



GCSE

C510U20-1A



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FRIDAY, 26 NOVEMBER 2021 – AFTERNOON

BUSINESS – Component 2
Business Considerations

Resource Material

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1. Cool Cutz is a barber shop business based on the outskirts of a town in the UK. It is owned by Jakub Noval, a qualified barber who used his own savings to set up the business in 2015. His barber shop offers a range of services including haircuts, beard trims and shaves.

Over the last 5 years, Cool Cutz has established an excellent reputation for high quality service and has gained a good number of customers. Jakub initially found running his business very challenging, he had to work long hours to build his customer base and customer loyalty, but the hard work paid off. Profits have grown by a small amount year on year as shown in **Figure 1**.

Figure 1

Year	Profit
2015	£19 100
2016	£21 000
2017	£22 300
2018	£24 000
2019	£26 400

Jakub is aware that the male grooming sector is continuing to grow in the UK and is looking to expand his business and move into larger premises in the centre of town, as the size of his current premises is small. Jakub found out the following facts about the UK market when carrying out secondary market research:

- 7 out of 10 males spend at least 15 minutes a day grooming their appearance
- The average monthly spend on male grooming products is £17.30 by men, however, 4 % of males surveyed spend more than £50 a month on male grooming products
- Barbers are growing at a faster rate in the UK than any other type of business
- On average there are 7 barber shops on each main high street in towns and cities across the UK

In addition to the secondary market research Jakub also carried out some primary market research. The results are shown in **Figure 2** and **Figure 3**.

Figure 2: Amount Cool Cutz customers are willing to pay for a haircut (£)

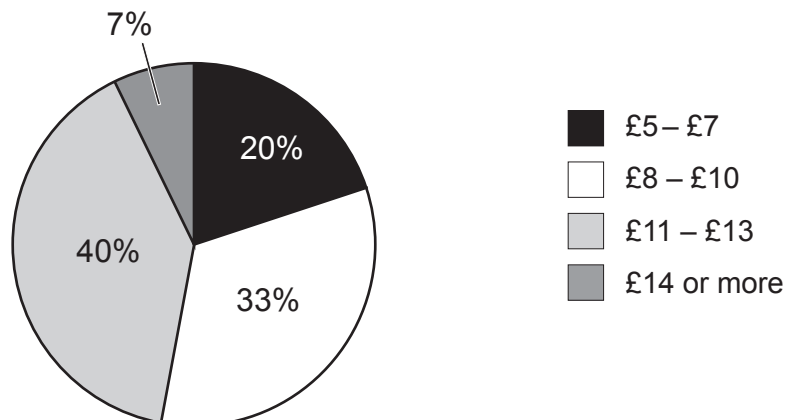
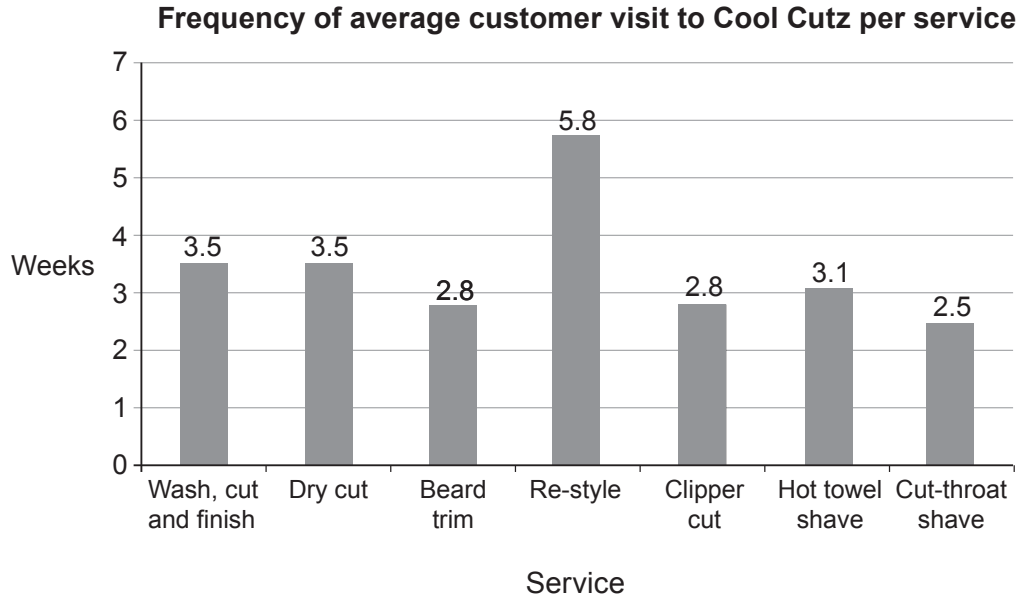


