OCR
RECOGNISING ACHIEVEMENT

ADVANCED SUBSIDIARY GCE

BUSINESS STUDIES

F291

An Introduction to Business

Candidates answer on the question paper.

OCR supplied materials:
None

Other materials required:
- A calculator may be used

Monday 10 January 2011
Afternoon

Duration: 1 hour

Candidate forename		Candidate surname	

Centre number						Candidate number				

INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- 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).
- Answer **all** the questions.
- Do **not** write in the bar codes.

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 **12** pages. Any blank pages are indicated.

A calculator may be used for this paper

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easyJet

easyJet is one of the largest low-fare airlines in Europe, operating flights on nearly 400 routes, mainly across Europe.

The air travel market is competitive and technological change can be rapid. Effective leadership, attention to customer needs, and clear business objectives are just a few of the factors determining whether a business can succeed in such an environment.

Following its establishment in 1995, easyJet expanded rapidly, as a result of rising consumer demand for low-fare air travel. Its founder, Stelios Haji-Ioannou, was widely regarded as a true entrepreneur. Stelios still personally owns nearly 40% of easyJet shares.

However, in recent times the mood in the easyJet boardroom must have been anything but relaxed. In late 2008, easyJet announced a steep drop in profit. Some journalists suggested that easyJet had grown too large, too fast and was suffering from diseconomies of scale.

There were also rumours of disagreement among the board of directors about the future direction of the business. One area of disagreement seems to be a difference of opinion about whether to close some existing routes to reduce costs, or whether to open new routes to gain more revenue. In this industry, in the short term, it can be difficult to change the firm's business plan. Airport take-off and landing slots must be booked well in advance and may be hard to cancel without breaking contracts. New routes, however, take time to open as they require careful negotiation with the airports.

It has been suggested that easyJet will need to undertake considerable market research if it is to return to its previous success.

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Answer **all** questions.

1 **(a)** easyJet is a public limited company. State **two** characteristics of a public limited company.

Characteristic 1 .....

Characteristic 2 ..... **[2]**

(b) 'The air travel market is competitive' (line 3). State **two** characteristics of a competitive market.

Characteristic 1 .....

Characteristic 2 ..... **[2]**

(c) easyJet operates in the tertiary sector of the economy. Giving an example of each, identify the other **two** sectors of economic activity.

Sector 1: .....

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Example: .....

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Sector 2: .....

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Example: .....

..... **[4]**

(d) Outline **two** reasons why easyJet's objectives may change over time.

Reason 1 .....

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Reason 2 .....

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..... **[4]**

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2 Analyse **one** reason why easyJet carries out market research.

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..... **[6]**

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3 Analyse **two** factors which influence the demand for easyJet flights.

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..... **[10]**

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4 Discuss how easyJet might be affected by technological change.

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..... [14]

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5* 'easyJet announced a steep drop in profit' (line 10).

Evaluate how easyJet's stakeholders might be affected by a steep drop in profit.

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