



**ADVANCED SUBSIDIARY GCE
BUSINESS STUDIES**

F291

Unit 1: An Introduction to Business

Candidates answer on the question paper

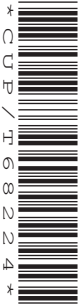
OCR Supplied Materials:
None

Other Materials Required:

- Calculators may be used

**Thursday 8 January 2009
Morning**

Duration: 1 hour



Candidate Forename		Candidate Surname	
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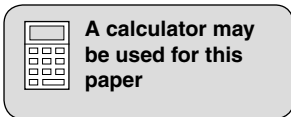
Centre Number						Candidate Number				
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INSTRUCTIONS TO CANDIDATES

- Write your name clearly in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure that you know what you have to do before starting your answer.
- Answer **all** the questions.
- Do **not** write in the bar codes.
- Write your answer to each question in the space provided, however additional paper may be used if necessary.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (*).
- This document consists of **8** pages. Any blank pages are indicated.



TESCO plc

Tesco is a major success story and its power is huge; in 2007, £1 in every £7 spent on the British high street went into its tills. The company is the market leader due to its low prices, high quality and consistently good customer service.

Tesco spends a large amount of money on market research. Its managers are obsessed with making sure that its goods and services are desirable, affordable and available. Tesco's online business has allowed it to move into new markets such as financial products. It is far better than its rivals at buying up land and winning planning permission for new stores. The company is able to gain huge economies of scale. 5

However, a wide range of consumers, including clergymen, housewives and pensioners are joining 'Tescopoly'. This is a campaign which has become a fast growing movement on the Internet against the expansion of Tesco, whose market share is roughly that of both Asda and Sainsbury's combined. Criticisms include the elimination of smaller, traditional retailers, a reduction of consumer choice and forcing harsh 'take it or leave it' conditions on its suppliers. Although, in theory market prices are determined by supply and demand, some say that this no longer happens. It has been claimed that in the grocery market, some prices are being dictated by Tesco's monopoly power. 10 15

Tesco, of course, denies these claims and states that its growth benefits its stakeholders, rather than damaging them.

Adapted from Z Wood, *Tesco: richer than Peru*, 15 April 2007 © Guardian News & Media Ltd 2007 and The Daily Mail, 10 March 2006
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Answer **all** questions.

1 Tesco, as a retailer, operates in the tertiary sector of the economy. Giving an example of each, identify the other **two** sectors of economic activity.

Sector 1

Example

Sector 2

Example [4]

2 (a) Analyse **one** reason why Tesco carries out market research.

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3 State **two** examples of economies of scale which benefit Tesco.

Example 1

Example 2 [2]

4 Analyse **two** ways in which Tesco might benefit from setting clear objectives.

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