

Candidate Name	Centre Number	Candidate Number



OXFORD CAMBRIDGE AND RSA EXAMINATIONS
General Certificate of Secondary Education

BUSINESS STUDIES A
OPTION: BUSINESS COMMUNICATION
AND MARKETING
PAPER 5 FOUNDATION TIER

1951/5

Tuesday **21 JUNE 2005** Afternoon 1 hour

Candidates answer on the question paper.
 No additional materials are required.

TIME 1 hour

INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and candidate number in the spaces at the top of this page.
- Answer **all** questions.
- Write your answers in the spaces on the question paper.
- The spaces should be sufficient for your answers but if you require more space use the lined pages at the end of the booklet and number your answers carefully.

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 when marking your answer to the question labelled with an asterisk (*).

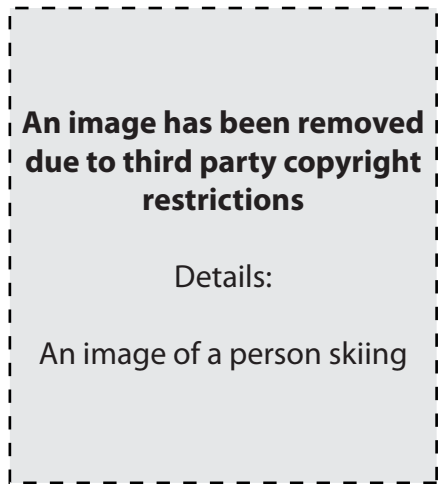
FOR EXAMINER'S USE	
Question 1	
Question 2	
TOTAL	

This question paper consists of 10 printed pages and 2 lined pages.

1 Prazers Ltd sells a range of skis and ski boots from three shops around the UK.

(a) When the business first started, Prazers Ltd realised the marketing of its skis was very important.

(i) Choosing from the list below, tick one box, a, b, or c to correctly match the term marketing with its explanation.



	Tick one box	
a	<input type="checkbox"/>	Marketing is identifying and satisfying consumer wants at a profit.
b	<input type="checkbox"/>	Marketing is only about advertising on television.
c	<input type="checkbox"/>	Marketing is making sure businesses follow correct legal procedures.

[1]

(ii) Explain how marketing may help Prazers Ltd to sell its skis.

[3]

- (b) Prazers Ltd's main competitor is Snow Valley Ltd. Table 1 compares the products which each company sells.

Prazers Ltd	Snow Valley Ltd
Range of skis	Range of skis
Range of ski boots	Range of ski boots
	Ski clothing
	Ski sunglasses

Table 1

Use Table 1 to advise Prazers Ltd whether it should continue to sell only skis and ski boots. Give reasons for your answer.

Decision _____

Reasons _____

[4]

- (c) Prazers Ltd uses a loyalty card in its business and accepts credit cards for payment by customers.

- (i) From the list below, draw **two** lines which correctly match the terms loyalty card and credit card with their explanation.

Customer purchases goods now, pays the bill in full or in installments over a number of months.

**Loyalty
card**

Customer pays for goods immediately.

Customer receives a reward when goods are purchased.

Credit card

[2]

