



Oxford Cambridge and RSA

Level 1/2 Cambridge National in Enterprise and Marketing

R064/01 Enterprise and marketing concepts

Wednesday 23 May 2018 – Morning

Time allowed: 1 hour 30 minutes



You may use:

- A calculator



First name										
Last name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above 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 required but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the barcodes.

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- This document consists of **16** pages.

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 an example of a variable cost for a coffee shop?

- (a) Buildings insurance
- (b) Interest on a start-up loan
- (c) Milk
- (d) Newspaper advertising

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[1]

2 Which of the following is a word which describes a growing economy?

- (a) Boom
- (b) Decline
- (c) Recession
- (d) Slump

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[1]

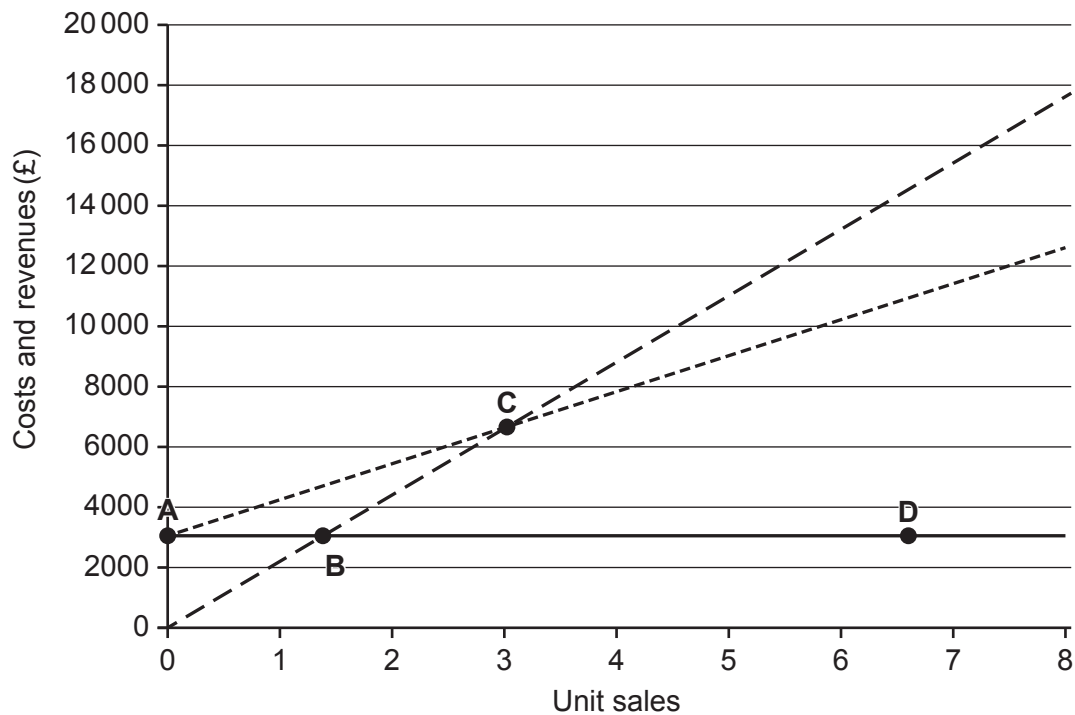
3 Which functional area is responsible for monitoring cash flow?

- (a) Banking
- (b) Finance
- (c) Human Resources
- (d) Operations

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[1]

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



Which letter on the diagram above shows the break-even point for the product?

- (a) A
(b) B
(c) C
(d) D

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[1]

- 5 What is the name given to the share of profits paid by a franchisee to a franchisor each year?

