

Friday 24 May 2019 – Morning

GCSE (9–1) Business

J204/01 Business 1: business activity, marketing and people

Time allowed: 1 hour 30 minutes



You may 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

INSTRUCTIONS

- Use black ink.
- Sections A and B: 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).

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document consists of **20** pages.

Section A

Answer **all** the questions.

1 Which one of the following is a role of human resources in business?

- A Developing new products
- B Increasing employee retention
- C Maximising revenue
- D Offering price reductions

Your answer

[1]

2 A fast food restaurant is currently charging a price of 60p for its new healthy snack. The fast food restaurant intends to increase the price to £2.25 once the healthy snack has become more popular with customers.

The current price is an example of:

- A competitor pricing
- B cost-plus pricing
- C penetration pricing
- D price skimming

Your answer

[1]

3 Which one of the following is **unlikely** to be a characteristic of a successful entrepreneur?

- A Being able to create opportunities
- B Being confident in new situations
- C Being determined to work through problems
- D Being uncomfortable with taking risks

Your answer

[1]

4 Which of the following is a benefit to a business of advertising on local radio?

- A Can target a specific geographical area
- B Detailed financial information can be included
- C Free samples can be given out with the advertisement
- D The product can be seen and demonstrated

Your answer

[1]

5 Madame Co is a women's clothing manufacturer. To identify trends in the market, the firm carries out a lot of market research.

The cost of the market research for Madame Co in the last year is shown in the table below.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cost of market research	£1.2 million	£0.7 million	£1.5 million	£0.9 million

Madame Co's average quarterly spend on market research is:

- A £1.05 million
- B £1.075 million
- C £2.15 million
- D £4.3 million

Your answer

[1]

6 Which of the following is a benefit to an entrepreneur of having limited liability?

- A All profits are tax free
- B Own possessions are not at risk
- C Productivity will fall
- D Suppliers are more willing to supply

Your answer

[1]

7 The table below shows market data for three fizzy drinks. The recipes used to make the drinks were changed to reduce the amount of sugar.

	Quantity of drinks sold <u>before</u> the recipe was changed	Quantity of drinks sold <u>after</u> the recipe was changed
Drink A	9.4 million litres per month	10.3 million litres per month
Drink B	8.0 million litres per month	7.2 million litres per month
Drink C	6.5 million litres per month	4.0 million litres per month

According to the table, which one of the following statements is true?

- A** Demand for all three drinks decreased significantly
- B** Demand for Drink A increased by 1.1 million litres
- C** Demand for Drink B fell by 10%
- D** Demand for Drink C decreased by a smaller percentage than Drink B

Your answer

[1]

8 The 'objectives of a business' are:

- A** negative comments from the local community
- B** the buildings and equipment the business owns
- C** the items the business makes and sells
- D** what the business intends to achieve

Your answer

[1]

9 Which of the following is an advantage to a fruit farm of employing temporary workers to pick the fruit?

- A Discrimination laws do not apply because the work is only for a few weeks
- B Induction training will not be required because the work is not permanent
- C The number of workers employed can be varied according to the season
- D Workers are likely to be more committed to their jobs and pick more fruit

Your answer

[1]

10 A national retailer intends to trial a new product in some of its stores.

Which of the following is **not** a benefit of trialling the product?

- A It avoids wasting money on an unsuccessful national launch
- B It helps identify the target market
- C It requires a lot of national advertising and promotion
- D It shows whether there is sufficient demand for the product

Your answer

[1]

11 A market research agency needs to constantly improve its digital communications to keep up with the competition. In 2017 it spent £250 000 on digital communication. In 2018 it spent £525 000.

The agency's percentage increase in spending on digital communications from 2017 to 2018 was approximately equal to:

- A 48%
- B 52%
- C 110%
- D 210%

Your answer

[1]

12 A photography business is owned by three sisters. The sisters have unlimited liability. Which one of the following types of business does the sisters own?

