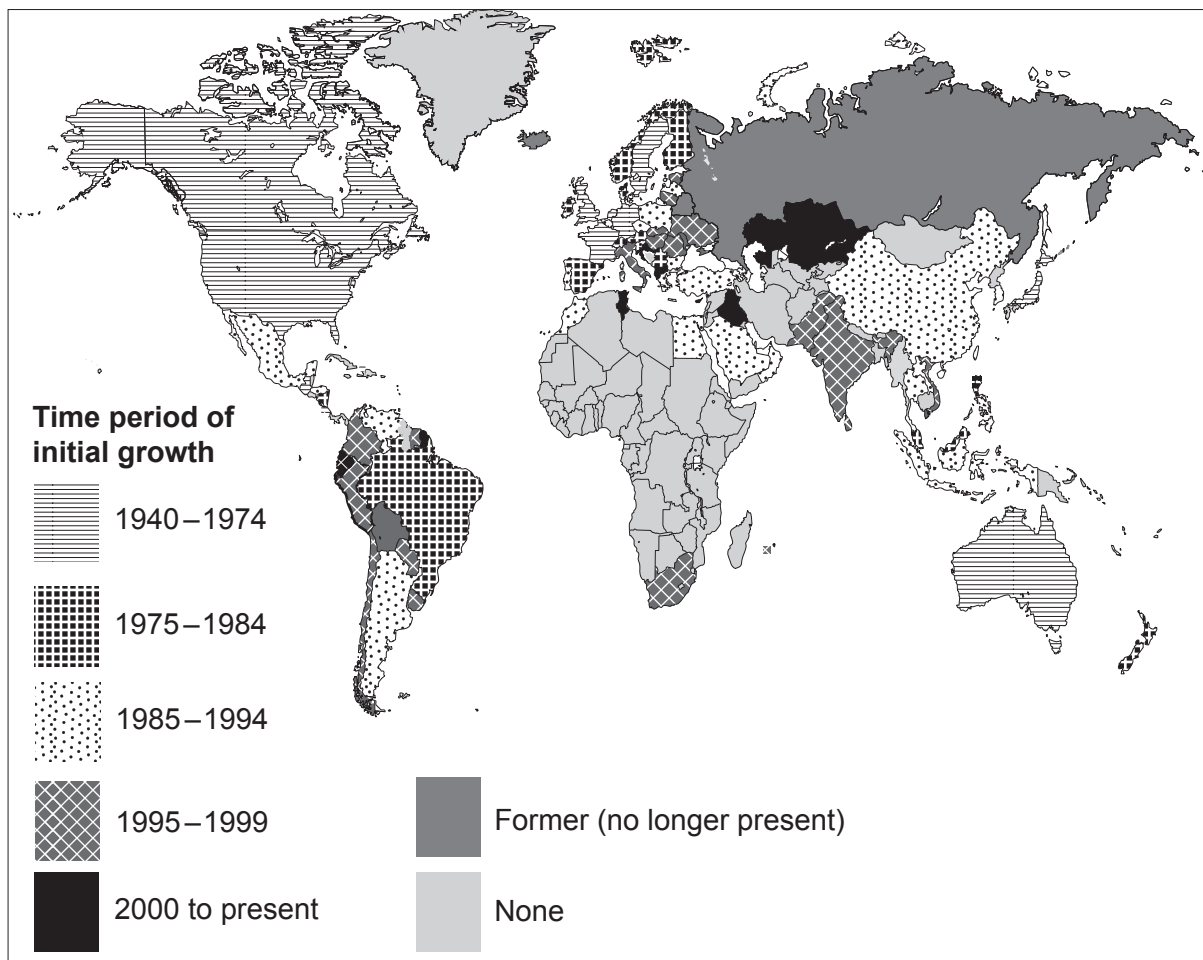
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Read the information below and answer the questions that follow.

### History

Founded in 1940, McDonald's has grown into a fast-food brand recognised around the world by its “golden arches” logo and Ronald McDonald mascot. Measured by revenue, McDonald's is the world's largest restaurant chain, serving approximately 69 million customers each day. The business has over 38 000 outlets located in over 100 countries, the majority of which are operated by franchisees.

**Figure 1: Countries in which McDonald's operates.**



## Product

Although McDonald's is best known for its burgers and fries, in response to changing consumer demand, chicken products, wraps, breakfast and desserts have been added to the menu. Furthermore, to keep up with growing demand for healthy choices, salads, fish, smoothies and fruit have also been made available.

As shown in **Figure 1** McDonald's has expanded into many international markets. However, this growth has often been accompanied with debates on health, ethics and consumer responsibility.

In September 2018 McDonald's announced it no longer uses artificial preservatives, flavours and colours in any of its most popular burgers sold in the United States. In 2020, McDonald's announced the launch of McPlant, a plant-based burger, along with plans to develop additional plant-based alternatives to cater for a growing demand for non-meat products.

McDonald's menu options vary significantly throughout the world and includes soup in Asia, no beef in India and prawn-based burgers in Japan. German McDonald's restaurants serve beer whilst branches in New Zealand serve meat pies.

