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# GENERAL CERTIFICATE OF SECONDARY EDUCATION BUSINESS STUDIES A

Paper 5 Option: Business Communication and Marketing

**MONDAY 16 JUNE 2008** 

Afternoon Time: 1 hour

Candidates answer on the question paper Additional materials (enclosed): None

Additional materials (required):

Calculators may be used



Candidate Forename				Candidate Surname				
Centre Number				Candidate Number				

#### **INSTRUCTIONS TO CANDIDATES**

- Write your name in capital letters, your Centre Number and Candidate Number in the boxes above.
- Use blue or 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.
- The spaces should be sufficient but if you require more space use the lined page at the end of the booklet and number your answers carefully.

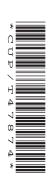
#### INFORMATION FOR CANDIDATES

- The number of marks for each question 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						
1						
2						
TOTAL						

	This document	consists	of 1	1	printed	page	s and	1	lined	page
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UK.	anicas Ltd owns 10 large supermarkets selling organic lood and drink to customers around the
(a)	Organicas Ltd uses e-commerce in its business. Explain <b>one</b> advantage and <b>one</b> disadvantage to Organicas Ltd of using e-commerce.
	Advantage
	Disadvantage
	[4]
(b)	Read the following headline from a national newspaper and answer the question that follows
	ORGANIC FOOD AND DRINK  Demand in UK is greater than supply
	Explain how Organicas Ltd might react to the information in the newspaper headline above.
	[3]

(c) In early 2006 the Marketing Director of Organicas Ltd saw the following newspaper headline.

#### HALF OF ALL PARENTS BUY ORGANIC FOOD AND DRINK FOR THEIR BABIES

In response, Organicas Ltd increased the price of a jar of its baby food from 70 pence to 80 pence. As a result, sales of baby food decreased from 105,000 jars in 2006 to 100,000 jars in 2007.

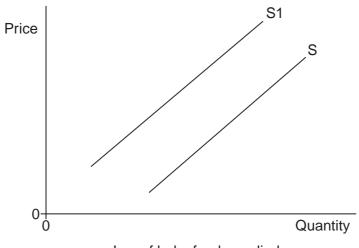
(i) Complete Fig. 1 by calculating how much revenue Organicas Ltd received after increasing the price of a jar of baby food from 70 pence to 80 pence. Show your workings.

	Price	Quantity sold	Revenue received by Organicas Ltd Price x quantity sold
2006	70 pence	105,000	£73500
2007	80 pence	100,000	

Fig. 1

Explain whether or not Organicas Ltd made the correct decision by increasing the price of a jar of baby food. Give reasons for your answer.

(d) Fig. 2 shows the shift in the supply curve during 2007 for jars of organic baby food sold by Organicas Ltd.



Jars of baby food supplied

Fig. 2

(i) The information below shows three events that may have caused the supply curve to shift from S to S1 as shown in Fig. 2. Indicate, with a tick, if each event was likely or unlikely to have caused the shift in the supply curve.

Event	Likely to cause a shift in the supply curve from S to S1	Unlikely to cause a shift in the supply curve from S to S1
An improvement in production methods at Organicas Ltd.		
A successful advertising campaign by Organicas Ltd.		
A poor harvest causing a shortage in baby food ingredients.		

[3]

(ii) Choosing from the list below, tick **one** box which shows the most likely effect of the shift in the supply curve from S to S1 as shown in Fig. 2.

	Tick <b>one</b> box
Prices will rise	
Prices will fall	
Supply will increase	

**(e)** Fig. 3 provides some financial information on Organicas Ltd and the number of health food shops in the UK.

	2003	2006	Forecast 2009
Number of health food shops in the UK	4000	4200	5000
Organicas Ltd sales	£8 million	£8.2 million	£7 million

Fig. 3

Recommend <b>one</b> action Organicas Ltd may take in response to data shown in Fig. 3. Give reasons for your recommendation.
[4]

- (f) Organicas Ltd is thinking about introducing a new range of organic food which includes organic yoghurt. Organicas Ltd wishes to research the market for organic yoghurt. It could use both primary and secondary sources of data.
  - (i) From the list below, draw **two** lines to match **primary research** and **secondary research** with its definitions.

