

New
Specification



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
January 2010

Business Studies

Assessment Unit AS 1

assessing

The Competitive Business

[AT111]



TUESDAY 12 JANUARY, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **both** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in question 1 parts (c), (d) and (e) and question 2 parts (c), (d) and (e).

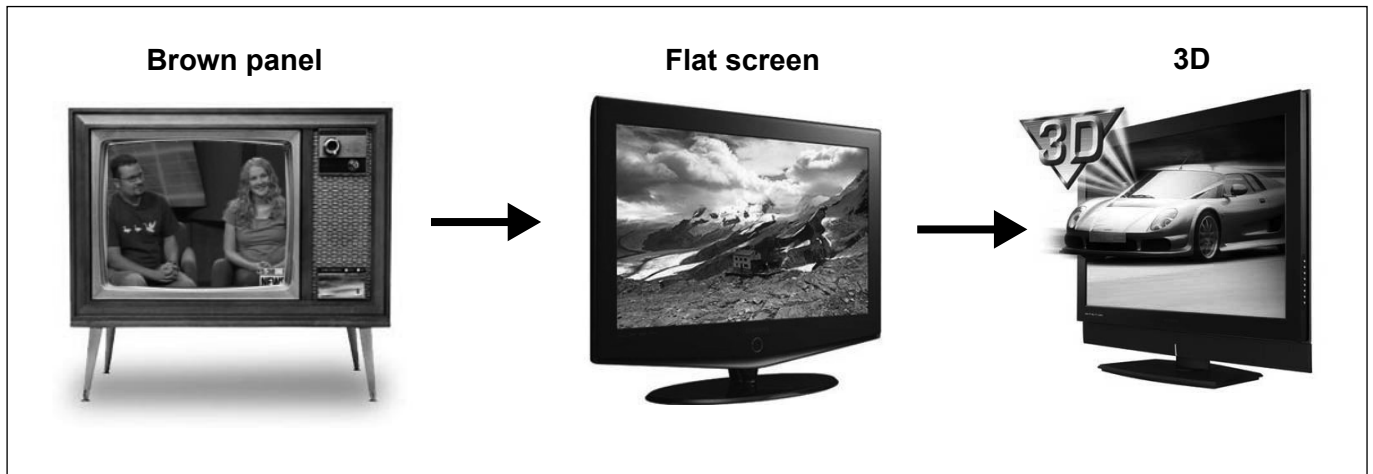
Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question or part question in allocating the available examination time.

1 Study the information below and answer the questions that follow.

Television manufacturers see future in 3D



Panasonic, the Japanese consumer electronics group, is depending on three-dimensional (3D) television to kick start its growth in European markets over the next few years. This is despite the downturn in consumer spending and the fact that many consumers have already invested in expensive flat-panel screens. At a consumer electronics show in Berlin, Fumio Ohtsubo, the President of Panasonic, forecast that sales of 3D televisions would account for up to 30 per cent of Panasonic's television sales within three years.

The President argued that, since the fall in consumer demand across Europe had bottomed out, it was now time to launch the new technology aggressively. He said "The era has already shifted from analogue to digital television. It has shifted from the 'brown panel' to the flat panel and **the product life cycle is getting shorter.**" He also dismissed concerns that 3D televisions would appeal only to **niche markets**, such as sports fans or video game players, arguing that it would soon become mass market technology. "The ultimate step, or revolution, is High Definition 3D."

Panasonic is relying on 3D's success as it plans to regain market share taken by Samsung and LG, its South Korean rivals. These are the largest and second largest television manufacturers in the world. Panasonic also competes with Sony, its Japanese rival. It has even invested in a Hollywood-based subsidiary unit working with film studios and directors on new 3D technology.

© The Times 09 2009 – Adapted from "Avatar points way ahead as television manufacturers see future in 3D" by Nic Fildes

- (a) Explain the importance of market share to a business such as Panasonic. [4]
- (b) Outline what is meant by the term product life cycle. [4]
- (c) Analyse the implications for Panasonic of televisions having a shorter product life cycle. [8]
- (d) Discuss whether Panasonic should aim the new 3D televisions at a niche market. [12]
- (e) Evaluate the advantages and disadvantages, to a television manufacturer such as Panasonic, of producing on a large scale. [12]

2 Study the information below and answer the questions that follow:

HugX Ltd



Ever noticed how difficult it is for dogs and cats to eat from their feeding bowls? Jane Grant, Managing Director of HugX Ltd, made such an observation. In doing so she identified a market opportunity and went on to transform the humble pet bowl into a highly innovative, more hygienic and fashionable product that has already landed a string of export orders from the USA, the Middle East, Japan and Europe.

Her newly designed bowl has a distinctive shape, comes in a range of colours and sizes and has a number of features that make it easier for a pet to eat out of. For example, it is angled at 32.5 degrees so that food keeps moving to the bowl's centre and has rubber feet for added stability. It is made in high grade aluminium so that it will not rust. The bowl recently won a prestigious award from the American-based Pet Product News International Magazine.

The HugX bowl sells for £49.99 and is aimed at, according to Jane, "a sophisticated market with high disposable income." A diamond studded version is available for £495. However, Jane's **marketing plan** envisages expansion by offering a cheaper product beyond existing market segments. Getting the **marketing mix** right is crucial to the success of the business. Currently the bowls are sold to high profile clients in Selfridges, an upmarket department store in London's Oxford Street, the Queen Mary cruise ship, Royal Caribbean ships and airport shops in Dubai and Bahrain. They can also be bought on-line.

Jane is very pleased with the success of HugX Ltd. All profits are reinvested in product and business development. "Getting feedback from owners who love this product is fabulous and makes me keen to pursue our other ideas to ensure every pet gets a genuine HugX."

Adapted from www.belfasttelegraph.co.uk/business/small-business-can/animal-feeding-frenzy-14467225.html, www.fyini.com/pages/viewstory.asp?item ID=230, Fashion or Function? www.fundogfashion.com/articles/hugx_dog_bowl.html, www.hometone.org/entry/hugx-dog-bowl-takes-ergonomics-to-canine-level, and www.hugxpetdesign.com/

- (a) Explain **two** reasons why HugX Ltd should carry out market research. [4]
- (b) Explain, with reference to HugX Ltd, what is meant by the term marketing mix. [4]
- (c) Analyse why HugX Ltd have set a selling price at £49.99 per bowl. [8]
- (d) Evaluate the advantages and disadvantages to HugX Ltd of operating as a private limited company. [12]
- (e) Discuss the usefulness of preparing a marketing plan to a business such as HugX Ltd. [12]

THIS IS THE END OF THE QUESTION PAPER

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