In addition to its product development, consistency of quality has been a feature of McDonald's. Every McDonald's kitchen makes use of specially designed single purpose machines. These vary from ketchup and mustard dispensers that squirt the same amount each time, to tomato slicers that give the same uniform size cut in every restaurant. This has been part of the secret of a successful franchising operation.

## Changing times

McDonald's has taken notice of the growth in popularity of coffee shops such as Starbucks and Costa Coffee. In response it developed the McCafé range of coffee products and the concept of an in-house coffee shop. After a pilot study, results showed that McDonald's restaurants containing McCafé products generated 15% more revenue than those without. McCafé drinks are now available in McDonald's restaurants throughout the world.

McDonald's has a history of innovation, bringing the American concept of a "drive-through" restaurant to the UK in 1986. This was a huge success and is now a popular way of purchasing food across the UK. Further innovation occurred in 2017 when McDonald's partnered with Uber Eats to begin its on-demand home delivery service.

Another innovation was the trial of "Create Your Taste" (CYT) restaurants. CYT outlets allowed customers to choose ingredients such as the type of bun, meat and extras. The final product was served on a wooden board with fries in a wire basket and salad in ceramic bowls with metal cutlery. The outcome of the trial was the development of the "Signature Crafted Recipes" luxury range which was designed to be more efficient and less expensive than the CYT option.



## Employee care

McDonald's has electronic order points to take orders and accept payment, often in place of staff speaking to customers. McDonald's took this concept further by introducing electronic kiosks which allow the customisation of meal orders. In 2019, McDonald's made moves to develop voice-based technology to take orders in its drive-throughs, further reducing the need for service staff.



In 2013, The Guardian revealed that 90% of McDonald's UK workforce were on zero-hours contracts. These contracts have been criticised for creating an unstable source of income for employees. The McDonald's employee assistance website called McResource advised employees to break their food into smaller pieces to feel fuller, sell possessions online for quick cash, and to "quit complaining" as "stress hormone levels rise by 15 percent after ten minutes of complaining." McDonald's shut down the McResource website amidst negative publicity and criticism. By 2017, after employee strikes, employees were given the option to have fixed contracts.

McDonald's has always been known for its attention to detail when it comes to training. Utilising both on-the-job training and partnering with off-the-job providers such as Manchester Metropolitan University, McDonald's is keen to develop its staff. One of McDonald's targets is to actively support under-represented groups in society. Part of its UK workforce are immigrants and do not use English as their first language. McDonald's recognises this and positively encourages staff in this situation to develop literacy skills through its training schemes.

McDonald's has a reputation for supporting charities. As well as donating part of its profits to charity, it also holds annual fundraising days and provides free office space, business resources and advertising. Since 2019 McDonald's has offered customers the opportunity to round up to the nearest pound or give donations of 1p, 10p or 20p as fixed charitable donations of which 100% is given to Ronald McDonald's House Charities UK.

## Aims for 2030

McDonald's aims are to achieve net zero emissions across its restaurants and offices and eliminate deforestation from the supply chain by 2030. McDonald's is working with UK and Irish suppliers to reduce emissions across its supply chains. This includes helping farmers to adopt new technology and processes to ensure its farms use less energy and water, work towards healthy soil and protect forests.

## Contingency plans

McDonald's creates a range of contingency plans covering everything from e-learning courses teaching global food standards to managing social media campaigns. Such a plan was needed in 2021 when a social media campaign on Twitter called #McDonald's went wrong. The campaign was meant to bring back the nostalgia of old, memorable McDonald's traditions through customers sharing stories. However, instead of nostalgic, fun memories, people began sharing stories ranging from foreign objects in food to health problems that resulted from eating the food. The campaign was shut down within hours once McDonald's recognised the potential problem.

Sometimes, events occur which are out of McDonald's control. In 2021, a shortage of lorry drivers led to supply chain problems in many businesses. During this time McDonald's found itself unable to provide customers with drinks such as water and milkshakes in many of its UK restaurants.

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|---|---|---|------|
| 1 | 1 | Explain how contingency planning may be useful to McDonald's.   | [8]  |
| 1 | 2 | Evaluate the success of McDonald's attempts to increase productivity through technology and training. | [10] |
| 1 | 3 | With reference to the Ansoff matrix, evaluate the global growth of McDonald's.                        | [10] |
| 1 | 4 | Evaluate the impact of McDonald's aims for 2030 on its business and its stakeholders.                 | [12] |
| 1 | 5 | "Businesses always place profit over ethics." Discuss.  | [10] |

## SECTION B

Answer **one** question from this section.

Answer **either** question 2 (2 1 and 2 2), 3 (3 1 and 3 2) **or** 4 (4 1 and 4 2).

### 2. Change and risks

2	1
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Explain how the risks faced by an online retailer when starting to trade in a new country may be managed. [10]

2	2
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“External change always has a negative impact upon business activity.” Discuss. [20]

### 3. Economy and markets

3	1
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Explain how the high street fashion market demonstrates the features of monopolistic competition. [10]

3	2
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“All businesses benefit from economic recovery.” Discuss. [20]

### 4. Business and the government

4	1
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Explain how car manufacturers would be affected by changes in taxation. [10]

4	2
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“The government needs businesses more than businesses need the government.” Discuss. [20]

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