

GCSE (HIGHER TIER)
BUSINESS STUDIES A

Paper 6
Option: Business Communication and Marketing

TUESDAY 19 JUNE 2007

H **1951/6**

Afternoon

Time: 1 hour

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



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Candidate
Name

Centre
Number

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Candidate
Number

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INSTRUCTIONS TO CANDIDATES

- Write your name, Centre number and Candidate number in the boxes above.
- Answer **all** the questions.
- Use blue or black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully and make sure you know what you have to do before starting your answer.
- Write your answers in the spaces provided on the question paper.
- The spaces should be sufficient but if you require more space use the lined pages at the end of the booklet and number your answers carefully.
- Do **not** write in the bar code.
- Do **not** write outside the box bordering each page.

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 (*).
- You may use an approved calculator.

FOR EXAMINER'S USE	
Question 1	
Question 2	
TOTAL	

This document consists of **10** printed pages and **2** lined pages.



1 Cutie plc makes and sells a range of prams and car seats for babies. It sells directly to customers over the Internet and to stores in the UK and the rest of the European Union.

(a) State and explain two difficulties Cutie plc may have had in developing e-commerce.

Difficulty one _____

Difficulty two _____

 _____ [4]

(b) Fig.1 shows some examples of communication. Tick one box next to each example of communication to show whether it is an example of internal communication or external communication.

Examples of Communication	Internal Communication	External Communication
The Finance Director discussing a financial matter with the Managing Director.		
The Marketing Director telling customers about special offers on prams.		
The employees discussing ideas with the Production Director.		

Fig. 1

[3]

* (c) At the end of 2006, the Finance Director provided the following financial information to show a comparison of Cutie plc with its biggest rival, Littlebaby plc.

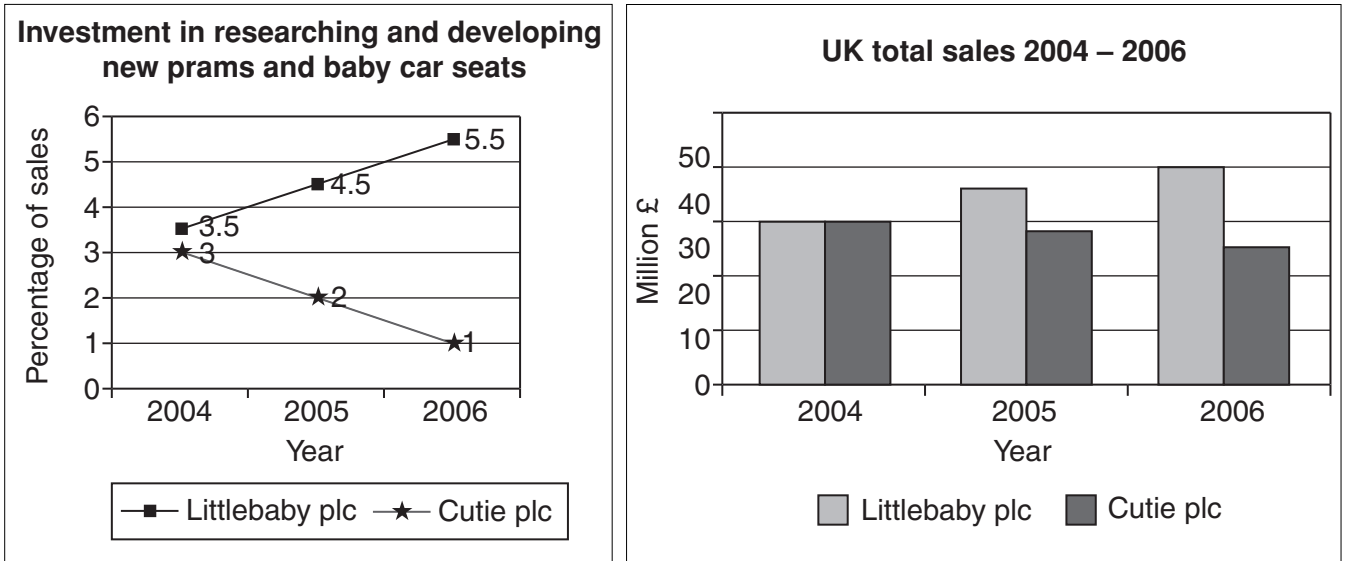


Fig. 2

Using Fig. 2, explain whether Cutie plc was right to reduce the amount it spent on research and development. Give reasons for your answer.

