

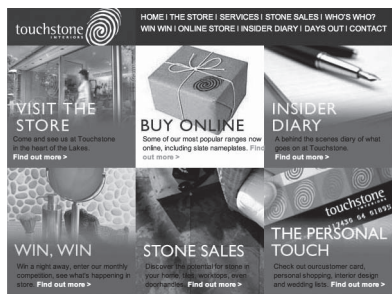
**Answer EITHER Question 1 OR Question 2.
Write your answers in the spaces provided.**

If you answer Question 1 put a cross in this box .

Evidence for use in answering Question 1.

Evidence A

The Web is the best shop window you've got



Internet business is certain to become a bigger part of everyone's lives during the coming year. The busiest day before the Christmas holiday saw a 40% increase in spending over the previous year. Shoppers spent more than £180m online in one day. One of the driving forces behind the surge in this computer-based shopping is the growth of broadband in the home. Nearly 45% of homes now have a high-speed connection.

5

Touchstone Interiors near Ambleside in the Lake District, has showrooms packed with furniture, tableware, and cookware: goods that appeal to an affluent market segment – in fact everything you would expect to find in a city centre store. The difference, owner Liz Taylor points out, is that this store is far from the high street and is surrounded by woodland and fells.

10

She knows that it is the internet which has increased mail order sales and attracted customers to the store despite its rural location. "We have customers from John O'Groats to London and the South East. It is the internet and Touchstone's brand new online shop, however, which will hopefully boost a current turnover of just under £1m a year into a much bigger figure".

15

(Source: adapted from an article by Terry Kirton, *Business Gazette*, January 2007)

Evidence B

Clean Slate

Clean Slate has produced the UK's first ever range of fairly traded and organic cotton school uniforms, a growing niche market. The company was founded in March 2006 by two entrepreneurs, Mark Rogers and Carry Somers. They aim to be an exemplary fair trade company and wherever possible promote ethical and environmentally sustainable products.

5

Carry wanted a school uniform for her daughter which was not treated with chemicals. She was concerned that chemicals used to create "Easy-Care" clothing had potentially harmful environmental and health effects.

(Source: adapted from <http://www.cleanslateclothing.co.uk/about/>)



1. (a) What is meant by:

(i) 'market segment' (Evidence A, line 10).

.....
.....
.....
.....
.....
.....

(2)

(ii) 'turnover' (Evidence A, line 17).

.....
.....
.....
.....
.....
.....

(2)

(iii) 'niche market' (Evidence B, line 2).

.....
.....
.....
.....
.....
.....

(2)



(b) Explain **two** ways in which a market can be segmented.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(4)

(c) Examine **two** ways in which an online shop can add value.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)



Leave blank

(d) Examine the importance of online shopping for a firm such as Touchstone.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)



BLANK PAGE



M 2 9 2 7 4 A 0 7 2 4

**Answer EITHER Question 1 OR Question 2.
Write your answers in the spaces provided.**

If you answer Question 2 put a cross in this box .

Evidence for use in answering Question 2.

Evidence A

Mothercare pushes east as UK sales crawl

Baby goods retailer Mothercare, which has 231 UK stores, posted an £11.2m profit on group turnover of £264.3m. In its first half of the year, Mothercare's sales from its international operations jumped 28%. Due to competition from supermarkets selling children's clothes, underlying sales in the UK were only up by 1.9%.

A baby boom abroad has helped international sales outperform domestic sales. Mothercare plans to expand into Kazakhstan, Egypt and Belarus. 5

Mothercare has accelerated its expansion in India and has plans to open up to 100 stores there in the next five years. A growing middle class with rising disposable income is driving demand for consumer goods. The market for babywear in India is dominated by small independent retailers. It is estimated to be worth 15 billion rupees (£175 million) and is tipped to grow at a rate of 13% a year. 10

(Source: adapted from articles "Mothercare pushes east as UK sales crawl", Reuters November 2006 by Sylvia Westall, and "Babywear retailer aims for global growth" by Neelam Verjee, *The Times*, November 2006, www.business.timesonline.co.uk)

Evidence B

Assistant Manager – Brighton

Job ref: 179714 Job description:

Behind every great business is a great team. That's why, here at Mothercare, we're after a special kind of person to work with someone equally special – our customer. Working with the Store Manager – deputising whenever you need to – you'll be the perfect role model, developing new talent and putting everything in place to help deliver the very best service around. 5

We'll really look after you too, from training and development opportunities to generous discounts and benefits. No wonder we've been voted one of the Sunday Times 20 best big companies to work for in 2006. Why? Join Team Mothercare and find out for yourself.

(Source: adapted from Mothercare website www.mothercarejobs.com)



2. (a) What is meant by:

(i) 'profit' (Evidence A, line 1).

.....
.....
.....
.....
.....
.....

(2)

(ii) 'demand' (Evidence A, line 9).

.....
.....
.....
.....
.....
.....

(2)

(iii) 'independent retailers' (Evidence A, line 10).

.....
.....
.....
.....
.....
.....

(2)



(b) Explain **two** possible reasons why Mothercare's UK sales were only up by 1.9%.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(4)

(c) Examine **two** strategies small independent retailers could adopt in the face of competition from Mothercare.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)



Leave
blank

(d) Examine **two** possible options for Mothercare to regain competitive advantage in the UK.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(6)



Leave blank

Answer EITHER Question 3 OR Question 4.

EITHER

- 3. (a) Explain the importance of market research for a firm entering a new market. (8)
- (b) Evaluate the effects of the continuing expansion of internet business on consumers and retailers. (12)

(Total 20 marks)

Q3

--	--

OR

- 4. (a) Explain the benefits for a firm such as Mothercare of focusing on the needs of the customer. (8)
- (b) Evaluate the likely effects for businesses such as Mothercare of 'generous' staff care programmes. (12)

(Total 20 marks)

Q4

--	--

**Indicate which question you are answering by marking the box (☒).
If you change your mind, put a line through the box (☒) and then indicate your new question with a cross (☒).**

Chosen question number: **Question 3** **Question 4**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



Leave blank

Area with horizontal dotted lines for writing.



Leave blank

Area with horizontal dotted lines for writing.



Leave
blank

Area with horizontal dotted lines for writing.



Leave
blank

Handwriting practice area consisting of 25 rows of horizontal dotted lines.



M 2 9 2 7 4 A 0 1 7 2 4

Leave
blank

A large rectangular area containing horizontal dotted lines for writing.



Leave
blank

Ruled area for writing with horizontal dotted lines.





Leave
blank

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



Leave blank

Area with horizontal dotted lines for writing.



Leave
blank



Leave
blank

TOTAL FOR PAPER: 50 MARKS

END



BLANK PAGE