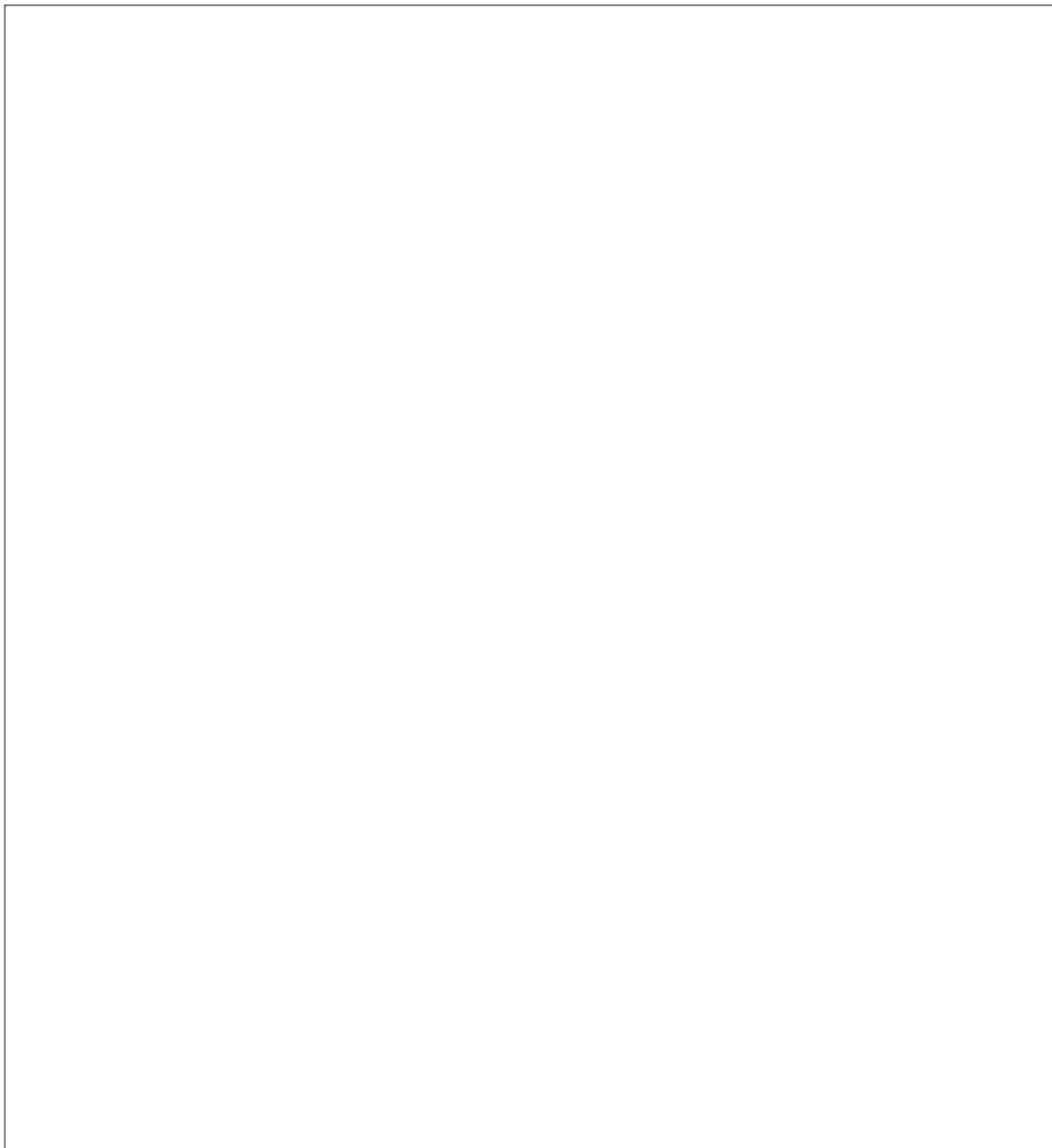
- (ii) State and explain **one** advantage to **Prazers Ltd** of having a loyalty card scheme for its customers.

Advantage _____

Explanation _____

_____ [2]

- (d) The Marketing Director at Prazers Ltd has to manage a poster campaign to inform customers about a new range of skis. The cost of a pair of these skis is £800. Using the space provided below, design a suitable poster which Prazers Ltd may use. You should use each part of the marketing mix – product, price, promotion, place.



[4]

(e) The Managing Director of Prazers Ltd is thinking about closing its shops in the UK and selling its skis over the Internet.

(i) From the list below, identify and explain **one** advantage and **one** disadvantage to Prazers Ltd of selling its products over the Internet rather than through shops in the UK.

- Personal contact
- Low promotion costs
- Security
- Seven day opening

Advantage _____

Explanation _____

Disadvantage _____

Explanation _____

_____ [4]

(ii) Selling over the Internet gives Prazers Ltd access to a global market. Selling through shops in the UK gives access to a national market. The Managing Director has to decide whether to sell skis and ski boots in the UK only or to a global market. He drew up a list of factors that the company must consider.

- Size of market
- Different currencies
- Level of profit
- Language

Using each of the above factors in your answer, recommend whether Prazers Ltd should sell skis and ski boots only in the UK or to a global market. Give reasons for your answer.

Recommendation _____

Reasons _____

_____ [6]

(f) Fig. 1 shows supply curves for skis sold by Prazers Ltd.

