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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **May/June 2021**

INSERT **1 hour 30 minutes**

INFORMATION

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

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This document has **4** pages. Any blank pages are indicated.

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Ruben's business (RB)

Ruben studied Business Studies at school. After he left school he worked in a fast food takeaway serving customers. Ruben has inherited $50 000 from his grandparents and wants to start a new business (RB). However, he is aware that starting a business has a high risk of failure.

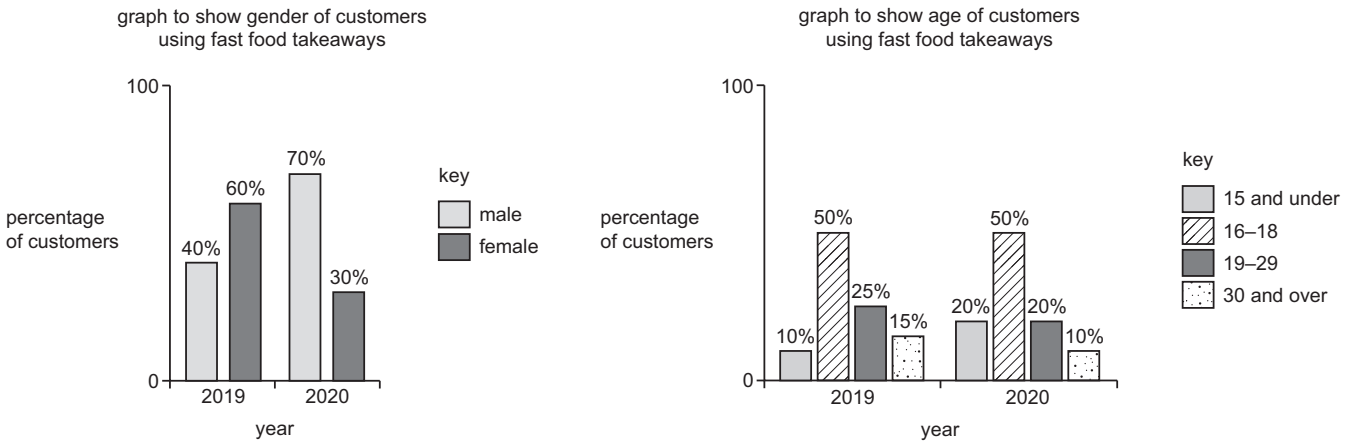
To reduce the risk involved he is considering buying a fast food franchise. If he chooses to buy a franchise this will cost $50 000 and Ruben will have to decide on a suitable source of finance. A basic menu of food will be provided by the franchisor. This will include burgers and fried chicken. The franchisee is allowed to add local dishes to the menu. Ruben wants to only buy ingredients from local suppliers as this will reduce the distance the ingredients are transported.

Ruben will need to recruit employees. This could be either 4 full-time or 8 part-time employees. Ruben is aware there are many legal controls over employment. He plans to pay his employees only the minimum wage. Many other fast food takeaways pay above the minimum wage.

Ruben has analysed the market research shown in Appendix 1. He is planning a marketing campaign that will include advertising aimed at children. Young children will also be given free toys with their food. Ruben is aware that RB's customers will want the food prepared quickly and at a competitive price. At certain times of the day, more food will need to be prepared and ready to serve.

Appendix 1

Market research data for the fast food industry 2019 and 2020



Appendix 2

Newspaper Article

The Government is concerned about the environmental damage caused by fast food takeaways. Most of the litter in the streets comes from plastic cups and packaging. Takeaway food businesses do not want to change to more environmentally friendly alternatives as they are more expensive than plastic ones.

A Government spokesperson said: 'Fast food takeaway businesses provide local employment for a large number of people. They also provide tax revenue.'

Appendix 3

Information for alternative sources of finance for Ruben

The new franchise will cost $50 000.

Source of finance	Additional Information
Bank loan over 1 year	5% interest for the year
Bank loan over 3 years	3% interest every year
Inheritance from grandparents	No interest charged, but if the cash is placed in a bank savings account it could earn 6%

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