- A A partnership
- B A private limited company
- C A public limited company
- D Sole trader

Your answer

[1]

13 Which one of the following is required by law?

- A All employees must be given a voucher for a free eyesight test each year
- B Employees who work from home must work a maximum of 16 hours a week
- C Everyone who is self-employed must have private medical insurance
- D Full-time employees must be given at least 5.6 weeks paid holiday per year

Your answer

[1]

14 Radi owns Chimney Restore Ltd, a company he set up in 2018. The company has grown rapidly and now employs 12 workers. However, Radi is becoming increasingly concerned about the level of risk he faces as the owner of a rapidly growing business.

Which of the following would help Radi to reduce his level of risk?

- A Becoming a sole trader
- B Carefully planning all business activity
- C Ignoring the needs of customers
- D Making employees work long hours

Your answer

[1]

15 Which of the following is a benefit to a business of using off-the-job training?

- A Large numbers of employees can be trained at the same time
- B Likely to be cheaper than on-the-job training
- C The training can take place while the employee is working
- D Workers need to be paid for time spent doing off-the-job training

Your answer

[1]

Section B

Answer **all** the questions.

16

Text 1**The Ford Motor Company Ltd**

The Ford Motor Company Limited (Ford Motors) is a global manufacturer of a range of vehicles including cars, vans, trucks and buses. Ford Motors has been one of Britain's best-selling car brands for over 30 years, with a range of models including the KA, Fiesta, Focus, Mondeo and Galaxy. The company's large range of products includes models that differ in size to meet the individual needs of different market segments, including eco-friendly small cars, family cars, sports cars and 7-seater people carriers.

Ford Motors carries out a lot of market research when developing new car designs and uses both primary and secondary research. This ensures that new car designs and models meet the needs of potential customers.

Each model's sales levels are regularly monitored against the product lifecycle.

(a) State **two** secondary market research sources which Ford Motors could use.

1

2

[2]

(b) Explain the purpose of marketing within Ford Motors.

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[2]

(c) Explain **one** way that preparing a business plan may be useful to Ford Motors.

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[2]

(d) Explain how Ford Motors could use market segmentation when deciding where to place an advert for its new car models.

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[2]

(e) Analyse **one** disadvantage to Ford Motors of manufacturing and selling such a large range of products.

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[3]

(f) Many businesses, such as Ford Motors, use the product lifecycle to plan the marketing of their product range.

(i) State **one** advantage to a business of using the product lifecycle to plan the marketing of its products.

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[1]

(ii) State **one** disadvantage to a business of using the product lifecycle to plan the marketing of its products.

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[1]

(iii) Evaluate whether or not Ford Motors should continue to use the product lifecycle when planning the marketing of its products.

- [7]

Text 2**Redrow Homes**

Redrow Homes is one of the UK's leading housebuilders. Housebuilders, such as Redrow Homes, typically use self-employed construction professionals alongside their own employees.

Redrow Homes employs over 2300 people in a range of jobs including trades such as carpentry, plumbing and bricklaying. They also employ landscape designers, customer service administrators and sales advisors to sell the houses. The company is committed to staff development, with 15% of the workforce undergoing an apprenticeship or other formal training programme.

Redrow Homes has been named one of the 'Top 100 Apprenticeship Employers' for the last five years and was recently named the 'Construction Industry Training Board Apprentice Employer of the Year'. At any one time the company employs at least 130 apprentices, as the company feels that it is an excellent way to find and develop young motivated staff. The company offers apprentices a clear career path whereby they gain qualifications alongside work experience and a good wage.

(a) Explain **one** method Redrow Homes' head office employees could use to communicate with staff working on one of its building sites.

Method

Explanation

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[3]

(b) Identify **two** reasons why employee motivation is important to Redrow Homes.

1

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2

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[2]

(c) Businesses may use financial or non-financial methods to motivate employees.

State **one** example of a:

(i) financial method to motivate employees

[1]

[1]

(ii) non-financial method to motivate employees

[1]

[1]

(d) State **one** reason why a business may need to recruit new employees.

[1]

[1]

(e) Redrow Homes could use interviews or group activities to help select new apprentices.

Analyse how each of these methods could be used.

(i) Interviews

[3]

(ii) Group activities

[3]

(iii) Recommend whether Redrow Homes' managers should use interviews or group activities to select new apprentices. Give reasons for your answer.

