Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/42**

Paper 4 Business Strategy **May/June 2023**

1 hour 15 minutes

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.

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Burger Vegan (BV)

BV is a public limited company that owns over 100 restaurants in the US. Each restaurant sells a range of vegan burgers and wraps. BV does not sell any products derived from animals.

BV also has franchise agreements for entrepreneurs to operate their own restaurants using the BV brand. There are currently 50 franchised BV restaurants in the US.

Timeline of BV

2009	The first BV restaurant opens as a private limited company. The company is owned by Rohit who is the Managing Director.
2010	Rohit is named Entrepreneur of the Year by a business magazine in an article which highlights his emotional intelligence. Rohit sets a long-term aim to transform BV into a major brand in every US city.
2011	BV opens two more restaurants. Rohit sells 45% of BV to a venture capitalist for $1m. The capital raised is used to finance growth.
2011–2014	BV opens 13 more restaurants.
2015	BV becomes a public limited company. Rohit and the venture capitalist retain 5% of the shares each. BV starts to market its franchise model (see **Appendix 1**) and sells its first franchise in New York.
2016	A new organisational structure is implemented (see **Appendix 2**).
2017–2018	BV opens 15 more restaurants and 12 more franchises.
2020–2021	Most BV restaurants are closed due to a global pandemic. Rohit decides to pay BV's employees throughout the closure. BV makes a loss for the first time. BV starts a joint venture with a delivery business to offer a takeaway service.
2021–2022	BV continues to grow in the US with a focus on selling franchises.

Developing a global business

The directors of BV want to enter the international market. They have chosen to open the first restaurants in country X (see **Appendix 3**).

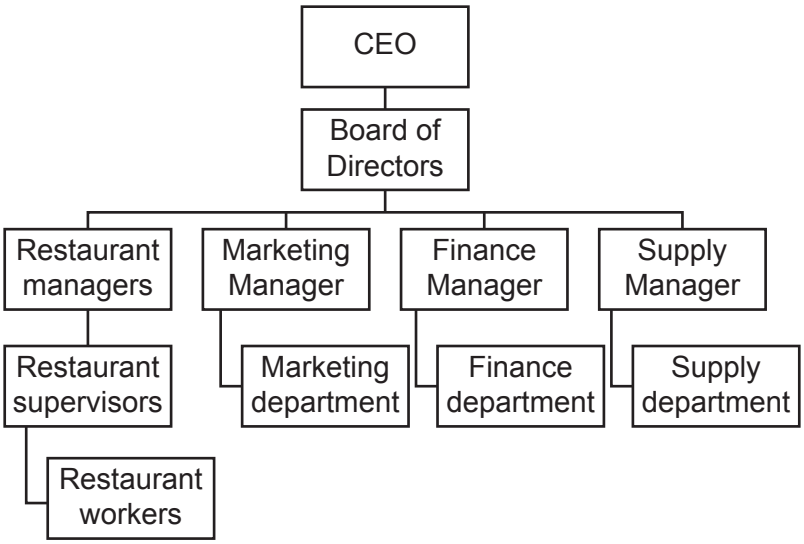
Rohit has provided the board with some strategic management information (see **Appendix 4** and **Appendix 5**).

Appendix 1: Extract from a 2015 BV advertisement for potential franchisees

As a franchisee you must show that you have the adaptability and intelligence to lead a dynamic business. You are the public face of BV and must work within our distinct corporate culture to give your business the best chance of success.

As a customer-focused entrepreneur you will need great social skills and a love of people.

Appendix 2: BV's 2016 organisational structure



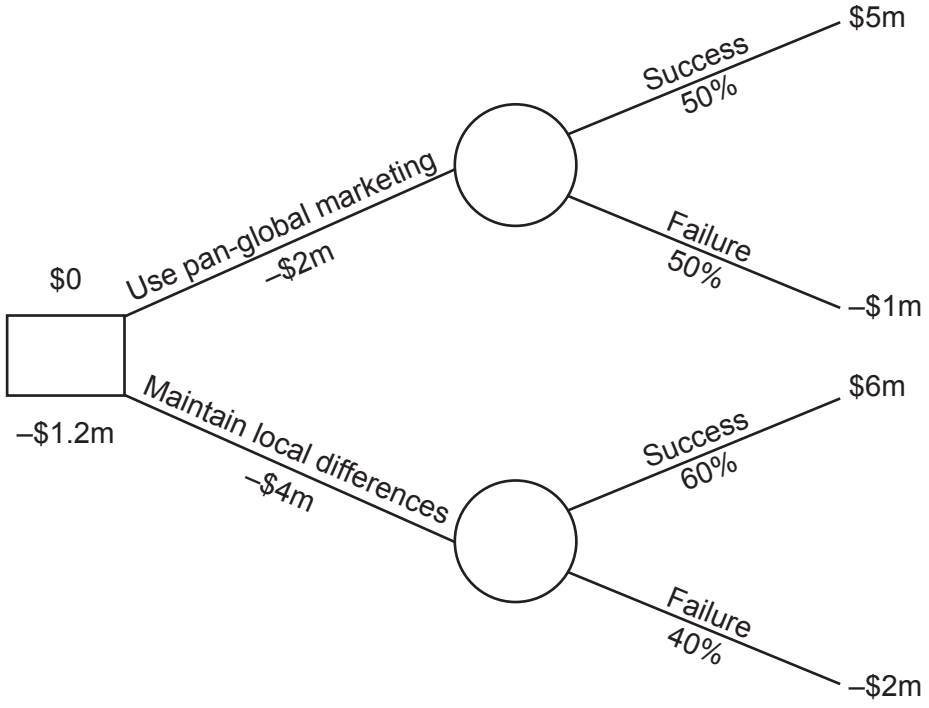
Appendix 3: Comparison of the US and country X in 2023

	US	Country X
Population	336m	225m
Population who regularly eat vegan food	12%	8%
Population by age:		
Under 18	25%	30%
18–50	40%	50%
Over 50	35%	20%
Brand awareness of BV	60%	5%
Average income	$32 000	$24 000
Forecast economic growth in 2024	1.5%	5%

Appendix 4: Strategic management information in 2023

Core competencies of BV	• Clear corporate identity as an ethical business. • Consistent high-quality across the product portfolio. • Excellent customer service.
Force field analysis for BV entering the restaurant market in country X	Driving forces: • Vegan food market is expected to double in the next three years. • Government policy is expected to support vegan food. • There is little competition in the vegan food market. Restraining forces: • Limited awareness of BV brand. • Customers may not like BV's product range.
Possible strategies include (see **Appendix 5**)	• Develop a pan-global marketing strategy based on the US market. • Develop a marketing strategy to maintain local differences in country X.

Appendix 5: Decision tree for first two years of operation in country X



Answer **both** questions.

1 Evaluate the extent to which leadership contributed to BV's effective strategic management between 2009 and 2022. [20]

2 Advise the Board of Directors on a marketing strategy to use when BV enters the market in country X. [20]

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