

Thursday 10 January 2019 – Morning

LEVEL 1/2 CAMBRIDGE NATIONAL IN ENTERPRISE AND MARKETING

R064/01 Enterprise and marketing concepts



You may use:

- A calculator

Duration: 1 hour 30 minutes



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 necessary 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 [].
- Quality of written communication will be assessed in this paper.
- 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 a stage of the product lifecycle?

(a) Advertising

(b) Competition

(c) Growth

(d) Recession

[1]

2 Which functional area is responsible for identifying the needs and wants of customers?

(a) Finance

(b) Human Resources

(c) Marketing

(d) Operations

[1]

3 'Salaries' are an example of:

(a) Fixed costs

(b) Profit

(c) Sales revenue

(d) Variable costs

[1]

4 Which of the following needs to be submitted to Companies House when setting up a private limited company?

(a) Business plan

(b) Cash flow forecast

(c) Memorandum of Association

(d) Taxation

[1]

5 Which of the following is part of the marketing mix?

(a) Performance

(b) Planning

(c) Policy

(d) Price

[1]

6 Which of the following sources of capital usually includes business advice from an experienced entrepreneur?

(a) Bank loan

(b) Business angel

(c) Crowdfunding

(d) Own savings

[1]

7 Which functional area is responsible for quality control?

(a) Finance

(b) Human Resources

(c) Marketing

(d) Operations

[1]

8 Which of the following is a benefit of limited liability for the owners of a business?

(a) Profit must be shared equally between them

(b) They can easily raise extra capital by issuing more shares

(c) They must repay all the debts of the business

(d) They will only lose the amount they invested in the business if it fails

[1]

9 How much profit is made if a business earns £18000 of sales revenue and its total costs are £7500?

(a) £8000

(b) £10500

(c) £25500

(d) £135000

[1]

10 Mayer is thinking of starting a business by buying a franchise of Perfection Pizza.

Which of the following is an advantage of starting a business by buying a franchise?

(a) A royalty fee must be paid each year

(b) It is more expensive than starting a completely new business

(c) Mayer's business will benefit from having an established brand name

(d) Mayer can control what he sells in his business

[1]

- 11 A sole trader needs additional capital to help to set up a new business. The sole trader does not wish to pay any interest or sign a formal contract.

Which of the following sources of finance should they avoid?

(a) Borrow money from a friend

(b) Gift from their sister

(c) Loan from a bank

(d) The sole trader's own savings

[1]

- 12 Sarah runs a business selling flowers. Last week she earned £1 350 of sales revenue.

If last week Sarah's average selling price per bunch of flowers was £15, how many bunches of flowers did she sell?

(a) 9

(b) 45

(c) 90

(d) 135

[1]

- 13 Which of the following sales promotion techniques aims to reward and retain customers who have bought from the business for a long period of time?

(a) Competitions

(b) Loyalty schemes

(c) New product trials

(d) Point of sale advertising

[1]

14 Which of the following tasks would **not** be carried out by the Marketing function of a business?

(a) Designing a market research questionnaire

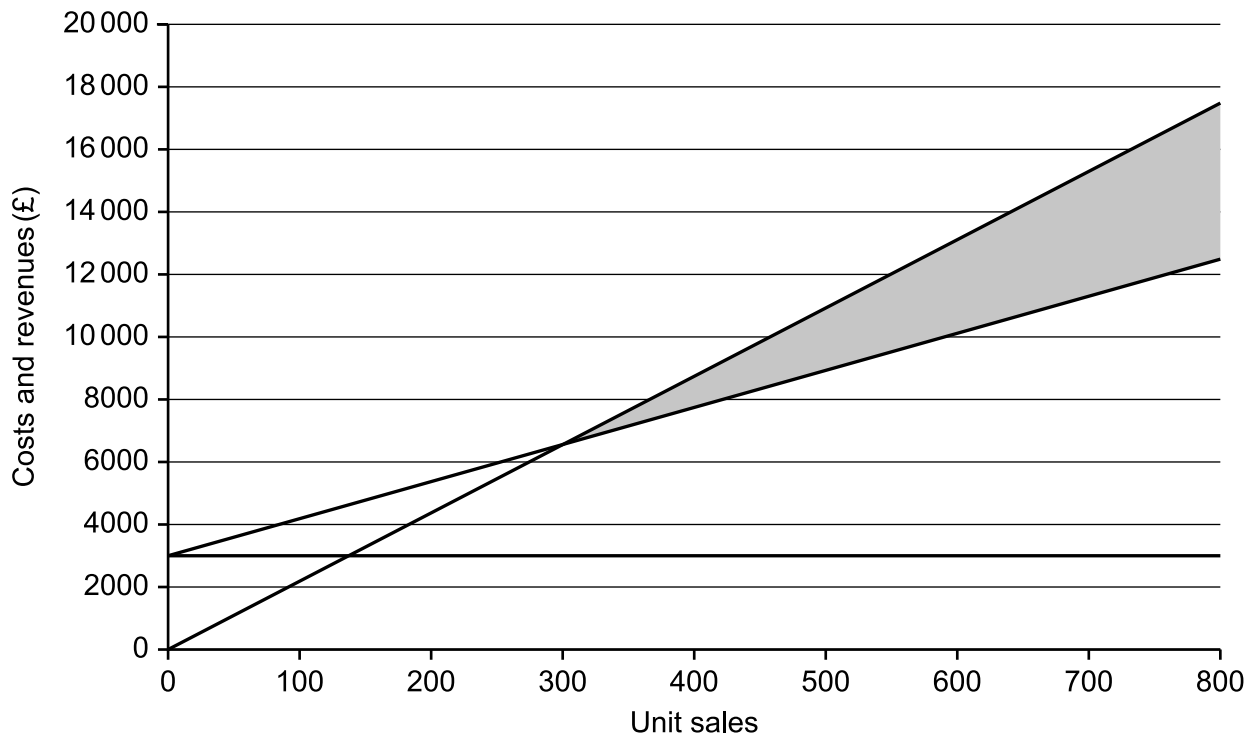
(b) Holding a focus group with customers

