



GCE A LEVEL

1510U40-1



S24-1510U40-1

THURSDAY, 6 JUNE 2024 – MORNING

BUSINESS – A2 unit 4
Business in a Changing World

2 hours 15 minutes

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ADDITIONAL MATERIALS

In addition to this examination paper, you will need:
A WJEC pink 16-page answer booklet.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen. Do not use gel pen or correction fluid.

Answer **all** questions in Section A.

Answer **one** question from Section B.

You are advised to spend no more than:

- 80 minutes on Section A
- 55 minutes on Section B

Write your answers in the separate answer booklet provided, following the instructions on the front of the answer booklet.

Use both sides of the paper. Write only within the white areas of the booklet.

Write the question number in the two boxes in the left-hand margin at the start of each answer,

for example

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Leave at least two line spaces between each answer.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets at the end of each question or part-question.

You are reminded of the need for good English and orderly, clear presentation in your answers.

SECTION A

Answer **all** the questions in this section.

1. Read the case study below and answer the questions that follow.

Google

Google is an internet-based business operating on a global scale. Google began in 1998 by introducing a free-to-use web search engine that enabled the general public or businesses to search for information on the World Wide Web. In 1998 Google had just 3 employees based in one small office in the United States and it processed just 10 000 searches a day. In 2023, the business had grown to employ over 190 000 employees and processed 9 billion searches a day. Approximately 87% of Google's revenue comes from businesses that pay to place online advertisements on Google's search engine.

Google has diversified into different technology-related products and services and it now offers more than 50 internet services and technological products across the world – with over 170 worldwide offices, including 40 based in European countries. Google's variety of products and global reach makes it one of the top four influential companies in the high-tech marketplace, along with Apple, IBM and Microsoft.

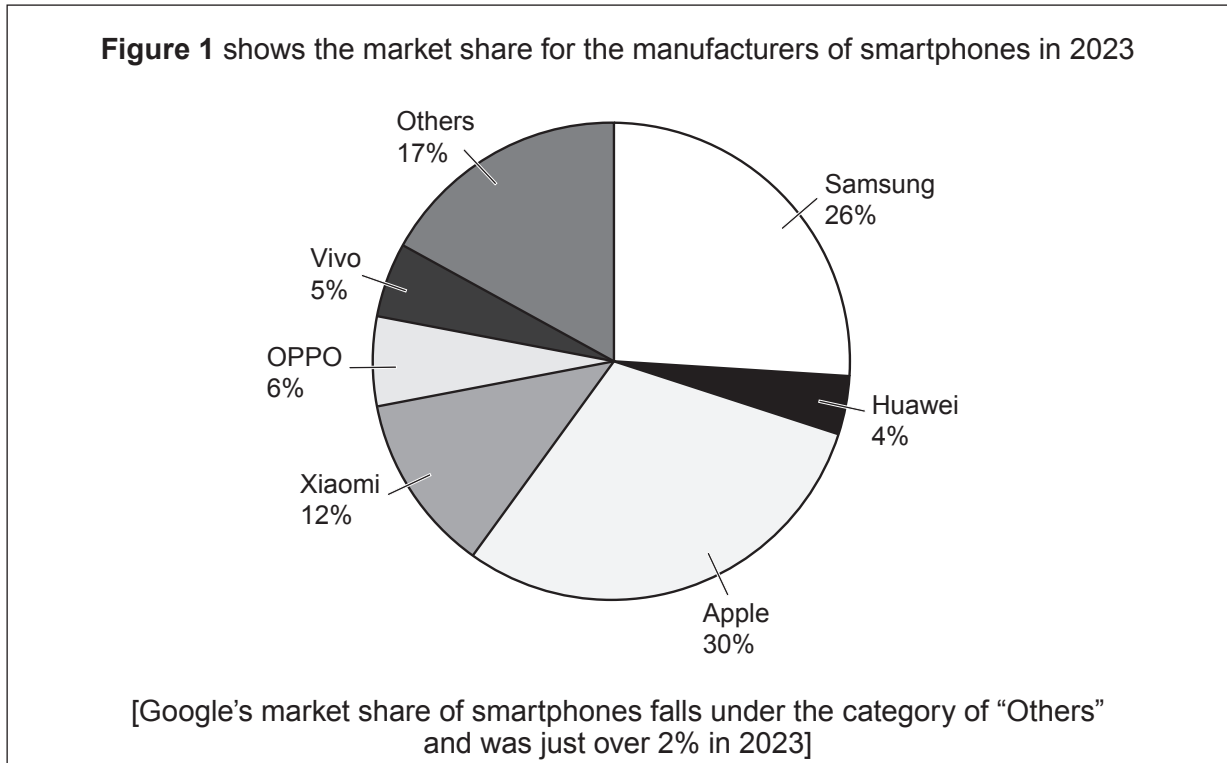
Organic growth

Organic growth, and in particular new product development, has been at the centre of Google's expansion plans. Gmail was launched in 2004 to compete with email services provided by businesses such as Yahoo and Hotmail. Gmail offered higher levels of free storage space to users and allowed users to rent additional space if required, making it unique at the time.

In 2006, Google developed various traditional business computer programs such as word processing, spreadsheet, and presentation software that were collectively named Google Docs. Google Docs was marketed as a direct competitor to Microsoft's Office suite, which includes Microsoft Word, Access, Excel and PowerPoint.

