

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
LEVEL 1/2**

R064/01

**CAMBRIDGE NATIONAL IN
ENTERPRISE AND MARKETING**

Enterprise and marketing concepts

THURSDAY 10 JANUARY 2019: Morning

**DURATION: 1 hour 30 minutes
plus your additional time allowance**

MODIFIED ENLARGED 24pt

First name		Last name	
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Centre number						Candidate number				
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YOU MAY USE:

A calculator

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink.

Complete the boxes on the front page with your name, centre number and candidate number.

Answer ALL the questions.

Write your answer to each question in the space provided.

Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).

INFORMATION

The total mark for this paper is 80.

The marks for each question are shown in brackets [].

Quality of written communication will be assessed in this paper.

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SECTION A

Answer ALL the questions.

Put a tick (✓) in the box next to the ONE correct answer for each question.

1 Which of the following is a stage of the product lifecycle? [1]

(a) Advertising

☐

(b) Competition

☐

(c) Growth

☐

(d) Recession

☐

2 Which functional area is responsible for identifying the needs and wants of customers? [1]

(a) Finance

☐

(b) Human Resources

☐

(c) Marketing

☐

(d) Operations

☐

3 'Salaries' are an example of:

(a) Fixed costs

☐

(b) Profit

☐

(c) Sales revenue

☐

(d) Variable costs

☐

[1]

4 Which of the following needs to be submitted to Companies House when setting up a private limited company? [1]

(a) Business plan

☐

(b) Cash flow forecast

☐

(c) Memorandum of Association

☐

(d) Taxation

☐

5 Which of the following is part of the marketing mix? [1]

(a) Performance

☐

(b) Planning

☐

(c) Policy

☐

(d) Price

☐

6 Which of the following sources of capital usually includes business advice from an experienced entrepreneur? [1]

(a) Bank loan

☐

(b) Business angel

☐

(c) Crowdfunding

☐

(d) Own savings

☐

7 Which functional area is responsible for quality control? [1]

(a) Finance

☐

(b) Human Resources

☐

(c) Marketing

☐

(d) Operations

☐

8 Which of the following is a benefit of limited liability for the owners of a business? [1]

(a) Profit must be shared equally between them ☐

(b) They can easily raise extra capital by issuing more shares ☐

(c) They must repay all the debts of the business ☐

(d) They will only lose the amount they invested in the business if it fails ☐

9 How much profit is made if a business earns £18 000 of sales revenue and its total costs are £7 500? [1]

(a) £8 000

☐

(b) £10 500

☐

(c) £25 500

☐

(d) £135 000

☐

10 Mayer is thinking of starting a business by buying a franchise of Perfection Pizza.

Which of the following is an advantage of starting a business by buying a franchise? [1]

(a) A royalty fee must be paid each year ☐

(b) It is more expensive than starting a completely new business ☐

(c) Mayer's business will benefit from having an established brand name ☐

(d) Mayer can control what he sells in his business ☐

- 11 A sole trader needs additional capital to help to set up a new business. The sole trader does not wish to pay any interest or sign a formal contract.**

Which of the following sources of finance should they avoid? [1]

- | | |
|--|--------------------------|
| (a) Borrow money from a friend | <input type="checkbox"/> |
| (b) Gift from their sister | <input type="checkbox"/> |
| (c) Loan from a bank | <input type="checkbox"/> |
| (d) The sole trader's own savings | <input type="checkbox"/> |

12 Sarah runs a business selling flowers. Last week she earned £1 350 of sales revenue.

If last week Sarah's average selling price per bunch of flowers was £15, how many bunches of flowers did she sell? [1]

(a) 9

☐

(b) 45

☐

(c) 90

☐

(d) 135

☐

13 Which of the following sales promotion techniques aims to reward and retain customers who have bought from the business for a long period of time? [1]