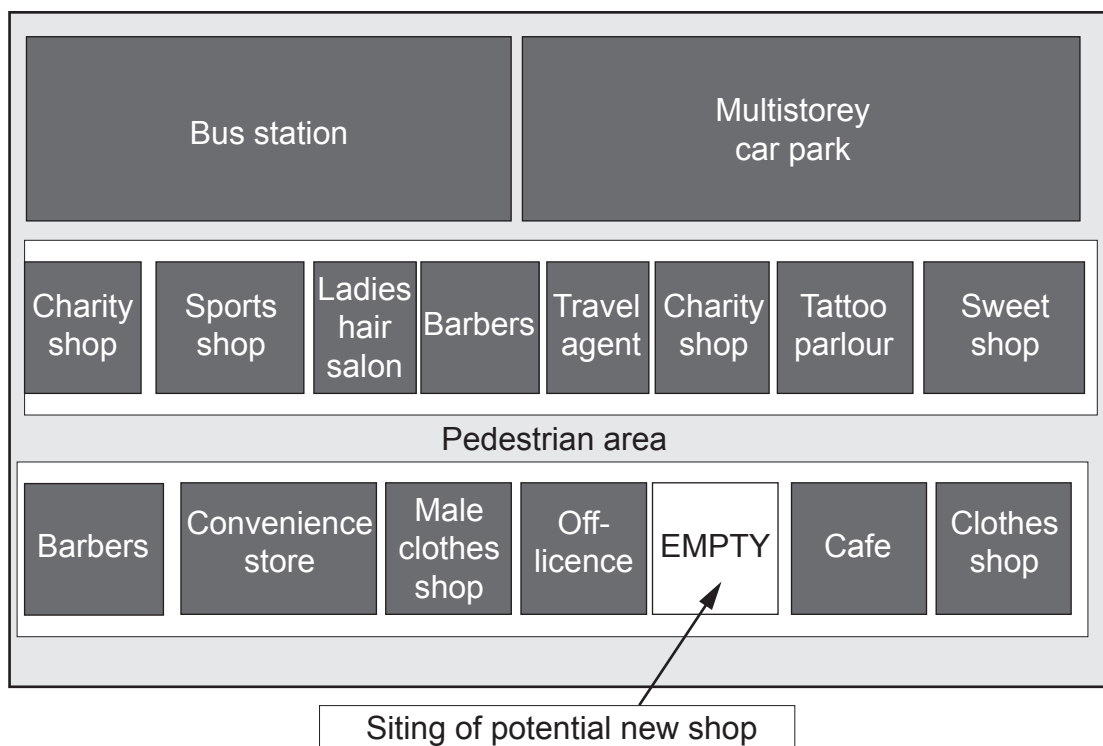
Figure 3 shows how often, on average, a customer will visit Cool Cutz for a particular service. For example, a customer having a beard trim will (on average) visit the barber shop every 2.8 weeks.

Figure 3

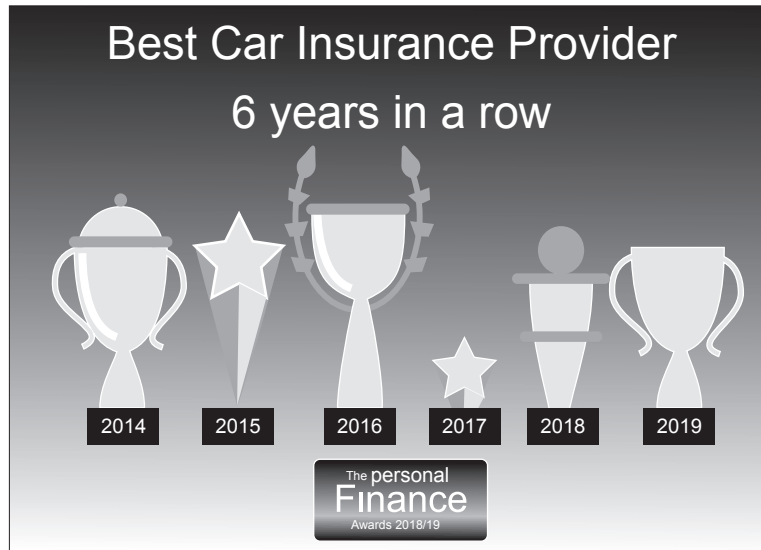


In Jakub's current premises the average price per visit is £10. His fixed costs are £3000 per month. His average variable cost per visit is £4.

The new premises he is considering moving his barber shop to is sited on the main high street of the local town. The monthly rent for the new premises will likely increase. The new premises will need to be refurbished, this will be an additional cost to Jakub. The plan below shows the siting of his new potential barber shop.



2. Admiral Group plc is one of the top three insurance companies in the UK and is considered one of the best companies to work for. Admiral employs over 10 000 people in its call centres in the UK and in other countries. It sells a number of products including car, travel and pet insurance.



Customers can contact Admiral either through its website or by telephone. The website is well-designed and user-friendly with facilities to chat online and give customer feedback. Customers can either get a quote for their insurance online or, if they prefer, they can speak to an Admiral member of staff on the telephone.

