Modified Enlarged 24pt

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 13 January 2021 – Morning

Level 1/2 Cambridge National in Enterprise and Marketing

R064/01 Enterprise and marketing concepts

Time allowed: 1 hour 30 minutes plus your additional time allowance

YOU CAN USE:
a calculator

Please write clearly in black ink.

Centre number | | | | | |

Candidate number | | | | |

First name(s) _____

Last name _____

READ INSTRUCTIONS OVERLEAF

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INSTRUCTIONS

Use black ink.

Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.

Answer ALL the questions.

INFORMATION

The total mark for this paper is 80.

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

ADVICE

Read each question carefully before you start your answer.

SECTION A

Answer ALL the questions in this section.

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

1 Which functional area is responsible for stock control? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

2 Which of the following strategies could be used to differentiate a product? [1]

(a) Copy another successful rival business ☐

(b) Create a limited liability partnership ☐

(c) Develop a unique selling point (USP) ☐

(d) Register a new business ☐

3 **Devvon runs a jewellery shop. He has chosen a form of business ownership so that he cannot lose more money than he invests in the business.**

Which of the following terms is this referring to? [1]

(a) Business partnership ☐

(b) Business registration ☐

(c) Limited liability ☐

(d) Sole trader ☐

4 **Which of the following business costs include gas and electricity costs? [1]**

(a) Insurance ☐

(b) Salaries ☐

(c) Stock ☐

(d) Utilities ☐

5 Purchased research material, such as a Mintel report, is an example of:

(a) Desk market research ☐

(b) Field market research ☐

(c) Focus groups ☐

(d) Observation ☐ **[1]**

6 After running her business for a year, Kiera owes £850 in tax on her profits.

To which of the following organisations must Kiera pay her tax? [1]

(a) Bank ☐

(b) Companies House ☐

(c) HMRC ☐

(d) Local council ☐

7 A fixed cost can be defined as:

(a) A cost that always stays the same ☐

(b) A cost that cannot be measured ☐

(c) A cost that does not vary with output ☐

(d) A cost that varies with demand ☐

[1]

8 Which functional area is responsible for ensuring a safe workplace for employees? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

9 **Bobby runs a small business. His products sell for £6.00 each and his variable costs are £4.50 per unit. The break-even formula is:**

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

If Bobby's break-even point is 5000 units, what are his fixed costs? [1]

(a) £750 ☐

(b) £3333 ☐

(c) £7500 ☐

(d) £52 500 ☐

10 A business can benefit from receiving customer feedback.

Which type of customer feedback may be read by potential customers and competitors? [1]

(a) Customer comment cards ☐

(b) Email contact forms ☐

(c) Online surveys ☐

(d) Reviews and comments posted via social media ☐

11 Olivia works in the Finance department of a large yoghurt manufacturer.

Which of the following would NOT be part of Olivia's job? [1]

(a) Applying for a new bank loan to increase production of yoghurt ☐

(b) Calculating profitability of the yoghurt sales ☐

(c) Monitoring cash flow for yoghurt sales ☐

(d) Setting the price of a new flavour of yoghurt ☐

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

(a) Customers will be unaware of the product ☐

(b) High profit margins will be made ☐

(c) High sales revenue will be earned ☐

(d) The product will be sold in a large number of retailers ☐

13 Data that is presented as statistics is MOST likely to be described as:

(a) Customer comments ☐

(b) Qualitative ☐

(c) Quantitative ☐

(d) Secondary ☐ [1]

14 Which of the following is a disadvantage of running a business as a sole trader? [1]

(a) Can keep all the profits made ☐

(b) Can make all the decisions for the business ☐

(c) Need to work long hours ☐

(d) Would have limited liability ☐

15 Which functional area would be responsible for organising a training course for employees about a new stock control system? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

16 Which of the following items in a business plan may include a cash flow forecast? [1]

(a) Business objectives ☐

(b) Financial forecasts ☐

(c) Marketing plan ☐

(d) Owners' details ☐

SECTION B

Answer ALL the questions in this section.