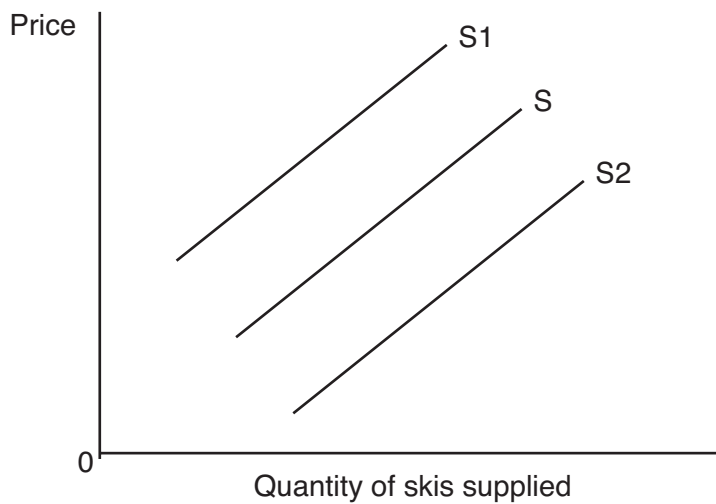


Fig. 1

- The amount consumers are prepared to buy at any given price
- The amount of a product a business is prepared to sell at any given price
- S1
- S2

Fig. 2

(i) Using Fig. 1 and the information in Fig. 2, complete the following sentences in the spaces below.

The supply curve for skis sold by Prazers Ltd shows _____
_____.

Prazers Ltd is unable to find enough skis to sell in its shops.

In Fig. 1, this will shift the supply curve from S to _____. [2]

(ii) Explain **one** problem for Prazers Ltd of not having enough skis to sell in its shops.

_____ [2]

[Total : 30 Marks]

2 Finance Bank plc is a high street bank which operates throughout the UK.

- (a) Over the last 20 years, Finance Bank plc has invested large amounts of money introducing Information Communication Technology (ICT), such as computers, in its branches.

Explain one advantage and one disadvantage to Finance Bank plc of investing money in ICT.



Advantage _____

Disadvantage _____

_____ [4]

- (b) Finance Bank plc is deciding whether to open an on-line banking service. It decided to carry out market research.

Explain why Finance Bank plc might wish to use primary research rather than secondary research to investigate the needs of its customers.

_____ [4]

(c) From its market research, Finance Bank plc found the following information.

