Modified Enlarged 18pt

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 25 May 2022 – Afternoon

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

© OCR 2022 [T/615/2810]
DC (RW/CB) 319931

1150597093

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.

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

1 Small business grants are NOT awarded by

(a) Banks ☐

(b) Business angels ☐

(c) Charities ☐

(d) Government ☐ [1]

2 Which stage of the product lifecycle has no sales? [1]

(a) Development ☐

(b) Growth ☐

(c) Introduction ☐

(d) Maturity ☐

3 **Charlie owns a restaurant and has read some feedback from Sara, one of the customers.**

Which customer feedback technique is Sara MOST likely to have used? [1]

(a) A comment made during a focus group ☐

(b) A social media review ☐

(c) A telephone survey ☐

(d) Sara's verbal feedback to the waiter ☐

4 **Freshco Coffee Ltd has changed the packaging of its product range to try to increase sales. Changing the packaging of a product is BEST described as an example of**

(a) Advertising ☐

(b) An extension strategy ☐

(c) Customer engagement ☐

(d) Sales promotion ☐ **[1]**

5 How much sales revenue is earned by a business which generates a profit of £9000 when its fixed costs are £6500 and variable costs are £2300? [1]

(a) £200 ☐

(b) £6700 ☐

(c) £15 500 ☐

(d) £17 800 ☐

6 Which of the functional activities is responsible for meeting customer needs? [1]

(a) Finance ☐

(b) Human Resources ☐

(c) Marketing ☐

(d) Operations ☐

7 What is a disadvantage of collecting secondary market research? [1]

(a) It is more expensive than primary market research ☐

(b) It is not available for competitors to see ☐

(c) It is time-consuming to collect ☐

(d) It might not be up to date ☐

8 Which of these sources of capital must eventually be repaid in full? [1]

(a) Bank loan ☐

(b) Funds raised via crowdfunding ☐

(c) Gift from a friend ☐

(d) Small business grant ☐

9 **The sales revenue for Product X is shown in the chart below.**

Which stage of the product lifecycle is Product X at in April? [1]

(a) Decline ☐

(b) Development ☐

(c) Growth ☐

(d) Maturity ☐

10 Felix analyses sales figures for his business between 2017 and 2020 to identify trends.

Which of these BEST describes this type of data? [1]

(a) External data ☐

(b) Focus group data ☐

(c) Internal data ☐

(d) Qualitative data ☐

11 Which of these is NOT a type of market segmentation? [1]

(a) Age ☐

(b) Customer review ☐

(c) Geographic ☐

(d) Occupation ☐

12 A discount supermarket sells low-priced products. During which stage of the business cycle is it likely to experience the MOST growth in demand? [1]

(a) Boom ☐

(b) Growth ☐

(c) Maturity ☐

(d) Recession ☐

13 What is an advantage of starting a business as a sole trader? [1]

(a) Ability to raise additional capital easily ☐

(b) Can keep all of the profits made ☐

(c) Limited liability ☐

(d) Unlimited liability ☐

14 A patent is an example of

(a) A financial issue ☐

(b) A legal issue ☐

(c) A technological issue ☐

(d) An economic issue ☐ **[1]**

15 An entrepreneur may have to return all of the funds pledged, if the funding target is not met.

Which source of finance does this refer to? [1]

(a) Bank loan ☐

(b) Business angel ☐

(c) Crowdfunding ☐

(d) Government grant ☐

16 Eve runs a shop in Birmingham. She is thinking of moving the shop to London to increase sales. Which of these describes Eve's extension strategy? [1]

(a) New brand image ☐

(b) New geographic market ☐

(c) New guarantee for her product ☐

(d) New sales promotion ☐

SECTION B

Answer ALL questions.

A well-established clothing company in your local town is about to close down. One of the products the company sells is personalised hoodies, which are popular with students. These are bought by groups of students to celebrate leaving school or college. Sometimes, the school or college will buy a large batch of personalised hoodies for a whole year group, selling them on to individual students.

No other local business sells personalised hoodies and so you have set up a business specialising in printing and selling personalised hoodies.

17 The four functional areas of a business are:
Human Resources
Marketing
Operations
Finance

From this list, state the name of the functional area that is responsible for each of the following activities.

