

2
SECTION A

Answer **all** the questions.

1 Understanding customer needs is the main purpose of:

- A** employee retention
- B** innovation
- C** market research
- D** the product lifecycle

Your answer

[1]

2 A manufacturer of jam buys a fruit farm.

This is an example of:

- A** a business partnership
- B** a vertical takeover
- C** diversification
- D** flexible working

Your answer

[1]

3 A business may choose to have a flat organisational structure because it:

- A** gives employees more opportunities for promotion
- B** lengthens the organisation's chain of command
- C** reduces the likelihood of mistakes in vertical communication
- D** slows down the organisation's response to changes in the market

Your answer

[1]

- 4 Sailing Clothes Ltd is about to produce a new jumper. The company has collected market research data on the clothing size of 800 sailing enthusiasts.

Clothing size	Number of sailing enthusiasts who are this size
XXS	20
XS	25
S	140
M	80
L	130
XL	165
XXL	200
XXXL	40

Which sizes of the sailing jumper does the data suggest Sailing Clothes Ltd should concentrate on producing?

- A L, XL and XXL
- B M, L and XL
- C S, L and XXL
- D S, XL and XXL

Your answer

[1]

- 5 Which of the following types of ownership is **most** suitable for an established business that needs to raise a large amount of capital to expand overseas?

- A Partnership
- B Private limited company
- C Public limited company
- D Sole trader

Your answer

[1]

6 Gina is an employee on a dairy farm.

One benefit to Gina of staff development is:

- A higher profits
- B increased retention of farm workers
- C more opportunities for promotion
- D the animals will be better cared for

Your answer

[1]

7 A motorcycle manufacturer doubled its spending on promotion. This has led to motorcycle sales increasing to £15 million from £12 million.

What is the percentage increase in motorcycle sales?

- A 12.5%
- B 20%
- C 25%
- D 50%

Your answer

[1]

8 A wine enthusiast has spotted an opportunity to turn their interest into a business by becoming a blogger. This is called:

- A delegation
- B enterprise
- C market research
- D productivity

Your answer

[1]

- 9 Which one of the following is **not** a potential benefit of improving communication between a business and its customers?
- A Better customer service
 - B Greater market share
 - C Higher chances of survival
 - D Increased risk

Your answer

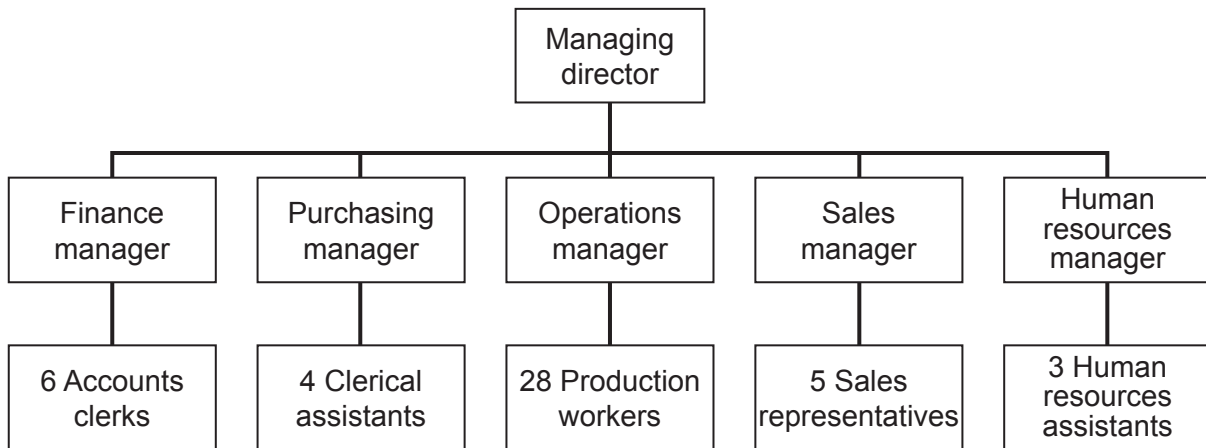
[1]

- 10 A publishing company's marketing mix identifies:
- A appropriate sources of market research
 - B digital distribution channels for its books
 - C how many short-story authors to interview
 - D which of its editors have training needs

Your answer

[1]

11 The organisation chart for a furniture manufacturer, POD Ltd, is shown below.



What is the mean average managerial span of control at POD Ltd?

