



Oxford Cambridge and RSA

Tuesday 21 May 2024 – Morning

Level 1/Level 2 Cambridge National in Enterprise and Marketing

R067/01 Enterprise and marketing concepts

Time allowed: 1 hour 15 minutes



You can use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

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 **70**.
- The marks for each question are shown in brackets [].
- This document has **16** pages.

ADVICE

- Read each question carefully before you start your answer.

Section A

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

1 Which of these is a variable cost?

(a) Advertising

☐

(b) Insurance

☐

(c) Raw materials

☐

(d) Utilities

☐

[1]

2 A disadvantage of setting up a business as a franchisee is that

(a) A share of profits must be paid to the franchisor

☐

(b) The franchisor can offer support with marketing

☐

(c) There is a high risk of failure

☐

(d) There is a well-known brand name

☐

[1]

3 Darcie sells 200 sandwiches during a week. The selling price is £2.50 per sandwich. Darcie's total costs are £1.00 per sandwich.

How much sales revenue does Darcie generate in a week?

(a) £200

☐

(b) £300

☐

(c) £500

☐

(d) £700

☐

[1]

4 Which of these is a method of public relations?

(a) Buy one get one free (BOGOF)

☐

(b) Celebrity endorsement

☐

(c) Loyalty schemes

☐

(d) Podcasts

☐

[1]

5 A business has total costs per unit of £15 and variable costs per unit of £6.

What is the fixed cost to make 500 products?

(a) £9

☐

(b) £900

☐

(c) £4500

☐

(d) £5000

☐

[1]

6 Which of these is a physical channel to sell a product?

(a) Market stall

☐

(b) Online auction site

☐

(c) Social media marketplace

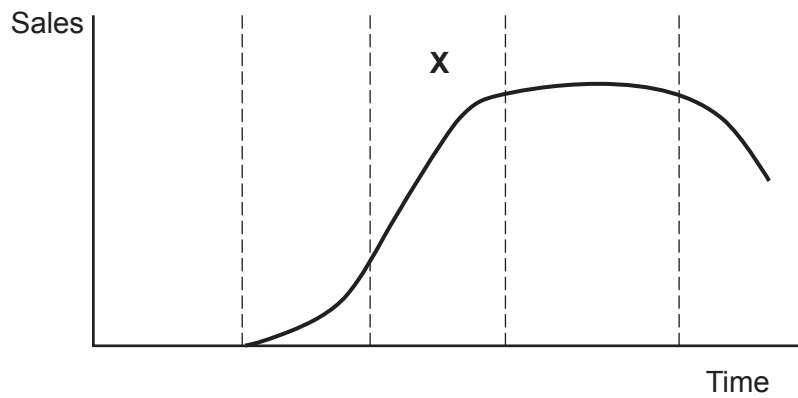
☐

(d) Website

☐

[1]

7



Which stage of the product lifecycle is labelled **X** on the diagram?

- (a) Development
- (b) Growth
- (c) Introduction
- (d) Maturity

☐
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[1]

8 The table shows some of the monthly operating costs for a business.

Type of cost	Cost per month (£)
Employees' wages	10 000
Managers' salaries	8 000
Raw materials	5 300
Rent	4 000

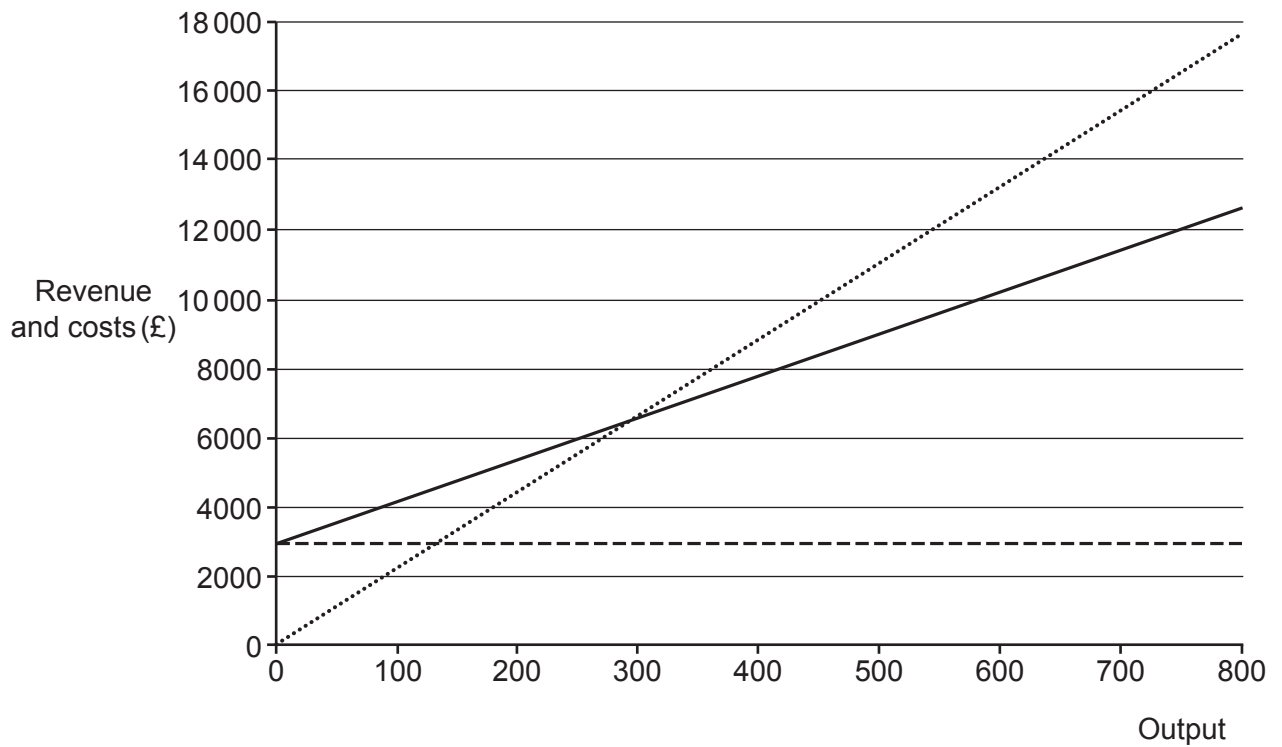
The monthly fixed costs for the business are

