**BUSINESS STUDIES: PAPER II**

**Time:** 1 hour **Total:** 50 marks

**PLEASE READ THE FOLLOWING INSTUCTIONS CAREFULLY**

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1. This paper consists of 3 pages, including this page. Please check that the question paper is complete.
2. Refer to the case study and examples relevant to the case study where applicable.
3. Use your own words and insight when answering questions.
4. Candidates are advised to pay special attention to the use of language.
5. It is in your own interest to write legibly and present your work neatly.

**The following aspects may be considered when marks are allocated in this paper:**

* Format
* The **CORRECT** format for each question must be used, e.g. report, letter or dialogue.
* Where applicable, include an introduction and conclusion.
* Use headings and sub-headings where appropriate.
* Terminology: Correct Business terminology should be used.
* Content: Must be sufficient to cover all aspects of the question.
* Substantiation: Justification for the statements made.
* Application to case study/context.
* Creative problem solving rather than just giving theoretical facts.
* Synthesis and sequencing.

**Read the following case study then answer the question that follows:**

In spite of a difficult economic environment, middle-class South Africans are increasingly favouring fast-food dining options over formal restaurants and preparing food at home.

Unlike their broader retail counterparts who are feeling the pinch as disposable incomes come under pressure, those in the quick-service restaurant segment are being affected to a lesser degree as consumers favour convenience and value over cost.

Famous Brands, the company behind Mugg & Bean and Steers, said on Wednesday that overall franchise sales increased 16.8% for the quarter March to May, comprising a 16% improvement in South Africa and a 27.2% improvement in sales in the rest of Africa region.

Absa Investments analyst Chris Gilmour said the group’s results were “pretty impressive”.

“Quick service restaurant groups like Famous Brands and Taste Holdings are offering a very good value proposition and often it’s cheaper to buy from them than it is to buy from the supermarket.

“Furthermore, what the 27.2% is really telling us is that they’re forging into the rest of Africa and that is making a big difference,” he said.

Like other retailers eyeing the fast-growing continent, Famous Brands will open about 55 restaurants in the rest of Africa this year.

Famous Brands CEO Kevin Hedderwick said the South African food services industry continued to evolve in the present socioeconomic environment.

“The competitive trading environment and general economic downturn have trained consumers to look for value. Convenience matters a lot. Consumers are no longer eating three traditional meals a day — these are fragmenting into nibbles and bites at non-traditional times.

“Particularly strong drivers of growth in the industry are coffee and ‘all-day’ breakfasts. Coffee is no longer seen as a meal accompaniment, but is increasingly being purchased as a snack meal,” Mr Hedderwick said.

Furthermore, Mr Hedderwick said the black middle class had grown from 1.6-million people in 2004 to 4.2-million, and their disposable income has increased by 35%.

The group’s supply chain division delivered a 20.8% rise in sales for the quarter.

Mr Hedderwick said it was not just its main brands such as Steers that delivered “stellar” results, but also the likes of restaurant chain tashas, at the premium niche end of the spectrum, which turned in a 22% rise in sales compared with the previous year.



(Adapted from: <http://www.bdlive.co.za/business/retail/2013/06/19/famous-brands-proves-way-to-consumers-hearts-is-through-stomach> date: 08/01/2014)

**QUESTION:**

**Required:**

At the last AGM (Annual General Meeting) the Chairman was asked about future developments for Famous Brands in its competitive **market** environment.

The Chairman has come to you to write a business report where you look at the competitive environment Famous Brands operates in and provide strategies on a way forward.

Your report should include the following:

* Complete environmental scanning for the micro and market environment. (Use a SWOT analysis to help you).
* Assess the role that intrepreneurship plays within Famous Brands, discuss how the business could achieve goals by using intrepreneurial qualities to take advantage opportunities and element both weaknesses and threats.

**You must ensure you are providing strategies for the chairman throughout your report.**

**Where possible include current affair as examples.**

 **[50 Marks]**