(a) Competitions

☐

(b) Loyalty schemes

☐

(c) New product trials

☐

(d) Point of sale advertising

☐

14 Which of the following tasks would NOT be carried out by the Marketing function of a business? [1]

(a) Designing a market research questionnaire

☐

(b) Holding a focus group with customers

☐

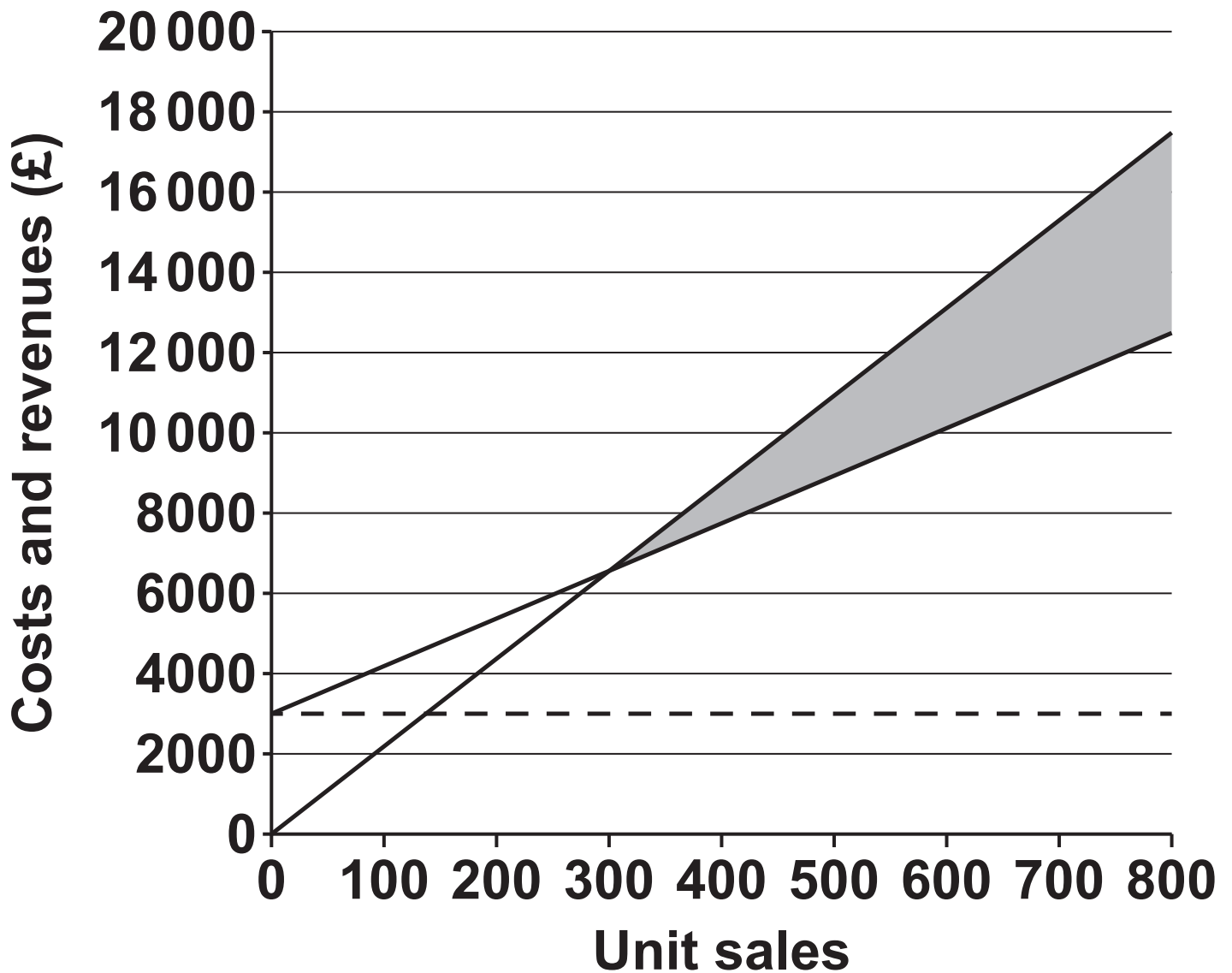
(c) Logistics

☐

(d) Promoting a new product

☐

15 A break-even graph for a product is shown below.



What is shown by the shaded area? [1]

(a) Break-even

☐

(b) Fixed costs

☐

(c) Loss

☐

(d) Profit

☐

16 Which of the following does NOT affect the price set for a new service? [1]

(a) Availability of individuals to work for the business

☐

(b) Cost to deliver the service

☐

(c) Income levels of target customers

☐

(d) Price of competitor services

☐

SECTION B

Answer ALL questions in this Section.