- A 7.7
- B 8.5
- C 9.2
- D 10.2

Your answer

[1]

12 Which one of the following is **not** a risk of entrepreneurship?

- A Failing health
- B Loss of money
- C Self-satisfaction
- D Strained personal relationships

Your answer

[1]

13 A business is deciding on a marketing mix for its latest product. The product is:

- innovative
- of the highest quality
- expensive to produce.

The marketing mix for this business is **most** likely to also include:

- A advertising aimed at low income customers
- B placing the product for sale in high income locations
- C promotion using free samples
- D using social media to discuss the limitations of the product

Your answer

[1]

14 A business has gained more customers by improving the way it markets its products.

Which one of the following statements **must** be true for this business?

- A The business has developed a new product
- B The business has grown organically
- C The business has increased its market share
- D The business has made a profit

Your answer

[1]

15 A jet ski retailer with limited funds has a problem with the motivation levels of its 25 sales assistants.

Which one of the following methods should the jet ski retailer use to improve the sales assistants' motivation levels?

- A Increase the sales assistants' pay rate by £3 per hour
- B Offer sales assistants a bonus of £500 for each jet ski sold
- C Reduce the number of fringe benefits given to employees
- D Set up a 'seller of the month' award scheme

Your answer

[1]

SECTION B

Answer **all** the questions.

16

Text 1

Superdry plc

Superdry is a successful international brand of clothing featuring American- and Japanese-inspired graphics. In 2018, over 4800 people were employed by the company, which is committed to high quality. Superdry's policies include one against discrimination in its workforce and another to support employee retention.

The company uses many different distribution channels. These include:

- 135 Superdry stores across the UK and Europe
- Superdry's own website
- other retailers, including Next in the UK, which allows the brand to reach new customer groups.

Superdry regularly invests in its own stores. To keep its retail stores exciting and encourage customers to visit, there is a regular re-fit programme. In 2017, the company spent £41.4m on store-related investment, including the re-fitting of 11 stores.

The company faces competition from retailers of all sizes, ranging from sole traders to other public limited companies.

(a) Explain **one** way planning business activity may help Superdry to succeed.

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(b) Explain the concept of limited liability.

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(c) Explain **one** advantage for Superdry of having a policy against discrimination in its workforce.

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(d) Explain **one** reason why employee retention is important for Superdry.

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(e) Analyse **one** way Superdry’s business objectives may change as the business grows.

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Text 2

EDF

EDF is a limited company which supplies gas and electricity to homes and businesses throughout the UK. It is the largest producer of low-carbon electricity in the UK and owns two fossil fuel power stations, three wind farms and eight nuclear power stations.

In 2016, EDF started to build the new Hinkley Point C nuclear power station in Somerset, which will eventually provide 7% of the UK's electricity needs for 60 years. Managers at EDF expect it to open in 2025.

During the construction stage, the project has created thousands of jobs. A number of these construction jobs are filled by self-employed workers. Once it is fully operational, the power station will employ over 900 people, most of whom will be employed by EDF.

EDF produces around 20% of the UK's electricity and is the largest supplier. As EDF operates in a competitive market, the price that it charges its customers is very important.

- (a) Explain how the owners of EDF may be affected by the construction of Hinkley Point C nuclear power station.

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- (b) Explain how the construction of Hinkley Point C nuclear power station may affect the local community.

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- (c) Explain how the construction of Hinkley Point C nuclear power station may help EDF to achieve **one** business objective.

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(d) Price is an important factor which customers consider when choosing an electricity supplier.

State **two** pricing methods that a business could use.

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(e) Analyse **one** benefit to EDF of using each of the following primary market research methods.

(i) Focus groups

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(ii) Questionnaires

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- (iii) Recommend whether focus groups or questionnaires is the best primary market research method for EDF to use. Give reasons for your answer.

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- (f) Analyse **one** benefit for EDF of using self-employed workers during the construction of Hinkley Point C nuclear power station.

