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BUSINESS STUDIES **0450/21**

Paper 2 Case Study **October/November 2022**

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.

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Safari Adventures (SA)

Tokumbo is a sole trader. He started SA 2 years ago in country X. Tokumbo had previously worked for a company selling holidays. SA organises safari tours which take tourists to view wild animals on a game reserve. Most of SA's customers are tourists from other countries. Tokumbo did not have any objectives when he started SA but knows they are important for his business.

SA uses its own vehicles for the 7 day safari tours and provides accommodation in small local hotels. Tokumbo employs 4 safari guides, 1 for each of the 4 vehicles. The safari guides drive the tourists around the game reserve. There is 1 additional employee who helps Tokumbo in the office with administration. Tokumbo thinks SA needs a website so tourists can book directly with them rather than booking through holiday companies that charge SA a fee.

Tokumbo is considering the following three options for the future growth of SA safari tours:

- Option 1 - increasing the number of safari guides and vehicles to increase the number of customers from the existing target market
- Option 2 – targeting young people who want to camp and sleep in a tent on their safari
- Option 3 - targeting high-income tourists who prefer to stay in luxury hotels

Information about these three options is outlined in Appendix 3.

Tokumbo plans to provide more training for his employees whichever option he chooses. He wants his existing employees to have a wider knowledge of the wild animals on the game reserve and to be able to provide high-quality customer service. Tokumbo has to decide which method of training to use.

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Appendix 1

Newspaper article in Main News, September 2022

Tourism takes off



Country X is becoming a popular holiday destination for tourists from other countries.

There is an increased demand from high-income tourists who want to stay in luxury hotels whilst on safari tours. These tourists are willing to pay high prices. There is also a new trend for younger people who want cheaper holidays. They prefer to camp and sleep in tents on game reserves rather than stay in hotels.

Are the many safari businesses in country X ready to target these new markets?

The use of e-commerce to find and book safari tours by tourists from other countries is offering both opportunities and threats to businesses in country X.

The inflation rate in country X has increased to 4% which may affect some of our local safari businesses.

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Appendix 2

Email from Tokumbo's accountant

To: Tokumbo

From: Accountant

Subject: Source of finance for the new vehicles

New vehicles will be needed whichever option you choose for the future growth of your business.

I have considered several sources of finance you could use for the new vehicles. Interest rates on bank loans have fallen to 2% whilst interest rates on savings are 3%. I think you should choose from one of the following sources:

- Leasing
- Bank loan
- Retained profit

We can meet to discuss these sources if that would help you to decide.

Appendix 3

SA's three options for a 7 day safari tour

	Option 1 More existing safari tours	Option 2 Camping safari tours	Option 3 Luxury safari tours
Forecast number of tourists per week	16	32	10
Total costs per week for SA to provide these safari tours	$12 000	$8000	$20 000
Average cost per tourist	$750	?	?
Price per tourist	$1000	$400	$2400

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