



BUS.EN5 Business location decisions

AQA 8132 · Calculator allowed · about 55 minutes

Total Marks

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Name: _____ Date: ____ / ____ / ____

Answer ALL questions in the spaces provided. Show your working for any calculation: method marks are available even if your final answer is wrong. Foxglove Print Studio, used throughout this pack, is a fictional business.

1 Which one of the following is most likely to influence a business's choice of location?

- ☐ A) The founder's favourite colour
- ☐ B) The cost of premises and how close the site is to customers
- ☐ C) The weather forecast for next week
- ☐ D) The business's logo design

(Total for Question 1 is 1 mark)

2 A cafe chooses to open on a busy high street with heavy footfall, even though the rent is higher than an out-of-town unit. Which location factor is the cafe prioritising?

- ☐ A) Proximity to raw materials
- ☐ B) Proximity to its target market/customers
- ☐ C) Proximity to a motorway junction
- ☐ D) The cost of business rates

(Total for Question 2 is 1 mark)

3 State two factors, other than cost, that a business should consider when choosing a location.

(Total for Question 3 is 2 marks)

4 For each description below, identify which location factor it represents.

- (a)** A print business chooses a unit close to a large residential town centre, where most of its walk-in customers live and work. **(1)**
- (b)** A business chooses a unit next to a motorway junction, so delivery vans can reach customers across the region quickly. **(1)**
- (c)** A business chooses a town with several colleges offering the specialist design and print qualifications its roles require. **(1)**
- (d)** A business avoids a site where a well-established, similar competitor already trades nearby. **(1)**

(Total for Question 4 is 4 marks)

5 Foxglove Print Studio is a fictional print and design shop that relies on passing trade as well as bookings from local businesses. Explain one reason why proximity to customers is likely to be especially important when choosing Foxglove Print Studio's location.

(Total for Question 5 is 3 marks)

6 Foxglove Print Studio is comparing two possible sites. Site A is an out-of-town industrial unit: annual rent 12,000 pounds, annual business rates 3,000 pounds, and annual delivery costs to customers of 5,000 pounds (since it is further from most customers). Calculate Site A's total annual cost. Show your working.

(Total for Question 6 is 2 marks)

- 7** Site B is a town-centre unit: annual rent 22,000 pounds, annual business rates 5,000 pounds, and annual delivery costs of only 1,000 pounds (since it is close to most customers). Calculate Site B's total annual cost. Show your working.

(Total for Question 7 is 2 marks)

- 8** Using your answers to questions 6 and 7, calculate how much more Site B costs per year than Site A. Show your working.

(Total for Question 8 is 2 marks)

- 9** Explain one reason why Site B's delivery costs (question 7) are lower than Site A's (question 6).

(Total for Question 9 is 3 marks)

- 10** Foxglove Print Studio estimates that Site B's town-centre footfall would generate an extra 15,000 pounds of passing-trade revenue a year that Site A would not get, with a profit margin of 40% on this extra revenue. Calculate the extra profit this passing trade would generate at Site B. Show your working.

(Total for Question 10 is 2 marks)

- 11** Using your answers to questions 8 and 10, calculate the net financial position of choosing Site B instead of Site A (the extra passing-trade profit minus the extra annual cost). Show your working.

(Total for Question 11 is 2 marks)

- 12** Despite the net financial position calculated in question 11, explain one non-financial reason why Foxglove Print Studio might still choose Site B.

(Total for Question 12 is 3 marks)

- 13** Explain one reason, other than cost, why Site A might be more suitable for Foxglove Print Studio than Site B.

(Total for Question 13 is 3 marks)

- 14** State two factors, not yet covered in this pack, that a business should consider when choosing a location.

(Total for Question 14 is 2 marks)

- 15** Foxglove Print Studio must choose between Site A (out-of-town, question 6) and Site B (town-centre, question 7). On the figures alone, Site B is 2,000 pounds a year worse off (question 11), but it offers the brand-awareness benefits described in question 12, while Site A offers the production-space benefits described in question 13.

Recommend which site Foxglove Print Studio should choose. Justify your answer using the figures and points made earlier in this pack.

(Total for Question 15 is 9 marks)

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Question 1

- **B1** B cao
- **Answer: B**

Question 2

- **B1** B cao
- **Answer: B**

Question 3

- **B1** one acceptable factor, e.g. proximity to customers/target market
- **B1** a second acceptable factor, e.g. proximity to suitable labour, transport links/infrastructure, proximity to suppliers, or competitors already nearby
- **Answer: Any two, e.g. proximity to customers; transport links/infrastructure.**

Question 4

- (a) **B1** proximity to market/customers
- (a) **Answer: Proximity to market/customers.**
- (b) **B1** transport links/infrastructure
- (b) **Answer: Transport links/infrastructure.**
- (c) **B1** proximity to suitable/skilled labour
- (c) **Answer: Proximity to suitable/skilled labour.**
- (d) **B1** competition
- (d) **Answer: Competition.**

