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BUSINESS STUDIES **0450/23**

Paper 2 Case Study **May/June 2023**

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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Regency Rugs (RR)

RR manufactures rugs made from wool. It only sells its products in country Z. Many of RR's competitors are multinational companies. RR is a private limited company which has been operating for 5 years and has a reputation for excellent customer service. RR's directors want the business to expand but are aware that this can have problems as well as benefits.

RR produces machine manufactured rugs in its factory. These rugs are standardised and have a similar design so they are quick to produce. They are sold at a low price.

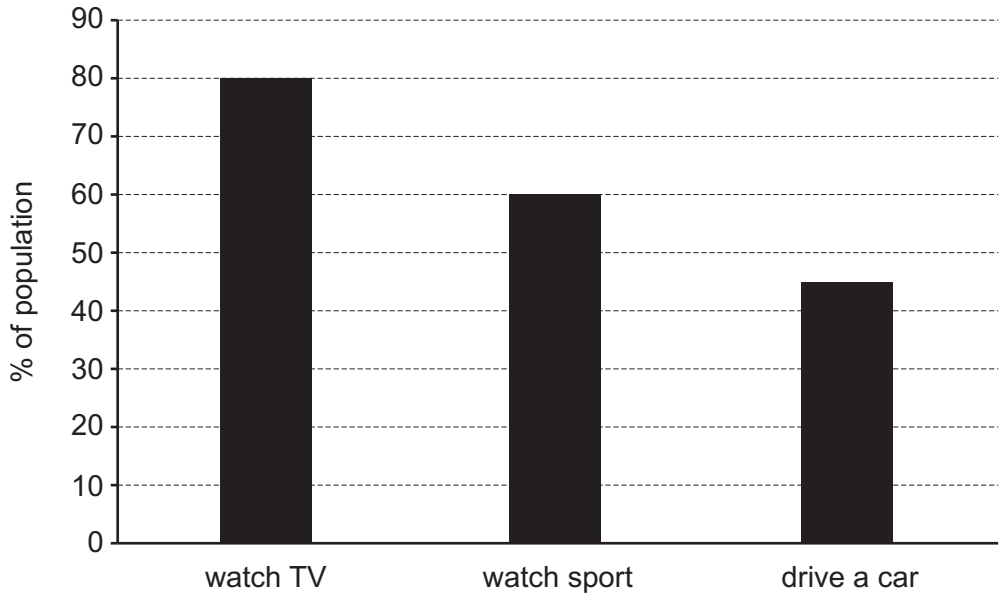
RR's Operations Manager wants to increase the productivity of the workers in the factory. This could be achieved by introducing new technology or by increasing employee training. The cost of both options will need to be considered.

RR's directors are considering expanding by selling its rugs in new markets in other countries. The Managing Director thinks that using ecommerce will be the best way to achieve this expansion. A website would need to be created to enable the business to take orders for their rugs and to receive payments from customers. RR will need to communicate the expansion plans to its employees.

The Marketing Manager knows that RR needs to identify a suitable method of promotion for its rugs when it enters the new markets. Market research has been carried out to help identify the best method of promotion to use. An extract from this research can be found in Appendix 1.

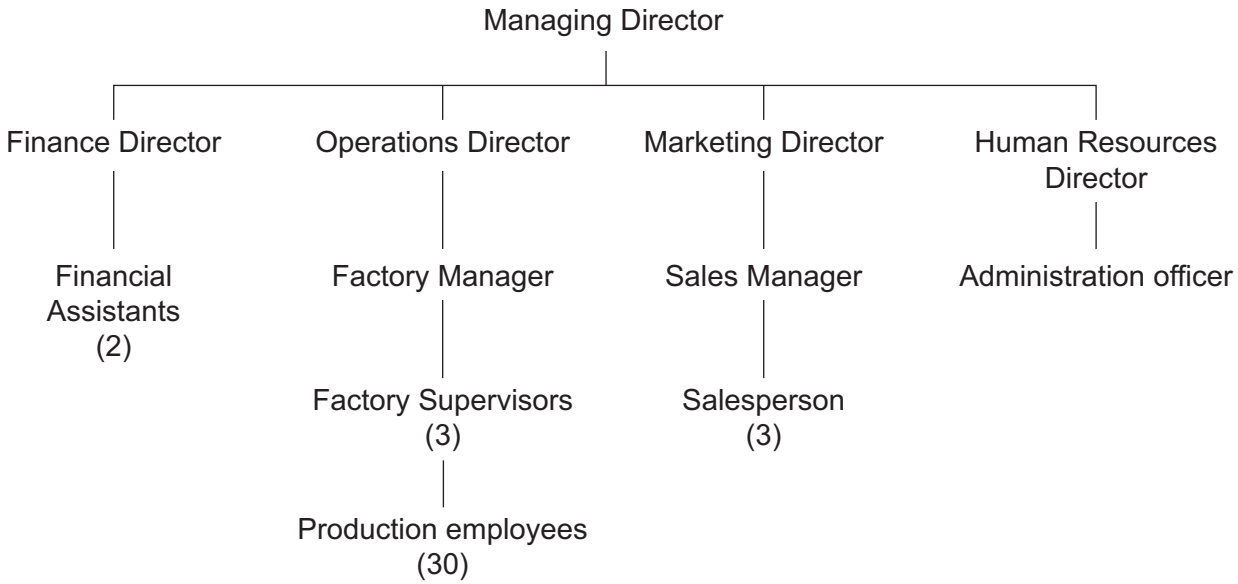
Appendix 1

Extract from the market research results for the new markets in other countries



Appendix 2

Organisational chart for RR



Appendix 3

Extract from RR's income statement

	2021	2022
Revenue	$25m	$32m
Cost of Sales	$10m	$16m
Expenses	$10m	$8m

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