Admiral invests time and money into making sure employees enjoy coming to work and are well motivated. To make sure they succeed at this Admiral focuses on a number of key areas:

- **Equality** – staff are treated equally and fairly, regardless of their background
- **Rewards and recognition** – staff are eligible for a share of the company profits worth up to £3600 per year, free gym membership and discounts on cinema and concert tickets
- **Fun** – promotes awareness of the importance of reducing stress whilst at work by providing activities and competitions on a monthly basis

Admiral is keen to get feedback from its employees, it recently carried out a survey of 7 000 staff. Some of the results from the survey are shown below:

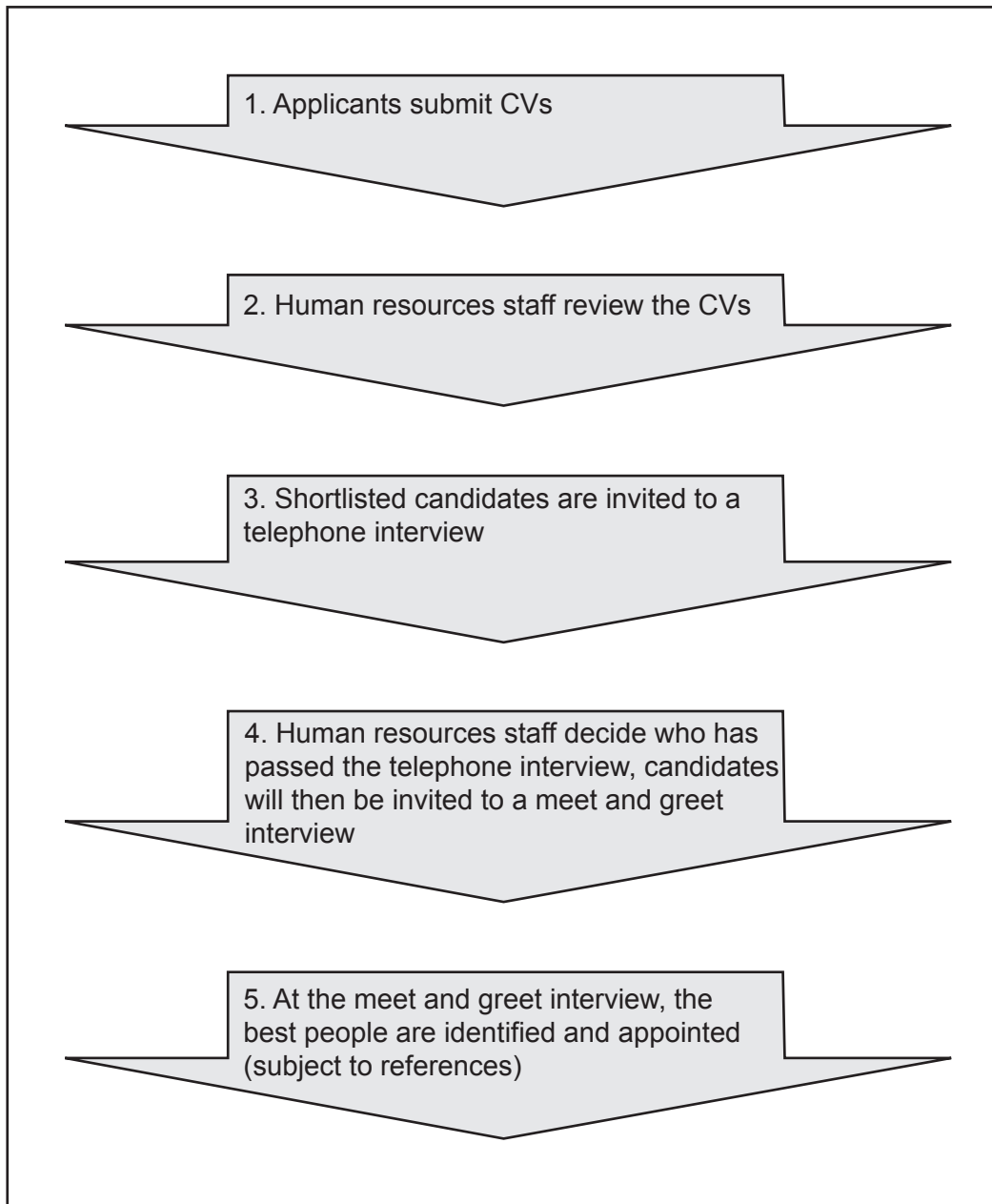
- 86 % of staff said it was a fun place to work
- 97 % of staff said they were treated fairly, regardless of race or ethnic origin
- 88 % said they have unique and special benefits working at Admiral
- 87 % said they would recommend Admiral as a good place to work

Admiral also offers its employees the opportunity to work flexible hours and to job-share.

Admiral offers training with each new employee attending a five-week induction programme. Staff will train on-the-job, where they will learn about the insurance products and customer service.

Admiral uses the following application process when recruiting new employees to its business:

Figure 4



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