– Deciding the price of a personalised hoodie

_____

– Ensuring the production area is safe to work in

_____

– Checking the quality of a finished hoodie

_____

– Organising a focus group

_____

– Monitoring the stock of raw materials

_____

[5]

18 Before starting production of personalised hoodies, you carry out some market research.

(a) State and explain TWO purposes of carrying out market research.

Purpose 1 _____

_____

Explanation _____

_____

Purpose 2 _____

_____

Explanation _____

_____

[4]

(b) **While browsing the Internet, you find a report about the sales and profit data of a business in a different part of the UK which also sells personalised clothing.**

Analyse ONE advantage and ONE disadvantage of looking at competitors' data as part of your market research. [6]

Advantage _____

_____

_____

_____

_____

_____

_____

_____

_____

Disadvantage _____

_____

_____

_____

_____

_____

_____

_____

_____

(c) Identify TWO ways that the needs of your customers might differ from those of other businesses.

1 _____

2 _____

[2]

19 You need to prepare a business plan.

(a) State and explain TWO reasons why an entrepreneur starting a new business should prepare a business plan.

Reason 1 _____

_____

Explanation _____

_____

Reason 2 _____

_____

Explanation _____

_____

[4]

(b) Identify TWO organisations or individuals who may wish to see your business plan.

1 _____

2 _____

[2]

20 You decide to run your business as a limited partnership.

Analyse TWO advantages of running your business as a limited partnership. [6]

Advantage 1 _____

_____

_____

_____

_____

_____

_____

_____

_____

Advantage 2 _____

_____

_____

_____

_____

_____

_____

21 Before you can open your business, you need to decide on the price and range of personalised hoodies you are going to sell.

(a) State and explain TWO factors to consider when deciding an appropriate price to charge for personalised hoodies.

Factor 1 _____

_____

Explanation _____

_____

Factor 2 _____

_____

Explanation _____

_____

[4]

(b) You decide to sell three different sizes of personalised hoodie. The table below shows the price for each size and the quantities sold during April.

Size	Price	Quantity sold
Small	£17.50	160
Medium	£20.00	470
Large	£22.00	220

Calculate the total sales revenue generated during April.

Show your workings.

Answer £ _____

[4]

22 State TWO parts of the marketing mix.

1 _____

2 _____

[2]

23 You plan to offer a loyalty scheme for schools and colleges, so they can earn loyalty points each time they order personalised hoodies. Once the school or college earns 100 points or more, they will get a 5% discount off their next order.

State and explain TWO advantages for your business of operating a loyalty scheme.

Advantage 1 _____

_____

Explanation _____

_____

Advantage 2 _____

_____

Explanation _____

_____

[4]

24 As your business becomes established, you decide to launch a new product range, school blazers, in a range of sizes.

(a) State and explain ONE advantage and ONE disadvantage of developing a clear Unique Selling Point (USP) for the school blazers.

Advantage _____

_____

Explanation _____

_____

Disadvantage _____

_____

Explanation _____

_____

[4]

(b) State TWO variables from the design mix model.

1 _____

2 _____

[2]

25 (a) You forecast these figures for selling medium-sized school blazers:

- **Fixed costs** **£6300 per month**
- **Variable cost per blazer** **£10**
- **Selling price per blazer** **£45**

The formula to calculate the break-even point is:

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

Using the formula, calculate the break-even point per month for the medium-sized school blazers.

Show your workings.

Answer _____ blazers
[2]

(b) You intend to sell large-sized school blazers for £50. You have identified that the variable costs per large school blazer will be £12. Fixed costs will be £6900 per month.

The table below shows the number of large school blazers you will sell each month.

Month	Number of sales
September	250
October	80
November	100
December	120

(i) Calculate the total costs for December.

Show your workings.

Answer £ _____

[2]

(ii) Calculate the profit that you will make on EACH large school blazer sold in September.

Show your workings.

Answer £ _____ per blazer
[3]

26 The school blazers will initially be sold by a specialist school uniform retailer, which has 10 shops in the UK. You want to use a sales promotion technique to support the launch of the blazers and are considering EITHER point of sale advertising OR running a prize competition for customers to win £1000.

Recommend whether it would be better for you to use point of sale advertising or a prize competition. Justify your answer. [8]

END OF QUESTION PAPER

OCR
Oxford Cambridge and RSA

Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact The OCR Copyright Team, The Triangle Building, Shaftesbury Road, Cambridge CB2 8EA.

OCR is part of Cambridge University Press & Assessment, which is itself a department of the University of Cambridge.