(c) Logistics

(d) Promoting a new product

[1]

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



What is shown by the shaded area?

(a) Break-even

(b) Fixed costs

(c) Loss

(d) Profit

[1]

16 Which of the following does **not** affect the price set for a new service?

(a) Availability of individuals to work for the business

(b) Cost to deliver the service

(c) Income levels of target customers

(d) Price of competitor services

[1]

Section B

Answer all questions in this Section.

Photography has always been one of your hobbies. You recently used some money that you inherited to buy a new digital camera and set up a photography services business. You have decided to specialise in wedding photography and have produced a website to promote your photography services.

17 (a) Identify three ways that customers' needs may vary.

- 1
- 2
- 3

[3]

(b) Identify and explain the most appropriate method for segmenting the market for your photography services.

Method

Explanation

.....

[2]

18 You plan to differentiate your photography services.

Analyse two benefits of differentiating your photography services from competitors.

[6]

Benefit 1

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Benefit 2

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19 Reports in the media are suggesting that the economy is about to enter an economic boom.

(a) Explain a potential impact on your new photography services if the economy does enter an economic boom.

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..... [2]

(b) Apart from 'boom', identify **two** other stages of the business cycle.

1

2 [2]

(c) State and explain **two** legal issues which may affect your new business.

Issue 1

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Explanation

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Issue 2

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Explanation

..... [4]

20 You decide to use secondary (desk) market research to investigate trends in the wedding photography industry.

Identify **one** secondary market research source which you could use and explain **one** benefit of using this method.

Secondary market research source

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Benefit

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[3]

21 Even though you know that there are some potential disadvantages, you will start your business as a sole trader.

Analyse **two** disadvantages of starting your business as a sole trader. [6]

Disadvantage 1

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Disadvantage 2

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Turn over for the next question

22 During a typical month you forecast that you will photograph at six weddings. You have also forecast that your typical monthly costs will be:

- fixed costs of £3 000
- total variable costs of £600.

(a) Calculate the total cost for a typical month.

Show your workings

Answer

[2]

(b) August is expected to be your busiest month and you forecast that you will photograph at 10 weddings during the month. Calculate your total costs for August.

Show your workings

Answer

[4]

(c) Identify **three** examples of variable costs which you will need to pay.

- 1
- 2
- 3

[3]

23 You are keen to obtain feedback from your customers after each wedding.

(a) Explain **one** reason why obtaining customer feedback is important when running a new business.

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..... [2]

(b) Identify **three** customer feedback techniques which you could use.

1
2
3 [3]

24 To pay for some advertising, you need to raise additional finance. You are aware of a small business grant available from your local council for young entrepreneurs.

State and explain **one** advantage and **one** disadvantage of raising finance via a small business grant.

Advantage
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Explanation
.....
Disadvantage
.....
Explanation
..... [4]

25 You are considering using psychological pricing.

(a) Explain what is meant by psychological pricing.

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..... [2]

(b) Identify **two** other pricing strategies which you could use.

1

2 [2]

26 You decide to employ a Human Resources specialist, called Sadie, for one day per week, to help you with the activities of that functional area.

(a) Identify **two** Human Resources activities which Sadie may help you with.

1

2 [2]

(b) You plan to be responsible for the Finance functional activities.

State and explain **two** Finance activities which you may need to carry out.

Activity 1

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Explanation

.....

Activity 2

.....

Explanation

..... [4]

27 Your market research suggests that the winter months are the quietest for weddings in your local area. To try to attract more customers during this quiet period, you plan to use a sales promotion technique. You are considering **either** a discount of 15% off your standard prices **or** 'buy one get one free' (BOGOF) for any photographs purchased in the winter months.

Recommend which of these two sales promotion techniques should be used. Justify your answer. **[8]**

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END OF QUESTION PAPER



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