Question 5

- **B1** identifies the reason, e.g. Foxglove Print Studio depends partly on passing trade/footfall from people walking past
- **B1** develops the point, e.g. a site with low footfall would rely entirely on pre-booked customers, missing out on casual, unplanned sales
- **B1** links clearly to an outcome, e.g. this could significantly reduce Foxglove Print Studio's total revenue compared with a more visible, high-footfall site
- **Answer: Foxglove Print Studio depends partly on passing trade, so a low-footfall site would rely entirely on pre-booked customers and miss casual sales, significantly reducing total revenue.**

Question 6

- **M1** $12,000 + 3,000 + 5,000$ seen
- **A1** 20,000 pounds cao
- **Answer: 20,000 pounds.**

Question 7

- **M1** $22,000 + 5,000 + 1,000$ seen
- **A1** 28,000 pounds cao
- **Answer: 28,000 pounds.**

Question 8

- **M1** $28,000 - 20,000$ seen (ft from questions 6 and 7)
- **A1** 8,000 pounds cao
- **Answer: 8,000 pounds.**

Question 9

- **B1** identifies the reason, e.g. Site B is in the town centre, close to where most of Foxglove Print Studio's customers are
- **B1** develops the point, e.g. shorter distances mean each delivery uses less fuel and driver time
- **B1** links clearly to an outcome, e.g. this keeps Site B's total distribution cost much lower than Site A's, despite Site B's higher rent
- **Answer: Site B is close to most customers, so deliveries use less fuel and driver time, keeping its distribution cost much lower than Site A's despite Site B's higher rent.**

Question 10

- **M1** 15,000 x 0.40 seen
- **A1** 6,000 pounds cao
- **Answer: 6,000 pounds.**

Question 11

- **M1** 6,000 - 8,000 seen (ft from questions 8 and 10)
- **A1** minus 2,000 pounds cao (Site B is 2,000 pounds a year worse off on these figures alone)
- **Answer: Minus 2,000 pounds: on these figures alone, Site B is 2,000 pounds a year worse off than Site A.**

Question 12

- **B1** identifies a non-financial reason, e.g. a visible town-centre location could build brand awareness and reputation faster than an out-of-town unit
- **B1** develops the point, e.g. local businesses looking for a print supplier are more likely to notice and trust a shop they walk past regularly
- **B1** links clearly to an outcome, e.g. this could bring in longer-term repeat business and referrals that are not captured in the one-year figures used in question 11
- **Answer: A visible town-centre location builds brand awareness faster, so local businesses are more likely to notice and trust the shop, bringing longer-term repeat business and referrals not captured in the one-year figures in question 11.**

Question 13

- **B1** identifies a reason, e.g. an out-of-town industrial unit is likely to offer more space for large print machinery and easier loading/unloading for delivery vans
- **B1** develops the point, e.g. a cramped town-centre unit may struggle to fit noisy machinery, or may face restrictions on delivery vehicle access
- **B1** links clearly to an outcome, e.g. this could make Site A more practical for day-to-day production, even though it generates less passing trade
- **Answer: An out-of-town unit like Site A is likely to offer more space for print machinery and easier van access, which a cramped town-centre unit may struggle with, making it more practical for production despite less passing trade.**

Question 14

- **B1** one acceptable factor, e.g. whether planning permission is available for the intended use
- **B1** a second acceptable factor, e.g. availability of parking for staff/customers, or government grants/incentives available in that area
- **Answer: Any two, e.g. planning permission availability; government grants/incentives available in the area.**

Question 15

- **Level 1** (1-3): Makes simple, undeveloped comments about the two sites, with little or no use of the pack's figures and no clear recommendation.
- **Level 2** (4-6): Gives a developed argument for or against one site, using some of the pack's figures, but does not fully weigh both sides or reach a clearly justified recommendation.
- **Level 3** (7-9): Weighs the evidence for and against both sites, using the cost, passing-trade and net-position figures from this pack, and reaches a justified recommendation supported by that analysis.
- **Indicative content:**
 - For Site A: it is 8,000 pounds a year cheaper overall (question 8), and question 13 shows it likely offers more practical space for print machinery and van access.
 - For Site A: on the figures alone (question 11), Site B's passing-trade profit does not fully cover its extra cost, leaving Site B 2,000 pounds a year worse off.
 - For Site B: it captures an extra 6,000 pounds a year of passing-trade profit (question 10), and question 12 shows it could build brand awareness and repeat business among local firms faster than an out-of-town unit.
 - For Site B: the 2,000 pound annual shortfall (question 11) is small relative to Site B's overall costs, and may narrow or reverse in future years as footfall-driven repeat business (question 12) grows beyond the first year measured.
 - Judgement: since the figures alone show only a modest 2,000 pound a year disadvantage for Site B, and Foxglove Print Studio's business model depends partly on passing trade and local visibility (question 5), a reasonable recommendation is to choose Site B, provided the unit has enough space to fit the necessary machinery; if space genuinely cannot be made to work, Site A becomes the safer, cheaper choice.