You completed an apprenticeship last year which involved you working and qualifying as a hairdresser. As you have always wanted to run your own business, you have decided to become a franchisee of a mobile hairdressing brand, Supreme Salons. You think this is the best way to be successful in such a highly competitive market.

As a mobile hairdresser, you will visit your customers at home to cut, style and colour their hair. Your target market will be young families with children, who may not have the time to visit a hairdressing salon.

You will need to purchase a car, using money that you saved whilst working as an apprentice.

17 (a) **State and explain ONE advantage and ONE disadvantage of using your own savings to purchase a car.**

Advantage _____

_____

Explanation _____

_____

Disadvantage _____

_____

Explanation _____

_____

[4]

(b) Identify THREE other sources of capital which you could have used to purchase a car.

1 _____

2 _____

3 _____

[3]

18 Analyse TWO disadvantages of starting your hairdressing business as a franchisee. [6]

Disadvantage 1 _____

_____

_____

_____

_____

_____

Disadvantage 2 _____

19 Identify THREE ways that your customers' needs may vary.

1 _____

2 _____

3 _____

[3]

20 Due to technological developments in hairstyling equipment, Supreme Salons is asking its franchisees to buy new hairdryers and hairstyling products to promote shinier hair.

State and explain TWO ways that technological developments may affect your business.

Way 1 _____

_____

Explanation _____

_____

Way 2 _____

_____

Explanation _____

_____

[4]

21 The Supreme Salons brand regularly advertises in fashion magazines.

Analyse TWO benefits for your business of Supreme Salons' magazine advertising. [6]

Benefit 1 _____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Benefit 2

22 The marketing department of Supreme Salons contacts any new franchisee during their first month of business, to offer any help they can.

OTHER THAN ADVERTISING, state and explain THREE activities carried out by a marketing department. [6]

Activity 1 _____

_____

Explanation _____

_____

Activity 2 _____

_____

Explanation _____

_____

Activity 3 _____

_____

Explanation _____

_____

23 Supreme Salons' franchisees always sell products at a low price for the first six months and then increase prices so that they are the same as other hairdressers in the local area.

(a) State the name of the pricing strategy used for the first six months of running your business.

_____ **[1]**

(b) State the name of the pricing strategy used AFTER the first six months of running your business.

_____ **[1]**

24 You have produced a break-even graph to identify how many customers you need each month to break-even.

(a) Use the graph to identify the number of customers you need each month to break-even.

_____ [1]

(b) Use the graph to identify your monthly fixed costs.

_____ [1]

(c) Use the graph to calculate the variable cost PER UNIT.

Show your workings. [3]

Answer _____

(d) Identify THREE examples of variable costs your business will need to pay.

1 _____

2 _____

3 _____

[3]

(e) Use the graph on page 24 to calculate the average price paid by each customer.

Show your workings. [2]

Answer _____

25 Supreme Salons makes a range of products that franchisees can sell to customers, such as shampoos. The shampoo range has been produced for the past five years, but it is now entering the decline stage of the product lifecycle. Supreme Salons has decided to change the packaging of the shampoo.

(a) Changing the product packaging part way through the product lifecycle is an example of what type of strategy?

_____ **[1]**

(b) State and explain ONE advantage and ONE disadvantage of changing the packaging of an established product.

Advantage _____

_____

Explanation _____

_____

Disadvantage _____

_____

Explanation _____

_____

[4]

(c) **Identify THREE other methods that Supreme Salons could have used to increase the sales of the shampoo range.**

1 _____

2 _____

3 _____

[3]

26 **You do not currently offer any of the shampoo range for sale to your customers, but you are considering it for the future. Before making this decision you have decided to organise some consumer trials.**

State and explain ONE advantage and ONE disadvantage of using consumer trials.

Advantage _____

_____

Explanation _____

_____

Disadvantage _____

_____

Explanation _____

_____

[4]

27 **After carrying out your consumer trials, you decide to offer the shampoo range for sale to your customers. You need to select a price for your new shampoo range and have considered the income levels of your target customers and the price of competitor products.**

Recommend whether the income level of your target customers or the price of competitor products is the most important factor when setting a price for your new shampoo range. Justify your answer. [8]

END OF QUESTION PAPER

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