[3]

(f) Analyse **one** benefit to Redrow Homes of using apprenticeships as a method of staff development.

[3]

[3]

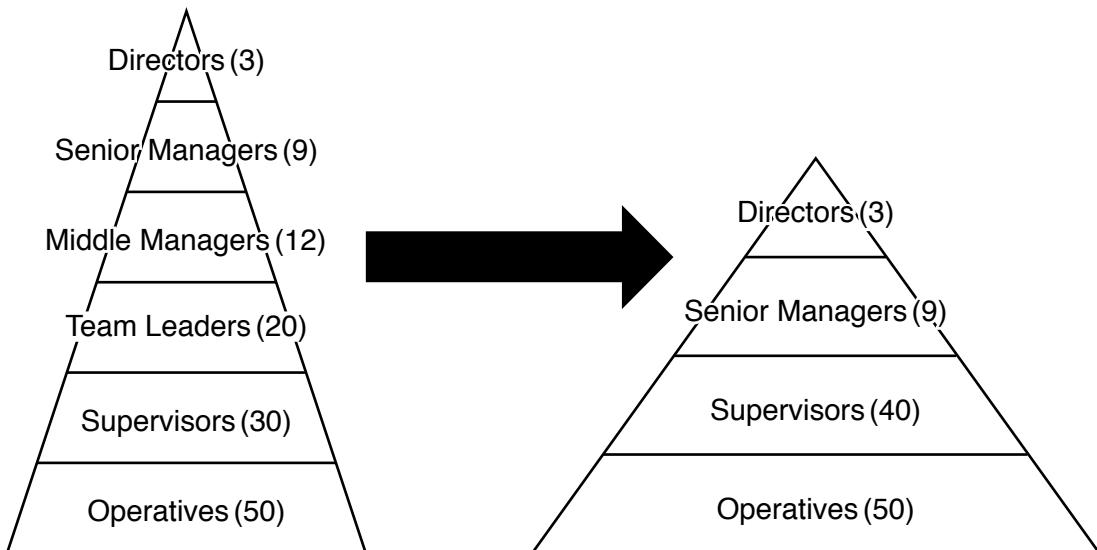
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Text 3**Beautiful Buds plc**

Beautiful Buds plc is a company which grows plants that are sold to garden centres throughout the UK. Beautiful Buds plc has a new Managing Director who has proposed a merger with Green Gardens plc, a chain of garden centres selling a wide range of plants and other garden products.

Green Gardens plc is currently one of the country's largest plant and garden retailers, with a market share of approximately 12%. The vertical merger will result in one company owning a chain of garden centres as well as growing the plants which are sold in these retail outlets.

Beautiful Buds plc currently has 124 employees. Its Managing Director is looking to make the business more efficient and is planning to change its organisational structure by removing two layers of management (see below). This change is planned before the proposed merger. The Managing Director believes that the tasks carried out by Middle Managers and Team Leaders can be effectively completed by employees either below or above them in the structure. The estimated redundancy costs due to the restructuring are £200 000.



Job role	Average salary
Directors	£110 000
Senior Managers	£80 000
Middle Managers	£50 000
Team Leaders	£35 000
Supervisors	£30 000
Operatives	£22 000

Beautiful Buds plc's current salary structure

(a) Analyse **two** benefits for Beautiful Buds plc of growing externally.

Benefit 1

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Benefit 2

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[6]

(b) Identify **one** way that Beautiful Buds plc could have grown organically.

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[1]

(c) (i) Analyse the impact on **two** stakeholder groups of the proposed vertical merger between Beautiful Buds plc and Green Gardens plc.

Stakeholder group 1

Impact

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Stakeholder group 2

Impact

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[6]

(ii) Recommend which stakeholder group will be most affected by the vertical merger between Beautiful Buds plc and Green Gardens plc. Give reasons for your answer.

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[3]

(d)* Discuss, with reference to the data in **Text 3**, whether Beautiful Buds plc should go ahead with the plan to change its organisational structure.

[9]

END OF QUESTION PAPER

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