

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 6 HIGHER TIER

1951/6

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 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.

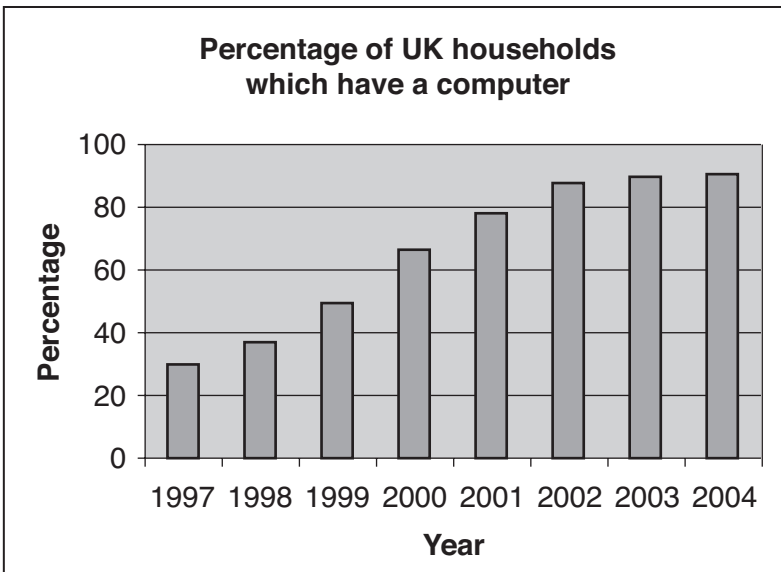


Fig. 1

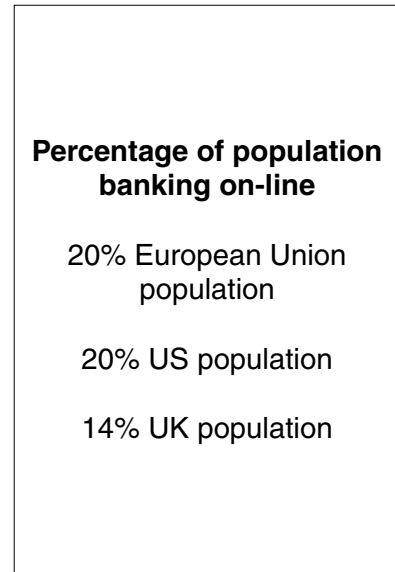


Fig. 2

Analyse the data shown in Figs 1 and 2, and advise Finance Bank plc whether it should introduce an on-line banking service.

[6]

(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 3 and 4 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.

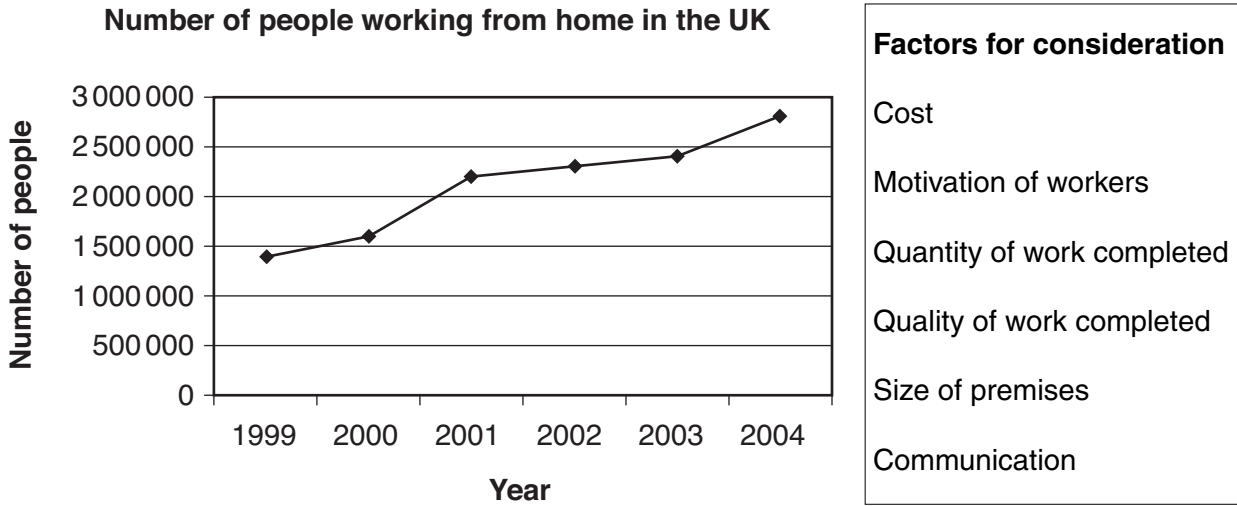


Fig. 3

Fig. 4

Using Figs 3 and 4, 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

2 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 why marketing is important to the survival and growth of Prazers Ltd.