PRIMARY RESEARCH Gathering second hand data such as government statistics. The research is not tailor-made to a firm's own products, customers or markets. This is carried out by desk research.

SECONDARY RESEARCH Gathering of first hand data that is tailor-made to a firm's own products, customers or markets. This is carried out by field work.

Gathering data and organising it into alphabetical order. This will be carried out by staff at Organicas Ltd.

[2]

(ii)	Explain whether Organicas Ltd is likely to find primary sources <b>or</b> secondary sources o data more useful.
	[3

- (iii) If Organicas Ltd decided to extend its range of organic food it would need to advertise nationally to attract customers. It could advertise in the following places:
  - Two local newspapers
  - Internet website
  - Local area by handing out leaflets
  - National television

Recommend which **two** places Organicas Ltd should use. Explain the reasons for your recommendations. Your explanation should also include why you did not choose the other places.

Recommendation 1
Recommendation 2
Explanation for Recommendation 1
Explanation for Recommendation 2
[6]

[Total mark: 31]

_	•	td owns six travel agent shops. It specialises in selling holidaysers in the UK.	to the USA and	Canada to			
(a)	(i)	The Managing Director of Flighty Ltd communicates with eavariety of methods. State the meaning of each communication		•			
		Video-conferencing					
				[1]			
		e-mail					
				[1]			
	(ii) Explain one other way in which the Managing Director of Flighty Ltd mig information technology in their office.						
				[2]			
(b)	Flig	hty Ltd spends a significant amount of money on marketing ea	ch year.				
	(i)	Choosing from the list below, tick <b>one</b> box to correctly match texplanation.	the term <b>market</b> i	ng with its			
			Tick <b>one</b> box				
		Marketing is identifying and satisfying consumer wants at a profit.					
	ľ	Marketing is only about advertising on television.					
		Marketing is making sure businesses follow correct legal procedures.					
				[1]			

(ii) Study the following information.

	Number of holidays purchased over the Internet as a percentage of total holidays purchased.	Percentage of UK businesses using Internet marketing.
2005	26%	9%
2006	30%	13%
2007	32%	20%

Fig. 4

	Analyse Fig. 4. How should Flighty Ltd react to this information? Give reasons for yo answer.	ur
		51
		<u>ار</u>
(c)	When Flighty Ltd sells its holidays over the Internet, customers provide the business wi personal electronic information about themselves. Explain how this information might be use by Flighty Ltd when targeting customers with future offers.	ith
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\*(d) Flighty Ltd sells holidays in the USA and Canada to customers in the UK. The Managing Director of Flighty Ltd has decided to review the holidays it sells and asks the Marketing Director to write a report. The information below has been provided to help with the report.

## Top four destinations for British tourists in 2002 and forecasted 2008

#### Popular holiday trends in 2002

Destination	Number of visitors 2002	Forecasted Number of visitors 2008
Spain	13 million	10 million
Ireland	4 million	4. 5 million
USA and Canada	3 million	5 million

Statements
Nine out of ten most popular countries UK residents visited in 2002 were in the European Union.
Most holidays are taken in July and August.
Beach holidays are the most popular type of holiday.

QWC

Fig. 5

Using all the information in Fig. 5, discuss what the Marketing Director should include in the report to the Managing Director on the types of holiday Flighty Ltd should sell in the future. Give reasons for your answer.
[6+2]

(e)	The Managing Director of Flighty Ltd is thinking about trying to increase sales by selling cheap
	holidays at a little known ski resort. Cheap prices will be set because the ski resort has a poor
	safety record. The Marketing Director thinks Flighty Ltd will not be behaving ethically.

	Tick <b>one</b> box
Increasing prices to make more profit.	
Making sure customers are safe.	
Paying workers the lowest wage possible.	

[1]

(ii) Before making a decision on whether to sell these cheap skiing holidays, Flighty Ltd must consider the following factors.

Sales of holidays
Reputation of Flighty Ltd
Quality of holidays provided

Advise Flighty Ltd whether or not it should go ahead selling cheap skiing holidays to a resort which has a poor safety record. You should use each of the factors above in your answer.
[6]

[Total marks: 29]

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