



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2009

GCE Applied Business

Assessment Unit AS 3

assessing

External Influences on
the Business Enterprise

[A3B31]



THURSDAY 8 JANUARY, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **all six** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in questions **4, 5** and **6**.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part-question.

This paper is accompanied by a Case Study. You must **not** use your own annotated copy of this Case Study.

ADVICE FOR CANDIDATES

You are advised to take account of the marks for each part-question in allocating the available examination time.

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- 1 Identify the market sector that Belfast International Airport operates in, explain the role of that sector, within the Northern Ireland economy. [4]
- 2 Explain why globalisation is important to Belfast International Airport.
- 3 Discuss, with an example in each case, **one** way in which **each** of the following government policies might directly influence the commercial operations of Belfast International Airport:
- (i) Fiscal Policy [4]
 - (ii) Regional Policy [4]
 - (iii) Supply Side Policy [4]
- 4 Analyse **four** different issues which are likely to affect the throughput of passenger numbers at Belfast International Airport over the next 21 years, and hence the demand for air services to/from Northern Ireland. [16]
- 5 Evaluate **five** factors which are likely to improve the competitiveness of Belfast International Airport over the 21-year period to 2030. [20]
- 6 The management team at Belfast International Airport has outlined its plans covering the expansion of the Airport until 2030. Evaluate how these plans might affect **six** stakeholder groups relative to the Airport. [24]

THIS IS THE END OF THE QUESTION PAPER



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You must use **this** clean copy of the Case Study in the examination and not your own annotated copy.



A3B31CSI

Belfast International Airport

A document entitled 'Master Plan 05/30' is a long-term planning document, summarising external influences which the management team at Belfast International Airport (BIA) think likely to affect the future operating performance of the Airport over the next twenty years or more.

The management team at BIA is conscious that the Airport works within a global economy. This is indeed the case within Northern Ireland, since the island location makes aviation a necessity for travel to Great Britain, Europe and beyond. The local economy includes many fast-growing sectors such as finance, advanced engineering, ICT, professional services and pharmaceuticals, all of which 'support a network of sustainable air services'.

Air travel has been made more accessible to the travelling public, through:

- technological advances (at airports and in aircraft),
- cost efficiencies (within airlines and airports),
- rising standards of living within the population,
- intensive competition within the travel industry (between other forms of transport, e.g. ferry operators),
- increased competition between airlines of EU member states (as a result of government competition policy).

Belfast International Airport has responded to the global competition within the sector (from other airports) by providing passengers with a greater number and choice of destinations to which it is possible to fly. By the same token, such developments have increased the opportunities available for inbound tourism.

During 1983, the Airport was renamed and branded as 'Belfast International Airport'. The following year passenger numbers reached 1.5m. In 1996, TBI plc became the new owners of the Airport, by which time annual passenger numbers had reached 2.5m. easyJet plc commenced airline services in 1998 (with flights to London Luton), Continental Airlines Inc., introduced direct scheduled air services from Belfast to New York and Aer Lingus plc operates scheduled services from BIA to various destinations including London Heathrow, Amsterdam and Rome (2007 onwards).

There appears to be a number of issues which have a direct impact upon the performance of BIA, as noted in the 25-year Master Plan. These include:

- only one access road (A57) to the Airport, connecting it to Belfast City Centre via the M2 motorway, and to the south and west via the A26 and M1 motorway,
- regular bus connections from Belfast City Centre (provided at Europa Bus Station and Laganside Buscentre),
- non-availability of a rail link to the Airport, although a rail line runs alongside the western boundary of the Airport,
- use of equipment which makes it the most technologically advanced airfield on the island of Ireland,
- ability to accommodate the largest commercial airliners currently in service,
- a passenger terminal building, airport parking facilities, hotel, cargo centre, administration offices and other ancillary facilities are available within the airport site,

- a regional location, so that 1.6 million people live within a one-hour drive of the airport, whilst it is estimated that over 2 million people live within a two-hour drive of the airport, it is estimated that over 80% of Northern Ireland's industrial base is located within an hour's reach of Belfast International Airport.

The 'Master Plan 05/30' document provides the following statistical information:

Table 1: Belfast International Airport Passengers 2005

	millions
Total number of terminal passengers (arriving/departing)	4.8
Number of passengers on scheduled services:	
Domestic passengers	3.4
International passengers	0.7
Charter services passengers	0.7

BIA estimates that average passenger numbers will increase to 6.9m per year by the year 2015.

The management team at BIA has acknowledged the long-term issues facing the Airport which include:

- the strategic location of the Airport (the second largest airport on the island of Ireland),
- the loss of passengers to Dublin and other regional airports, including George Best Belfast City Airport and City of Derry Airport (estimated to be around 1m per annum),
- development of a brand/reputation enabling the Airport to become 'the Airport of choice' in the Province,
- increasing the role of the Airport, facilitating economic development of the region,
- growth of overall share of the air travel market to and from the island of Ireland, increasing the passenger service network coverage to the domestic and international markets,
- improvement of air services from the business community and leisure sector,
- development of efficient air cargo operations for the benefit of local industry,
- improving accessibility to the Airport (via rail, road and other forms of transport),
- development of on-site facilities in order to enhance the overall passenger experience (i.e. adding value),
- maintaining high standards of air safety in accordance with national and international law,
- the imposition of 'air taxes' on fare-paying passengers, both domestic and international,
- the availability of financial assistance (by government) to facilitate development of new routes for air travel, thus increasing competition.

Mr John Doran, Managing Director, BIA, stated: 'We are convinced that ... the Airport will offer a truly competitive option within the island context for the increasing number of business and leisure travellers choosing to come to the north and the south of Ireland, as well as those travelling abroad.'

Source: adapted from 'Master Plan 05/30', Belfast International Airport.