[3]

(b) The products which Prazers Ltd sells are targeted at high income earners. Explain whether or not this is a good policy.

[4]

- (c) Prazers Ltd sells skis from three shops in the UK. It also sells to European customers over the Internet.

Explain **two** advantages to Prazers Ltd of selling skis to European customers over the Internet rather than through shops, as in the UK.

Advantage 1 _____

Advantage 2 _____

_____ [4]

- (d) Prazers Ltd is thinking about increasing the price of its top of the range skis from £800 to £1000.

The Managing Director, Mario, is unsure about the effects on revenue of this price change because of the information contained in Fig. 5.

	2000	2003	Forecasted 2006
Price elasticity of demand for skis sold by Prazers Ltd	0.4	1.5	3.0
	INELASTIC	ELASTIC	ELASTIC

Fig. 5

Discuss whether or not Mario should increase the price of the skis from £800 to £1000. Give reasons for your answer.

_____ [5]

(e) Prazers Ltd has always behaved ethically when marketing its skis.

(i) Choosing from the list below, tick **one** box, a, b or c to correctly match the phrase **ethical behaviour** with its explanation.

	Tick one box	
a		The changes to an old industrial area to attract new business.
b		The benefits that business behaviour brings to a local community and the environment.
c		Business behaviour which places moral value above other business objectives.

[1]

(ii) State **one** example of how Prazers Ltd may behave ethically when marketing its skis.

[1]

(iii) Explain how Prazers Ltd behaving ethically in its marketing may conflict with the aim of maximising profit.

[4]

- (f) Fig. 6 shows the supply curves and demand curve for skis sold by Prazers Ltd during 2004.

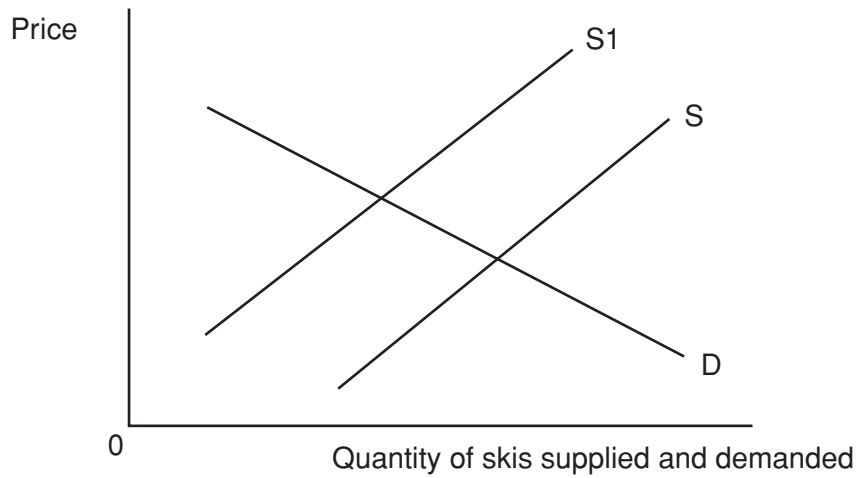
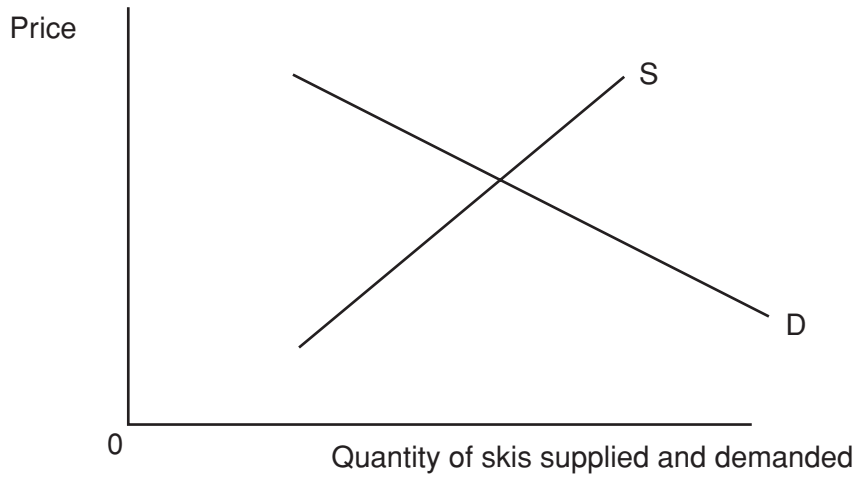


Fig. 6

- (i) Explain **one** possible effect of the shift in the supply curve, from S to S1, on Prazers Ltd.

[3]

- (ii) A competitor has lowered the price of its skis as compared to those sold by Prazers Ltd. Use the supply and demand diagram to show the possible effect of lower competitor prices on Prazers Ltd. Give reasons for your answer.



Reasons _____

_____ [4]

[Total : 30 Marks]

