

## Friday 12 January 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)

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Last name

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#### 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 What is the final stage of the product lifecycle called?

(a) Decline

(b) Development

(c) Growth

(d) Maturity

[1]

2 Dividing a market for a product into groups according to shared characteristics is known as

(a) An extension strategy

(b) Market segmentation

(c) Product placement

(d) Sponsorship

[1]

3 A lack of cash may mean that a business is not able to

(a) Design an innovative product

(b) Make a profit

(c) Pay utility bills

(d) Work with a business angel

[1]

- 4 Orla always tried to make her business a success, despite things not always going to plan.

Which characteristic of a successful entrepreneur does this show?

- (a) Communication  
 (b) Determination  
 (c) Negotiation  
 (d) Risk-taking

  
  
  


[1]

- 5 The fixed cost to make 200 products is £6500.

If the total cost per unit is £182.50 what is the variable cost per unit?

- (a) £0.75  
 (b) £32.50  
 (c) £150  
 (d) £215

  
  
  


[1]

- 6 A business sells umbrellas for £12.00 each and the variable cost to make each one is £2.00. The business has monthly fixed costs of £20 000.

Break-even formula =  $\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{Variable cost per unit}}$

How many umbrellas does the business need to sell each year to break even?

- (a) 1429  
 (b) 2000  
 (c) 17 143  
 (d) 24 000

  
  
  


[1]

7 Rishi looks at his business' previous sales information when developing a new product.

This is an example of

- (a) Data from competitors
- (b) Primary market research
- (c) Qualitative data
- (d) Secondary market research

  
  
  

[1]

8 An advantage of using crowdfunding as a source of capital for a business start-up is

- (a) A fixed rate of interest is paid
- (b) Competitors may see the business idea
- (c) No interest needs to be paid
- (d) Regular monthly repayments help financial planning

  
  
  

[1]

9 Azmi sets up a business by paying a fee to operate with the brand name of another well-known business.

This means that Azmi is a

- (a) Franchisee
- (b) Franchisor
- (c) Lender
- (d) Partner

  
  
  

[1]

10 What is an advantage of selling a product using e-commerce?

- (a) Can sell products 24 hours per day
- (b) Customers can physically inspect the product before purchase
- (c) Higher rent payments
- (d) You can meet the customer which builds trust

  
  
  

[1]

**Section B**

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

After working in a garage for five years you think you would like to set up your own business as a mobile car mechanic. This means travelling to customers' homes to repair their cars.

As you are under the age of 25 you contact a charity which specialises in offering free guidance for young entrepreneurs. After hearing this advice, you decide to leave your job and set up your own business. At first, you do not want to have to travel more than six miles from your home to carry out the repairs.

**11**

**(a)** Explain **two** advantages of obtaining advice from a charity to set up a mobile car repair business.

Advantage 1 .....

.....

Explanation .....

.....

Advantage 2 .....

.....

Explanation .....

.....

**[4]**

**(b)** Other than getting advice from a charity, state **two** other sources of support for an entrepreneur.

1 .....

2 .....

**[2]**

(c) Analyse **one** potential reward for you of taking the risk of setting up a mobile car repair business.

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..... **[3]**

12 You set up a focus group to do some market research. You invite customers you know from your previous job.

(a) State **two** purposes of market research.

1 .....

2 .....

[2]

(b) Analyse **two** advantages of using a focus group for your market research.

Advantage 1 .....

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Advantage 2 .....

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[6]

13 You must make a number of decisions when setting up a business.

Draw a line to link **each** element of the marketing mix to **one** example of a relevant decision. You should draw **four** lines in total.

Marketing mix	Decision
Product	Create a logo and brand for your business
Place	Ensure all costs are covered when selling the product
Promotion	Calculate the variable costs for your business
Price	Send a press release to a local community magazine
	Offer service to customers in a neighbouring town
	Carry out secondary market research

[4]



14 You decide to set up your business as a sole trader.

Explain **one** advantage and **one** disadvantage of operating your mobile car repair business as a sole trader.

Advantage .....

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Explanation .....

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Disadvantage .....

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Explanation .....

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[4]

15 You need to choose a source of finance to buy a van. Money is limited and you need to keep control of your costs each month.

Explain **one** advantage and **one** disadvantage of taking out a bank loan to buy a van.

Advantage .....

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Explanation .....

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Disadvantage .....

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Explanation .....

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[4]

16 You advertise your mobile car repair services using leaflets.

Explain **one** advantage and **one** disadvantage of using leaflets to attract customers to your mobile car repair business.

Advantage .....

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Explanation .....

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Disadvantage .....

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Explanation .....

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[4]

17 You charge £45 per hour for car repairs. Each repair takes an average of two hours to complete.

(a)

(i) During your first month you repaired an average of 15 cars per week.

Calculate the total revenue for your first month (assume four weeks in a month).

Show your workings.

Answer £ .....
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[4]

(ii) You have forecast financial information for your first year of operation. You assume each repair continues to take two hours.

Fixed costs	£12 000
Variable costs per repair	£35
Cars repaired	800

Calculate your forecast annual profit for the year.

Show your workings.

Answer £ .....
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[5]

(b) Identify **two** fixed costs you will have to pay for your mobile car repair business.

1 .....

2 .....

[2]

18 There are other successful mobile car repair businesses in your area with loyal customers so you decide to use competitive pricing.

(a) Analyse **one** advantage and **one** disadvantage of using competitive pricing for your mobile car repair business.

Advantage .....

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Disadvantage .....

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[6]

(b) State **two other** pricing strategies you could have used.

1 .....

2 .....

[2]

19 To attract new customers you produce regular press releases for your mobile repair business which are sent to your local newspaper. However, after repairing the car of a famous actor who lives in your town, the actor tells you they will endorse your business on social media.

Discuss whether you should continue to produce press releases **or** use celebrity endorsement instead. Your recommendation should include:

- an advantage and a disadvantage of using press releases
- an advantage and a disadvantage of using celebrity endorsement
- a justification for your decision.

**[8]**

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**END OF QUESTION PAPER**

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