Cambridge Assessment International Education

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BUSINESS STUDIES **0450/21**

Paper 2 Case Study **October/November 2025**

INSERT **1 hour 30 minutes**

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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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Luxury Bathrooms (LB)

LB is a large private limited company. The business was started 20 years ago in country X. LB manufactures luxury bathroom products including baths, showers and basins, which it sells to specialist retail shops. The Managing Director knows that working capital is important.

LB has recently introduced new machinery into its factory. The business has continued to grow each year and has benefited from economies of scale including financial, purchasing and managerial.

The market for luxury bathrooms is very competitive in country X. LB plans to produce a new range of bathroom products. It is using primary market research to decide which products to manufacture. LB also needs to choose which channel of distribution to use. It could sell the new range of bathroom products to the same specialist retail shops as its existing products, or sell directly to customers through its website. LB currently uses its website to provide information and does not sell its products through it.

LB wants to enter the luxury bathroom market in country Y. It plans to build a factory in country Y in 2026. LB will probably use a bank loan to finance the building of the factory. LB needs to communicate the expansion plans to all of its employees. Choosing the most suitable method of communication will be important.

Appendix 1

Advertisement for LB's products



If you want a luxury bathroom then look no further than LB.

We specialise in the highest quality bathroom products with modern designs to meet all your needs.

Visit LB's website for information about our products.

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Appendix 2

Email from Managing Director to Operations Director

To: Operations Director
From: Managing Director
Date: 1 October 2025

As we have introduced new machinery we can reduce the number of supervisors. The redundancy payment we would need to make is 1 week's wages for each year employed at LB. I have outlined the details of the 3 supervisors we are considering making redundant.

Supervisor	Experience	Number of years employed at LB	Wages paid per week
Naga	• Supervisor for 15 years • Understands the production tasks for all products	20	$400
Reeta	• Supervisor for 2 years • Worked at LB's main competitor for 10 years • Already knows how to use LB's new machinery	2	$350
Amy	• Supervisor for 5 years • Loyal and worked hard to get promoted • Can repair machinery if it breaks down	14	$375

Let me know which supervisor you think we should make redundant.

Appendix 3

Newspaper article from City News in country Y, September 2025

The economy in country Y is growing and consumer incomes are rising. This is causing an increase in demand for luxury items for the home which is forecast to continue.

There are many local businesses manufacturing bathroom products. The government is aware that multinational companies are considering locating factories in country Y. There are both benefits and drawbacks to country Y of allowing businesses from other countries to build their factories here.

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