- (a) Loyalties
(b) Patent
(c) Royalties
(d) Taxation

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[1]

6 Which functional area is responsible for health and safety in the workplace?

(a) Finance

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(b) Human Resources

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(c) Marketing

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(d) Operations

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[1]

7 Which of the following is a method of primary (field) market research?

(a) Consumer trials

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(b) Government statistics

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(c) Internal data

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(d) Mintel report

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[1]

8 Which of the following tasks would be carried out by the Marketing function of a business?

(a) Allocating financial resources

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(b) Finding out customer opinions

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(c) Planning production

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(d) Selecting new employees

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[1]

9 Which of the following is a legal external factor which could affect product development?

(a) Copyright challenge

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(b) Economic recession

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(c) Interest rate rise

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(d) Launch of a new mobile operating system

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[1]

10 Which of the following would be included in a business plan for a start-up business?

(a) A review of the business objectives set last year

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(b) Profits during the last 12 months

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(c) Profit forecasts for the next 12 months

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(d) Sales during the last 12 months

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[1]

11 A sole trader decides to advertise their business using social media.

One key feature of advertising using social media is that:

(a) It can only target people in the local area

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(b) It is low cost to keep details up-to-date

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(c) It is time-consuming to change details on existing advertising

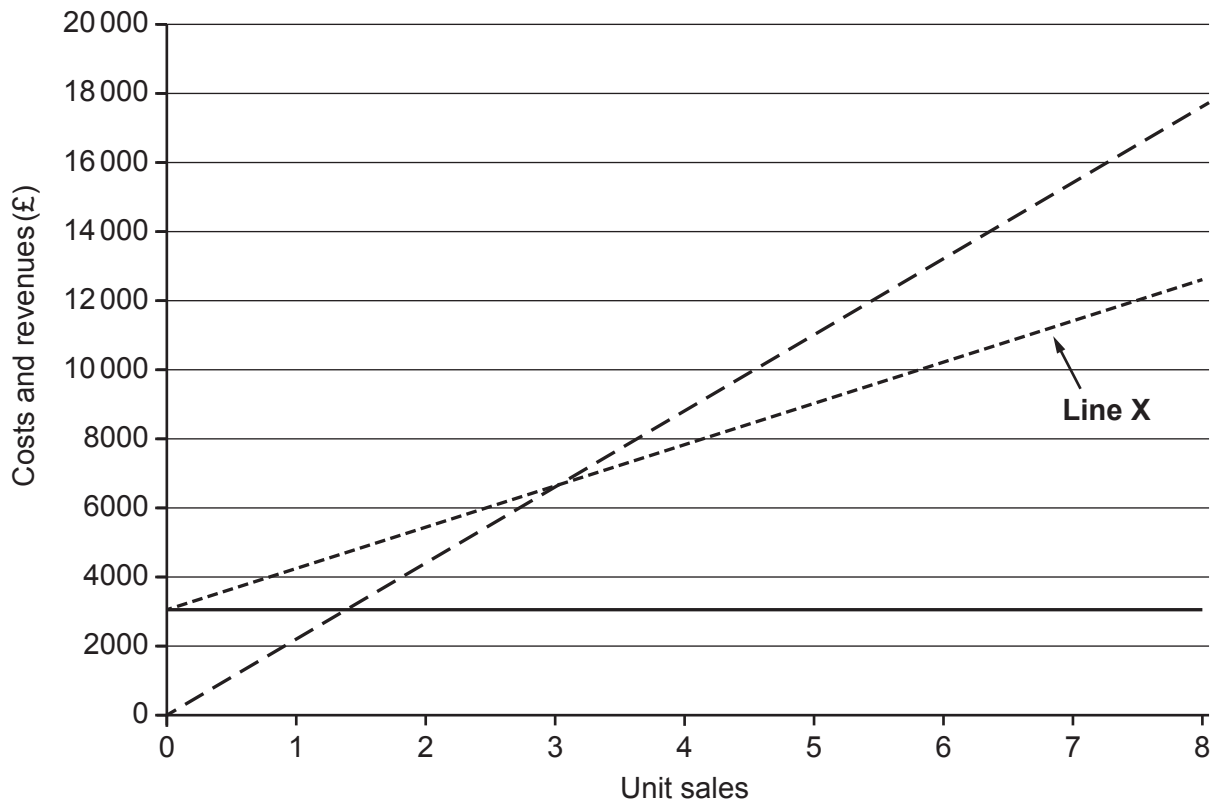
☐

(d) It will only be seen by people aged under 25

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[1]

12 A break-even graph is shown below.



What does Line X represent on the break-even graph?

- (a) Fixed costs
- (b) Sales revenue
- (c) Total costs
- (d) Variable costs

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[1]

13 Which pricing strategy is being used by a business which launches a new product with a low price to generate sales quickly?