Photography has always been one of your hobbies. You recently used some money that you inherited to buy a new digital camera and set up a photography services business. You have decided to specialise in wedding photography and have produced a website to promote your photography services.

17 (a) Identify THREE ways that customers' needs may vary.

1 _____

2 _____

3 _____

[3]

(b) Identify and explain the most appropriate method for segmenting the market for your photography services.

Method _____

Explanation _____

[2]

18 You plan to differentiate your photography services.

Analyse TWO benefits of differentiating your photography services from competitors. [6]

Benefit 1 _____

Benefit 2

19 Reports in the media are suggesting that the economy is about to enter an economic boom.

(a) Explain a potential impact on your new photography services if the economy does enter an economic boom.

[2]

(b) Apart from 'boom', identify TWO other stages of the business cycle.

1

2

[2]

(c) State and explain TWO legal issues which may affect your new business.

Issue 1 _____

Explanation _____

Issue 2 _____

Explanation _____

[4]

20 You decide to use secondary (desk) market research to investigate trends in the wedding photography industry.

Identify ONE secondary market research source which you could use and explain ONE benefit of using this method.

Secondary market research source

Benefit

[3]

21 Even though you know that there are some potential disadvantages, you will start your business as a sole trader.

Analyse TWO disadvantages of starting your business as a sole trader. [6]

Disadvantage 1 _____

Disadvantage 2 _____

22 During a typical month you forecast that you will photograph at six weddings. You have also forecast that your typical monthly costs will be:

fixed costs of £3 000

total variable costs of £600.

(a) Calculate the total cost for a typical month.

Show your workings [2]

Answer _____

(b) August is expected to be your busiest month and you forecast that you will photograph at 10 weddings during the month. Calculate your total costs for August.

Show your workings [4]

Answer _____

(c) Identify THREE examples of variable costs which you will need to pay.

1 _____

2 _____

3 _____

[3]

23 You are keen to obtain feedback from your customers after each wedding.

(a) Explain ONE reason why obtaining customer feedback is important when running a new business.

[2]

(b) Identify THREE customer feedback techniques which you could use.

1

2

3

[3]

24 To pay for some advertising, you need to raise additional finance. You are aware of a small business grant available from your local council for young entrepreneurs.

State and explain ONE advantage and ONE disadvantage of raising finance via a small business grant.

Advantage _____

Explanation _____

Disadvantage _____

Explanation _____

[4]

25 You are considering using psychological pricing.

(a) Explain what is meant by psychological pricing.

[2]

(b) Identify TWO other pricing strategies which you could use.

1

2

[2]

26 You decide to employ a Human Resources specialist, called Sadie, for one day per week, to help you with the activities of that functional area.

(a) Identify TWO Human Resources activities which Sadie may help you with.

1 _____

2 _____

[2]

(b) You plan to be responsible for the Finance functional activities.

State and explain TWO Finance activities which you may need to carry out.

Activity 1 _____

Explanation _____

Activity 2 _____

Explanation _____

[4]

27 Your market research suggests that the winter months are the quietest for weddings in your local area. To try to attract more customers during this quiet period, you plan to use a sales promotion technique. You are considering EITHER a discount of 15% off your standard prices OR ‘buy one get one free’ (BOGOF) for any photographs purchased in the winter months.

Recommend which of these two sales promotion techniques should be used. Justify your answer. [8]

[illegible]

[illegible]

END OF QUESTION PAPER

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