In 2008 Google released Google Chrome, entering the internet browser market. An internet browser is a software program that allows users to view web pages and access search engines. Prior to 2008, this market was dominated by Microsoft's Internet Explorer. In 2012, Google Chrome became the public's most popular web browser and it has maintained its lead over Microsoft's Internet Explorer, Mozilla Corporation's Firefox and Apple's Safari.

In 2009 Google entered the market for mobile devices by launching its first laptop, the Chromebook. This was followed by tablets and smartphones in the Nexus range. Google concentrated on developing more models of its smartphones and in 2016 launched its Pixel range. In 2023 Google launched its latest version, the Pixel 8. In 2019 Google introduced a new low-priced smartphone to compete with Apple, Samsung and Huawei. In 2023 global sales of smartphones was \$480 billion.



35 External growth

In June 2005, Google Video was launched to compete with YouTube but was unsuccessful. Therefore, in 2006 Google paid £1.29 billion to acquire YouTube. YouTube continues to grow with advertising revenues increasing from £2.3 billion in 2016 to £3.8 billion in 2019. YouTube is now worth approximately £10–15 billion.

40 Also in 2005, Google bought Android Inc. for approximately £39 million, allowing Google to enter the smartphone market. Android is the operating system for most smartphones. By the end of 2018, Android was the leading operating system, with over 70% of the global market share.

45 In 2019 Google bought the Fitbit activity tracker business in a £1.6 billion deal that is enabling Google to compete with Apple and Samsung in the fast-growing smartwatch and wearables market. The deal has expanded Google's range of consumer products.

Competitive rivalry

The technological industry is a highly competitive business environment, with businesses trying to be more innovative than their rivals. Google's main competition comes from Apple, Amazon, Microsoft and Facebook. Apple is one of its toughest competitors, with Apple's iOS operating system for smartphones being the biggest threat to the market dominance of Google's Android operating system.

55 Amazon has grown quickly to become a tough competitor of Google. In 2018, Amazon invested more than any other business on research and development, spending over \$22 billion. Amazon is the market leader in the smart speaker market, with its Alexa Echo released to the market 2 years before Google released its Home Hub product. As of 2022, Amazon's Alexa global market share of the smart speaker market was 28%, with Google's Home Hub making up another 17.2%.

60 Facebook is the leading social media provider. It is growing to become a favourite source of advertising for businesses willing to pay to place advertisements on Facebook. In 2011, Google launched a social networking site of its own, called Google+. Google+ users averaged around three minutes per month when compared with Facebook users averaging six to seven hours per month. Google+ is now no longer generally available.

65 Google is also facing competition from Netflix, Apple TV and Amazon Prime. These businesses are responding to changes in consumer habits by providing streaming services so that digital video content can be viewed on mobile devices and smart televisions. This is proving to be popular with the younger generation due to its convenience and ease of use. The more time consumers spend on Netflix or Apple TV the less time there is for searching video content on YouTube.

70 To remain competitive or maintain its competitive advantage in specific markets, Google continues to invest heavily in research and development to provide technological innovation. For example, in 2022 it was recorded that Google spent over \$39 billion on research and development and it had over 2 500 patented products and services in the United States.

External influences

75 Google operates in many major markets and these countries tend to have stable rates of interest, inflation and exchange rates. Google also operates in developing countries and these could be politically and economically unstable. For example, in developing countries economic factors can fluctuate, which can cause problems for businesses when operating in the market for consumer products such as smartphones, smartwatches and smart speakers.

80 Within the European Union (EU), legislation in relation to tax avoidance, privacy and security issues of the general public and on intellectual property rights is causing Google some problems. For example:

- 85 • From April 2019 the UK applied tax on the value of UK sales rather than just company profits, which prevented tax avoidance from multinational companies that shift profits overseas. Google already agreed to pay £130 million in back tax and incur a greater tax burden in the future.
- In June 2017, the EU fined Google 2.42 billion euros for abusing its market dominance as a search engine provider by giving an illegal advantage to its own shopping comparison service.
- 90 • In 2019, French authorities fined Google 50 million euros for breaking data protection laws. Google did not inform users on how their data was collected, stored and used.
- Also in 2019, the EU approved copyright reforms which may have a negative impact on Google's YouTube service. The law could make Google liable for all copyright breaches rather than the individual uploading the content.

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 Explain the factors that have contributed to globalisation. [6]
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 State what is meant by innovation and explain the ways in which Google has been innovative. [8]
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 To what extent will legal factors affect the operation of Google? [10]
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 “Organic growth has been more important to Google than external growth.” Discuss. [12]
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 Apart from legislation, evaluate the impact of internal and external causes of change on Google and its stakeholders. [14]

SECTION B

Answer **one** question from this section.

Answer **either** question 2 (

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2. Enterprise

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 Describe the purpose of a business plan for a start-up social enterprise. [10]

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 “Small to medium sized enterprises have a greater impact on the UK when compared to large multinational businesses.” To what extent do you agree with this statement? [20]

3. Human resources

3	1
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 Describe the most suitable methods of training for job roles within the hotel industry. [10]

3	2
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 “Effective training is the best way for businesses to improve the quality of their goods and services.” Discuss. [20]

4. The market

4	1
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 Describe below-the-line promotional strategies that could be used by manufacturers of breakfast cereals in order to increase sales. [10]

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 “Investing significantly in e-commerce (selling online) is essential to the success of all businesses.” Discuss. [20]

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