Cambridge Assessment International Education
Cambridge International General Certificate of Secondary Education

BUSINESS STUDIES **0450/22**
Paper 2 **February/March 2019**
INSERT **1 hour 30 minutes**

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READ THESE INSTRUCTIONS FIRST

This Insert contains the case study material.
Anything the candidate writes on this Insert will not be marked.

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 1/Level 2 Certificate.

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Peter's Restaurants (PR)

Peter has a successful restaurant business, called PR, which he set up 10 years ago. The business has a chain of 5 restaurants located in the centre of the main city, in high income areas. The business is in country Z which has had high levels of economic growth for the past 5 years. PR has increasing sales and profits.

The 5 restaurants are well-known for the good quality of the food, which is sold at high prices. Peter wants to expand the business and open a new restaurant with a takeaway service. He has written a business plan for this expansion. Peter thinks locating the new restaurant in an area with low incomes will be a new challenge for him. He also thinks there is a demand for takeaway food. These are meals that are prepared and then delivered to customers' homes to be eaten there. Peter needs to decide which methods of sales promotion to use.

The new restaurant will need to employ 15 workers. There will be 3 chefs, 3 kitchen assistants, 5 people serving food, 3 delivery drivers and 1 office worker. Well-motivated employees will be important to the success of the new restaurant and takeaway food service. The expansion of the business should allow Peter to benefit from economies of scale.

Peter is considering the following two locations for the new restaurant.

Option 1: On a main road close to the city railway station. The area is very busy with many cars and buses passing by most of the day and evening. The cost of the building and changing it to a restaurant is $150 000. The building is currently used as a warehouse. It is estimated that it will be 1 year before the restaurant will be ready to open.

Option 2: This is already a restaurant and will cost $150 000 to buy. It is located on a quiet road away from the city centre. The building is much smaller than Option 1 but is in a well-known and popular area for restaurants. The owner is only selling it because he wants to retire. It is estimated that it will take Peter 6 months to redecorate and change the restaurant to the PR style.

Appendix 1

Questionnaire results for the new restaurant takeaway service

Question	**Most popular response based on a 1 to 5 scale with 5 being very important and 1 being not important at all**
How important is price when deciding to use a takeaway service?	3
How important are the type of meals available?	4
How important is the appearance of the restaurant?	1
How important is a delivery service with the meals?	5
How important are the opening times?	3

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Appendix 2

Newspaper article in Daily News – 15 February 2019

Takeaway restaurants in country Z are increasingly allowing customers to use new technology to order and pay for food. Applications (apps) are available to download so that food can be ordered using the customer's mobile (cell) phone. Customers then either collect the food or pay a small additional price to have it delivered to their home.

There is no need to employ workers to answer the phone as customers choose from the menu displayed and the food order is then sent automatically to the restaurant kitchen. This increases efficiency and reduces costs for the restaurant. This benefits both customers and businesses.

Appendix 3

Information for alternative sources of finance

The new restaurant will need $150 000 of finance.

Source of finance	**Additional information**
Bank loan repaid over 1 year	5% interest for the year
Bank loan repaid over 3 years	3% interest every year
Retained profit	No interest charged but if cash is put in a bank savings account it could earn 4% interest.

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