[6+2]

(e) Fig. 4 shows the supply and demand curves for prams sold by Cutie plc.

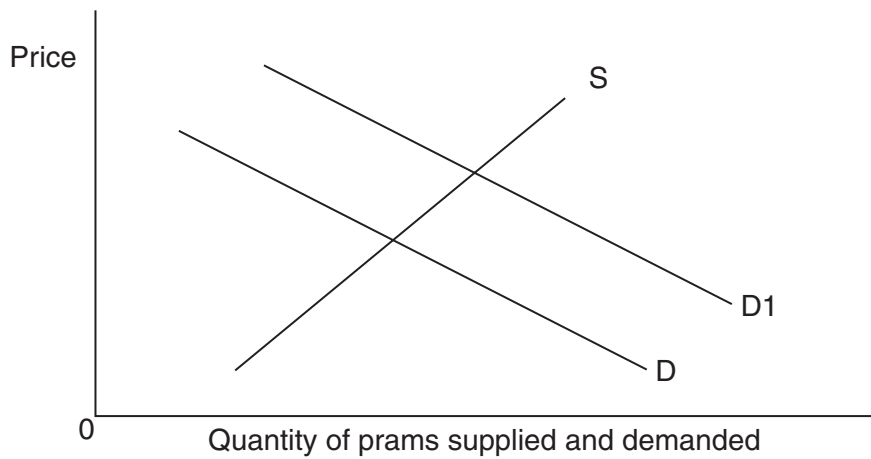


Fig. 4

The information below shows three events that may have caused the demand curve to shift from D to D1 as shown in Fig. 4. Indicate, with a tick, if each event was **likely** or **unlikely** to have caused the shift in the demand curve.

Event	<u>Likely</u> to cause a shift in the demand curve from D to D1	<u>Unlikely</u> to cause a shift in the demand curve from D to D1
A decrease in consumer income.		
An increase in competitors' prices.		
An increase in competitors' advertising.		

[3]

(f) Cutie plc advertises its prams in women's magazines. The Advertising Standards Authority code states that advertisements must be legal, decent, honest and truthful.

Explain **one** way in which Cutie plc might be affected if it did **not** follow the Advertising Standards Authority code.

[2]

(g) Read the headline below from a national newspaper and answer the question that follows.

Internet identity theft forecast to increase from £1 billion in 2004 to £3.5 billion in 2008!

Fig. 5

(i) Explain **one** possible effect on Cutie plc of the headline shown in Fig. 5.

[3]

(ii) Suggest **one** possible action which Cutie plc could take in response to the increase in Internet identity theft.

[1]

[Total mark: 32]

An image has been removed due to third party copyright restrictions
Details: An image of a woman wearing a wedding dress

2 Ryan and White is a medium sized business which makes and sells expensive wedding dresses.

(a) (i) State two methods Ryan and White might use to communicate with its customers. Explain why the methods you have chosen are appropriate for this business.

Method 1 _____

Reason _____

Method 2 _____

Reason _____

_____ [4]

(ii) The list below shows three potential barriers to communication. State why each factor may be a barrier to communication.

Attitude of sender

Language used

Method used

_____ [3]

(b) Ryan and White operates in a niche market.

(i) What is a **niche market**?

[1]

(ii) Using elasticity theory in your answer, explain why Ryan and White can sell its wedding dresses at high prices.

[3]

(c) At the moment, Ryan and White buys the material to make its wedding dresses from suppliers in the UK. It is thinking about buying the material from India due to cost considerations.

Recommend to the management whether buying materials from India is a good idea. Your answer should refer to **both** factors shown below and any other information you think is relevant.

- **Profitability**
- **Possible ethical considerations**

[5]