- (a) £10 000
- (b) £12 000
- (c) £18 300
- (d) £27 300

☐
☐
☐
☐

[1]

- 9 A break-even graph for a new product is shown.



What are the fixed costs at an output of 300 units?

- (a) £2000
(b) £3000
(c) £4000
(d) £7000

☐
☐
☐
☐

[1]

- 10 Some new market research collects the opinions of customers.

This data is **best** described as

- (a) Qualitative
(b) Quantitative
(c) Secondary
(d) Statistics

☐
☐
☐
☐

[1]

Section B

Answer the questions in Section B using the information in the scenario below.

You grew up in a family of talented musicians. After leaving university with a degree in music, you have decided to set up a music tuition business in partnership with your brother. The business will operate in the town where you grew up. You do not have enough money to purchase any business premises. Therefore, the business will offer music lessons for children in their own homes. You will offer guitar lessons and your brother will offer piano and singing lessons.

Whilst at university for the past three years, you have lived 200 miles away from where you grew up. This means that you have become unfamiliar with the local market, although you identified there was high potential demand before starting at university.

11 Successful entrepreneurs generally have certain personal characteristics.

Draw a line to link **each** characteristic to the **one** correct description of the characteristic. You should draw **four** lines in total.

<u>Characteristic</u>	<u>Description</u>
Communication	Accept that some decisions will not succeed
Determination	Continue with the business idea despite rejections
Risk-taking	Able to share new product ideas clearly
Negotiation	Use your imagination to create a new product
	Work well with other people in a team
	Discuss different ideas with the aim of reaching an agreement

[4]

12 Analyse **two** advantages of setting up your music tuition business as a partnership.

Advantage 1

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Advantage 2

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[6]

13 You use secondary market research to assess demand for music tuition in the local area.

(a) State **two** sources of secondary market research.

1

2 [2]

(b) Explain **two** advantages of using secondary market research to help plan your music tuition business.

Advantage 1

.....

Explanation

.....

Advantage 2

.....

Explanation

..... [4]

14 Your research shows there is still high demand for music tuition. You decide to offer a free one-hour music lesson to five local children as a consumer trial.

Explain **one** advantage and **one** disadvantage of using a consumer trial for your music tuition business.

Advantage

.....

Explanation

.....

Disadvantage

.....

Explanation

..... [4]

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Turn over for the next question

- 15 You have collected some financial data for your business.

	Guitar lessons	Piano lessons
Fixed costs per month	£550	£675
Price for a one-hour lesson	£25	£37
Variable cost	£5	£7

The formula for break-even quantity is:
$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$$

- (a) Using the break-even formula, calculate the difference in the break-even quantity per month for guitar lessons and piano lessons.

Show your workings.

Answer

[5]

- (b) Identify **one** way you may use this break-even information.

.....

..... [1]

- (c) Your market research forecasts that you will deliver 360 one-hour guitar lessons during your first year.

Calculate the forecast profit for guitar lessons for your first year.

Show your workings.

Answer £

[4]

- (d) You decide to use a price penetration strategy.

Analyse **one** advantage of using price penetration for your music tuition business.

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[3]

16 You do not have a lot of money, but you need to buy and run a car to travel to customers. A friend has offered to give you some money as a gift.

(a) Explain **one** advantage and **one** disadvantage of gifts from friends as a source of capital for your music tuition business.

Advantage

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Explanation

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Disadvantage

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Explanation

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[4]

(b) Other than a gift from friends and family, state **three** sources of capital for business start-ups.

1

2

3

[3]

17 A local competitor is also offering music tuition. You plan to offer 'buy one get one free' (BOGOF) on music lessons for the first month.

(a) Explain **one** advantage and **one** disadvantage of using BOGOF to help launch your music tuition business.

Advantage

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Explanation

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Disadvantage

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Explanation

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[4]

(b) Other than BOGOF, state **two** sales promotion techniques used to attract customers.

1

2

[2]

- 18** Your mother runs a successful childcare business. She has been advising you on how to start up and run your business.

Analyse **one** advantage and **one** disadvantage of getting support and advice from a family member for your music tuition business.

Advantage

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Disadvantage

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[6]

- 19** To attract new customers to your music tuition business you plan to advertise the business using SMS texts or weekly social media posts.

Discuss whether you should advertise using SMS texts **or** weekly social media posts. Your recommendation should include:

- an advantage and a disadvantage of using SMS texts
- an advantage and a disadvantage of using weekly social media posts
- a justification for your decision.

[8]

[illegible]

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END OF QUESTION PAPER



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