

OXFORD CAMBRIDGE AND RSA EXAMINATIONS

Wednesday 21 May 2025 – Afternoon

Level 1/Level 2 Cambridge National in Enterprise and Marketing

R067/01 Enterprise and marketing concepts

**Time allowed: 1 hour 15 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



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 [].

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 What is an example of a fixed cost? [1]

(a) Insurance

☐

(b) Packaging

☐

(c) Raw materials

☐

(d) Wages

☐

2 What is NOT a characteristic of a successful entrepreneur? [1]

(a) Creativity

☐

(b) Determination

☐

(c) Innovation

☐

(d) Uncertainty

☐

3 The first stage of the product lifecycle is

(a) Decline

☐

(b) Development

☐

(c) Growth

☐

(d) Introduction

☐

[1]

4 An actor eats Brand X breakfast cereal in a popular television program. This is organised by the producers of the breakfast cereal.

What is this method of public relations called? [1]

(a) Media release

☐

(b) Point of sale advertising

☐

(c) Product placement

☐

(d) Sponsorship

☐

5 An advantage to a business of using a grant is that

(a) Everyone who applies is accepted

☐

(b) Money available is unlimited

☐

(c) No interest has to be paid

☐

(d) Regular monthly repayments help financial planning

☐

[1]

6 Adding value and advertising are examples of

(a) Competitive pricing

☐

(b) Extension strategies

☐

(c) Market research

☐

(d) Sales promotion

☐

[1]

7 Charlie launches a new product at a price of £499.

What is this an example of? [1]

(a) Competitive pricing

☐

(b) Discounts

☐

(c) Price penetration

☐

(d) Psychological pricing

☐

8 Who can best support a small business owner to prepare a tax return? [1]

(a) Accountant

☐

(b) Business angel

☐

(c) Chamber of Commerce

☐

(d) Solicitor

☐

- 9 Rishi runs a stall selling smoothies. During August, he sold 150 smoothies at a price of £1.80 each. His total costs to operate the stall in August were £150.**

How much revenue did Rishi generate during August? [1]

- (a) £120 ☐
- (b) £270 ☐
- (c) £300 ☐
- (d) £420 ☐

- 10 A sponsor is someone who gives money to a business as part of a**

- (a) Bank loan ☐
- (b) Crowdfunding project ☐
- (c) Government grant ☐
- (d) Share purchase ☐ [1]

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SECTION B

Read the scenario. Use the scenario to answer the questions in Section B.

You have worked in a shop selling cosmetics and bodycare products for the last five years. You are unhappy with the inflexible working hours. However, you have identified an opportunity to start a small business selling identically sized refillable bottles of bodycare products, such as shampoo, shower gel, and liquid soap. The products are made from natural organic ingredients and targeted at 15-30 year-olds.

Your local council enterprise department is offering empty city centre shops rent-free for 12 months to start-up businesses. You decide to apply to use one of these shops for your business.

11 You set up your business in partnership with your sister. You each own a 50% share of the business.

(a) Explain TWO disadvantages of starting your bodycare product business as a partnership.

Disadvantage 1 _____

Explanation _____

Disadvantage 2 _____

Explanation _____

[4]

(b) Other than a partnership, state TWO forms of business ownership.

1 _____

2 _____

[2]

12 Complete the sentences below, using options from the list.

**revenue
total cost
profit
variable cost
fixed cost
loss
utility
price**

**Rent is an example of a _____
for my business. The refillable bottles are a
_____. A service needed to
operate my business, such as gas or water, is called a
_____. [3]**

13 The local council enterprise department invites you to a business planning meeting next week. You need to take information to the meeting about the potential demand for your products. Your sister has completed some market research by analysing quantitative data in a government publication. She has produced some graphs and statistical calculations.

Analyse ONE benefit and ONE limitation of using quantitative data to assess the potential demand for your bodycare products. [6]

Benefit _____

Limitation _____

14 Explain TWO potential rewards for you of taking the risk of starting a new business selling bodycare products.

Reward 1 _____

Explanation _____

Reward 2 _____

Explanation _____

[4]

Your application for one of the empty shops is accepted and you decide to leave your current job.

- 15 You will need to buy a lot of stock to start your business and you will need to raise some capital. Your friend offers to give you a loan.**

Explain ONE advantage and ONE disadvantage of taking a loan from a friend for your bodycare product business.

Advantage _____

Explanation _____

Disadvantage _____

Explanation _____

[4]

16

- (a) The table shows different examples of marketing available for your business.

Tick (✓) ONE box in each row to BEST describe each example. [3]

Marketing example	Non-digital advertising	Digital advertising	Sales promotion	Public relations
A podcast on a local community website				
A celebrity recommends one of the shampoos				
A 10% discount on all purchases made on the shop's opening day				

- (b) You have limited funds to promote your new business.

You segment the market by age. State TWO other ways to segment a market.

1 _____

2 _____

[2]

(c) Analyse TWO benefits of market segmentation for your bodycare product business.

Benefit 1 _____

Benefit 2 _____

17 It is important to choose an appropriate price for the bodycare products.

(a) State TWO factors to consider when choosing a price.

1 _____

2 _____

[2]

Your sister suggests that you should use a price skimming strategy.

(b) Analyse TWO advantages of using price skimming for the bodycare products. [6]

Advantage 1 _____

Advantage 2 _____

18 All businesses need to ensure they have enough cash.

(a) Explain TWO consequences for your bodycare product business of a lack of cash.

Consequence 1 _____

Explanation _____

Consequence 2 _____

Explanation _____

[4]

(b) You decide to charge the same price for all your products. You made £1400 profit during your first month. You sold 1000 bottles of bodycare products which earned you sales revenue of £5000 for the month.

(i) Calculate the total costs for your first month.

Show your workings. [2]

Answer £ _____

(ii) The formula for break-even quantity is:

$$\frac{\text{fixed costs}}{\text{selling price per unit} - \text{variable cost per unit}}$$

The fixed costs for the second month will be £2030.
The variable costs per bottle sold will be £1.50 and
you will charge the same price as in your first month.

Calculate the number of bottles of bodycare products
you need to sell in the second month to break even.

Show your workings. [4]

Answer _____

19 Your business has now been open for 12 months. Sales are highest at the end of the week and weekends when more people visit the city centre. However, the shop is quiet on Mondays and Tuesdays. Now that the 12-month rent-free period has finished you will have to start to pay rent.

You need to decide whether to keep the shop or set up a website to sell your bodycare products.

Discuss whether you should continue to sell your bodycare products from the city centre shop OR through your own website. Your recommendation should include:

an advantage and a disadvantage of selling bodycare products from the city centre shop

an advantage and a disadvantage of selling bodycare products from your own website

a justification for your decision. [8]

[illegible]

END OF QUESTION PAPER

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