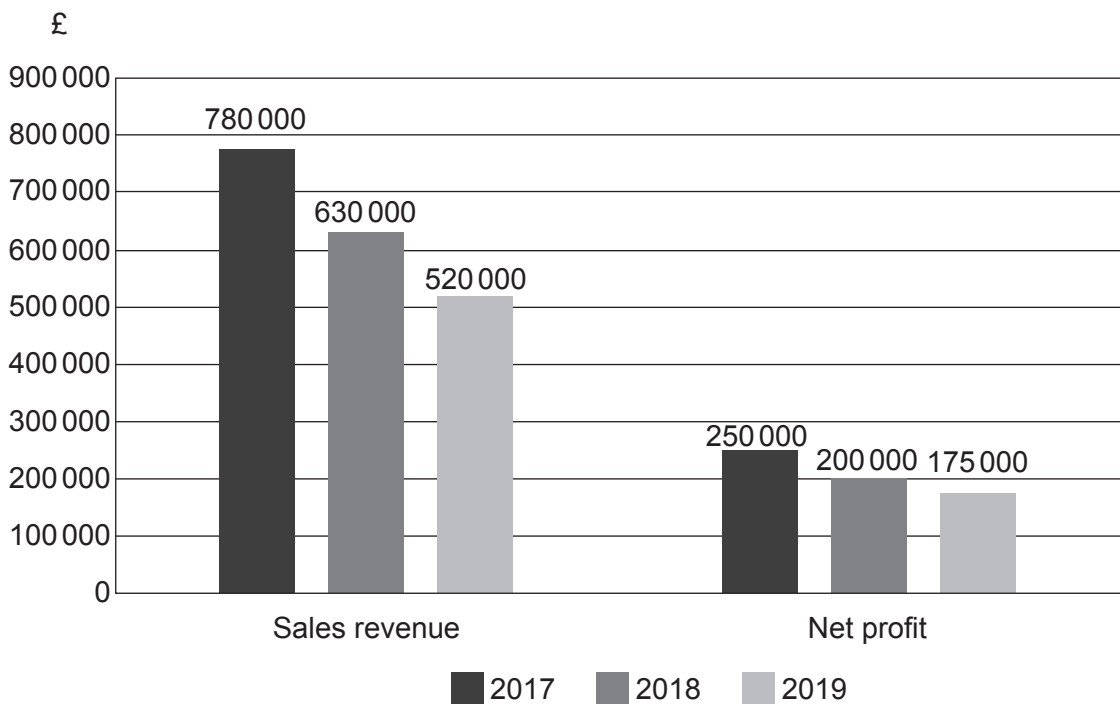
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Text 3**Best Foot Forward Ltd (BFF)**

Best Foot Forward Ltd (BFF) operates five stores in the north-west of England, selling shoes (such as ballet and tap) for adult dancers. Up until 2017, the business was growing, due to its reputation for quality products.

A new Managing Director, Jessie Thompson, was appointed six months ago to reverse the recent poor performance of the business.

Fig. 1 BFF sales revenue and net profit (2017–2019)

BFF has never sold dance shoes for children and Jessie would like to expand into this market. Another business, specialising in selling children's dance shoes, closed down three months ago. Jessie is also concerned by market research which suggests that customer service is poor in BFF's stores. All store managers have been told to attend a five-day off-the-job training course on customer service.

To support the launch of the children's range, Jessie plans to create a new position of Marketing Manager (Children's Shoes) who will work alongside the Marketing Manager (Adults' Shoes). This employee will be recruited internally, despite many former employees from the children's shoe retailer which closed down still being out of work.

Table 1 gives some data about the recruitment of staff within BFF.

Table 1

	Internal recruitment	External recruitment
Cost of recruitment	£500	£2500
Number of days taken to fill the job	20 days	60 days
Cost of induction	£200	£1500

(a) Analyse **two** benefits for BFF of using off-the-job training for its store managers.

Benefit 1

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Benefit 2

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(b) State **one** way that BFF could segment its dance shoe market.

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- (c) (i) Analyse **one** benefit for BFF of using each of the following methods to advertise the new range of children’s dance shoes.

Social media

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Television

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- (ii) Recommend which method of advertising will be the most appropriate for BFF when launching the new range of shoes. Give reasons for your answer.

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Turn over for Question 18(d)

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