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BUSINESS STUDIES **0450/22**

Paper 2 Case Study **May/June 2024**

INSERT **1 hour 30 minutes**

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INFORMATION

- The 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.

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

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Jems Jewellery (JJ)

JJ is a large manufacturer of jewellery such as bracelets, earrings and rings. JJ was set up 25 years ago in country X and is a public limited company. One of JJ's objectives is for the business to expand and another objective is to increase profit each year.

JJ manufactures all its jewellery in a factory in country X. All raw materials are purchased from local suppliers. JJ has 60 full-time and 25 part-time employees to make the jewellery. Most of these employees are skilled.

JJ's jewellery is beautiful but not expensive and therefore affordable for many people. The business has many competitors. JJ currently sells 70% of its products in country X through jewellery shops. The other 30% are sold using ecommerce and sold directly to customers in other countries. Demand for JJ's jewellery is continuing to increase.

JJ's Marketing Manager is planning to launch a new item of jewellery in country X and needs to choose between two products. Information on these two products is shown in Appendix 1. They will also need to decide the most effective way to promote the new product in country X.

Appendix 1

Information to calculate break-even for Product A and Product B

	Product A	Product B
Type of product	Bracelet	Ring
Fixed cost for each product per week	$50 000	$50 000
Selling price per product	$50	$120
Variable cost per product	$25	$40
Forecast sales per week	2500	750

Appendix 2

Newspaper article from Main City News in country X

After several years of economic growth the government is predicting a change in the economy this year.

Unemployment is forecast to increase from 3% to 6% by the end of the year. Increases in unemployment are expected to continue for the next two years. Many businesses will be affected by this increase.

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Appendix 3

Email from Managing Director to Operations Director

To: Operations Director

From: Managing Director

Date: 1 May 2024

Pressure groups have identified two environmental issues when we manufacture our jewellery.

These two environmental issues are:

• We use coal for fuel in our factory which we know contributes to global warming. Other jewellery manufacturers also use coal. We know the price of coal is increasing and will continue to increase in the future. However, the government in country X is encouraging businesses to invest in solar panels and is providing a 25% grant.

• The gem stones used in our jewellery come from local mines. We have been told that the land around these mines cannot be returned to agricultural use after the mine is closed. However, pressure groups have told us that we can buy gems from suppliers that use alternative ways of mining which do not damage the environment. These mines are further away from our factory.

We need to respond to these issues or our sales and profit may be affected.

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