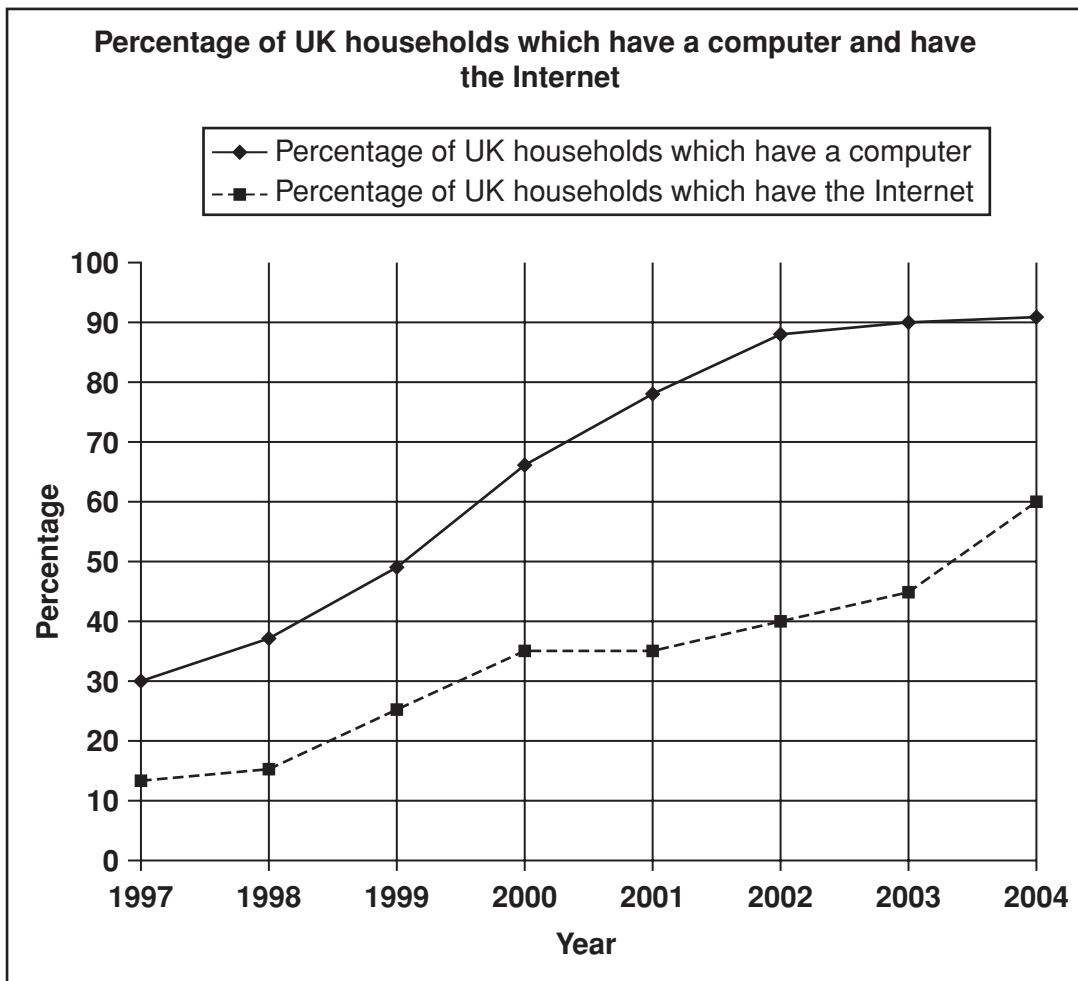


Fig. 3

(i) Using Fig. 3, state the percentage of households which had the Internet by the end of 2004.

[1]

(ii) Analyse the data shown in Fig. 3, and advise Finance Bank plc as to whether it should introduce an on-line banking service.

[5]

(d) Finance Bank plc has decided to introduce an on-line banking service. It will be called **e-bank**.

(i) The Marketing Director needs to inform new and existing customers about the services which e-bank will provide. She is thinking about using one of the following methods of communication to inform present and new customers about e-bank.

- e-mail
- Leaflets
- Television advertisements

Explain which of the above methods of communication e-bank should use. You should make reference to **each** method of communication in your answer.

[5]

(ii) Finance Bank plc will emphasise in all of its marketing information that e-bank will have encryption and security identification. Explain why Finance Bank plc will want to emphasise these factors.

[3]

***(e)** The Managing Director of e-bank is deciding whether to allow its employees to work from home instead of from the office.

Figs 4 and 5 show the number of people working from home in the UK and some of the factors e-bank needs to consider before making a decision.

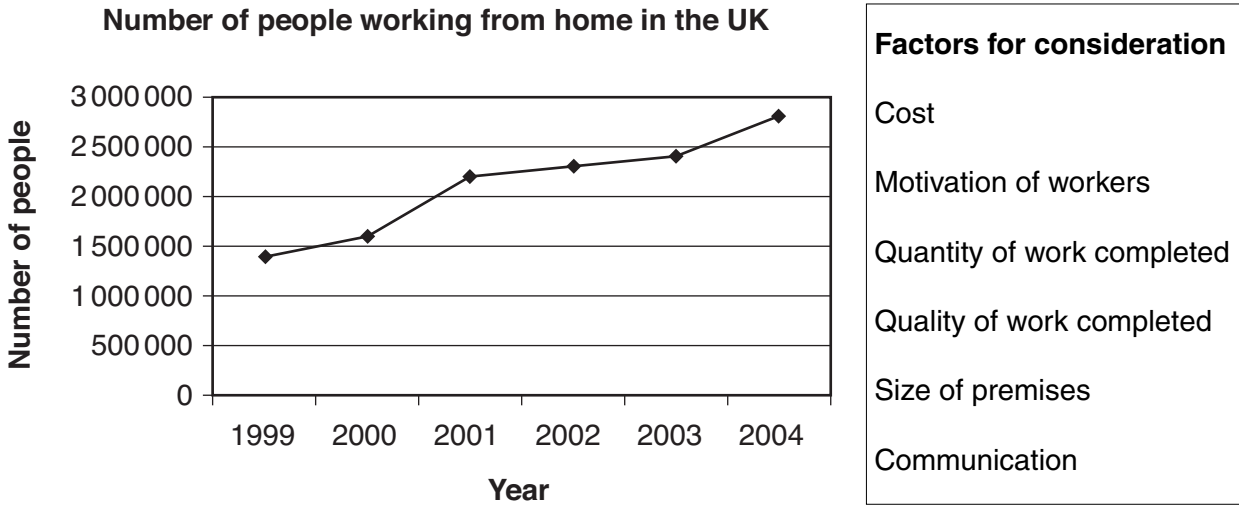


Fig. 4

Fig. 5

Using Figs 4 and 5, and any other information, advise the Managing Director whether she should allow e-bank employees to work from home instead of from the office.

[6+2]

[Total : 30 Marks]

QWC