- (a) Competitive pricing
- (b) Price penetration
- (c) Price skimming
- (d) Psychological pricing

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[1]

- 14** A sole trader finances their new business using a small business grant.

Which of the following **best** describes a feature of this source of capital?

- (a) A high rate of interest will be charged
- (b) High application fees will be charged
- (c) The funds obtained do not have to be repaid
- (d) This source of capital can always be obtained without completing an application form

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[1]

- 15** Which of the following would **not** be carried out by the Operations function of a business?

- (a) Ensuring compliance with employment legislation
- (b) Logistics
- (c) Production planning
- (d) Quality control

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[1]

- 16** A sole trader carries out secondary (desk) market research when preparing to set up a new business.

One benefit of using this method is that:

- (a) It cannot be accessed by competitors
- (b) It is relatively quick to obtain
- (c) It is always up-to-date
- (d) The data is tailored to the needs of the individual business

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[1]

Section B

Answer **all** questions in this Section.

You are planning to set up a small business selling cases for mobile phones. The business will be run as a partnership with your friend Raj.

17 Analyse **two** benefits of starting your business as a partnership rather than as a sole trader.

Benefit 1

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Benefit 2

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[6]

18 Explain **one** reason why a business plan may be needed for your new business.

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[3]

19 Identify **two** stages of the product life cycle.

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2

[2]

20 State and explain **two** decisions which the product life cycle may help you to make.

Decision 1

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Explanation

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Decision 2

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Explanation

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[4]

21 Raj suggests that you should segment your market carefully.

(a) Identify **two** ways you could segment the market for mobile phone cases.

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[2]

(b) State and explain **one** benefit which you may gain from segmenting the market.

Benefit

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Explanation

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[2]

22 You are considering doing some market research using a focus group to gain customers' views on five mobile phone case designs which you are developing.

State and explain **one** advantage and **one** disadvantage of carrying out your market research using a focus group.

Advantage

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Explanation

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Disadvantage

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Explanation

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[4]

- 23** State and explain **two** methods which you could use to differentiate your mobile phone cases from others available in the market.

Method 1

Explanation

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Method 2

Explanation

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[4]

- 24** Raj is going to be responsible for the Human Resources function in your business.

State and explain **two** activities which Raj may need to carry out as part of the Human Resources function.

Activity 1

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Explanation

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Activity 2

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Explanation

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[4]

- 25** You plan to finance the production of the new range of mobile phone cases by obtaining capital from a business angel.

State and explain **two** benefits of obtaining capital from a business angel.

Benefit 1

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Explanation

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Benefit 2

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Explanation

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[4]

- 26** You plan to sell your new range of mobile phone cases for £9.99 per case and forecast that you will sell 25 cases per week.

(a) Identify what this pricing strategy is called.

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(b) Calculate the total revenue which you expect to earn from the sale of this range of mobile phone cases over four weeks. Show your workings.

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- 27 Your mobile phone cases have been very successful and you are now planning to introduce a new range of computer tablet cases. Raj suggests that you use the following break-even formula to help you to decide whether to introduce the new product line.

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

- (a) Using this formula, calculate the break-even point per month for the new range of computer tablet cases using the following forecasted figures:

Fixed costs	£8 000 per month
Selling price per unit	£30
Variable cost per unit	£10

Show your workings.

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- (b) Explain **one** external technological factor which may affect the accuracy of the forecasted figures used to calculate the break-even point.

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- (c) After carrying out some market research you forecast that you will sell 300 computer tablet cases per month.

Calculate the amount of profit or loss which you will make per month, based on this forecast. Show your workings and state whether you will make a profit or a loss.

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[4]

- 28 You plan to launch the new range of computer tablet cases with a sales promotion.

Identify **three** sales promotion techniques which you could use.

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- 29 The laws surrounding product safety standards of mobile phone and computer tablet cases are set to change over the coming year.

Analyse **two** ways development of the new computer tablet cases may be affected by changes to laws such as product safety standards.

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[6]

30 To support the launch of your range of computer tablet cases you are considering either running a social media campaign or advertising on local radio.

Recommend which method you think should be used. Justify your answer. [8]

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END OF QUESTION PAPER



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