

Cambridge International AS & A Level

BUSINESS**9609/31**

Paper 3 Business Decision-Making

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INSERT

1 hour 45 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.



This document has **4** pages.

Sugar-Less Scoops (SLS)

SLS was set up in country A in 2024 by Cali and Faiza as a private limited company. Cali and Faiza own 52% of the shares and two venture capitalists own 48% of the shares. Cali and Faiza identified a market for an alternative to high-sugar ice cream demanded by health-conscious consumers.

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SLS manufactures zero-sugar ice creams. Its unique selling point (USP) is the distinctive flavours of its zero-sugar ice creams. SLS's ice cream retails for a higher price than its competitors. SLS has a mission statement of 'bringing quality to the zero-sugar ice cream market'.

Initial market research

Cali and Faiza invested a significant proportion of their start-up finance in market research. The research showed:

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- sales within the global zero-sugar ice cream market are forecast to increase by 15% per year until 2030.
- 48% of people asked said they would consider switching to a zero-sugar ice cream brand.
- 65% of people asked wanted a wide selection of flavours and carton sizes.

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SLS decided to manufacture 10 flavours of zero-sugar ice cream in individual and share size cartons using packaging that is 100% recyclable. SLS is proud to only use the best natural ingredients. SLS started selling its products in a selection of premium supermarkets in country A.

The market and marketing

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The zero-sugar ice cream market is supported by the government of country A who are concerned about health problems within the country. The government has identified diets high in sugar as one of the leading causes of these health problems. This has increased the demand for zero-sugar ice cream.

There are high levels of competition in the zero-sugar ice cream market within country A, with many new businesses offering similar products. There are currently five large businesses which control 60% of this market. The remaining 40% of the market is made up of many small businesses. SLS has developed a strong brand through social media marketing and free trials at some supermarkets. SLS has a 5% market share in country A.

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The average monthly income in country A has increased from \$500 to \$510. This has resulted in the market for zero-sugar ice cream in country A increasing by 4%. However, SLS's sales to retailers have increased by 8%. There have been no other changes.

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Cali wants to increase profitability by increasing the price of each individual carton from \$3.50 to \$4.00. Faiza's research has shown that this will result in a reduction of 20% in the quantity demanded.

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Plans for expansion

Market research carried out by Cali and Faiza on country Z has identified the country as an excellent manufacturing base as well as a potential new market. Country Z is located a long distance away from country A. There is limited recognition of the SLS brand in country Z. To expand into country Z, SLS will need long-term borrowing of \$3 million to open a factory and a regional office. Table 1.1 contains further financial information for SLS.

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Table 1.1 Financial information 30th April 2026

	(\$000)
profit for the year	1086
non-current assets	5166
current assets	774
current liabilities	540
non-current liabilities	3500
share capital	500
reserves	1400

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gearing ratio	64.81%
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There are empty factory units available to rent or buy in country Z. Country Z is investing in infrastructure for high speed WIFI and an improvement to the road system.

There are differences between country A and country Z, see Table 1.2. There are also social and demographic differences between consumers in the two countries. Cali and Faiza think that passing power to a regional office in country Z would be the most effective way of SLS responding to these differences. The new regional office would have responsibility for production, distribution and marketing of SLS's ice cream in country Z.

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Table 1.2 Comparison of country A and country Z

	country A	country Z	
minimum wage	government set and reviewed annually	no minimum wage	60
average income	high	medium	
average years of education	13	7	65
employment laws	• maximum working day • paid holiday entitlement	• maximum working day • paid holiday entitlement	
international trade	member of 13 free trade agreements	member of 2 free trade agreements	
government interventions	• subsidy for businesses under 10 years old • reduced tax rates on factories that employ 75% local labour	• foreign businesses are limited to one purchase of land • reduced corporation tax for first 5 years for foreign businesses	70

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