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GENERAL CERTIFICATE OF SECONDARY EDUCATION BUSINESS STUDIES A

Paper 6 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 pages at the end of the booklet and number your answers carefully.

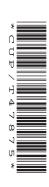
INFORMATION FOR CANDIDATES

- 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 12 printed pages, 3 lined pages and 1 blank 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 one advantage and one 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) To save on costs Organicas Ltd is thinking about using farms outside the European Union for its supplies of organic vegetables. Fig. 1 below shows four factors which Organicas Ltd needs to take into account before it makes any decision.

FACTOR
Non-EU farms may use child labour
Easier to obtain certification for organic vegetables in non-EU countries
Company image of Organic Ltd
Ethics

Fig. 1

Recommend to the management of Organicas Ltd whether buying organic vegetables from

farms outside the European Union is a good idea. Your answer should refer to the factor Fig. 1 , and any other information you think is relevant.	rs ir
	[6]

(d) 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 77 pence. As a result, sales of baby food decreased from 100,000 jars in 2006 to 95,000 jars in 2007.

Using the formula below, calculate the price elasticity of demand for the baby food. Show

	your working.
	Price elasticity of demand = \frac{\% \text{change in quantity demanded}}{\% \text{change in price}}
	[3]
(ii)	Explain whether or not the Marketing Director of Organicas Ltd was right to increase the price of a jar of its baby food from 70 pence to 77 pence? Give one reason for your answer.
	[2

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

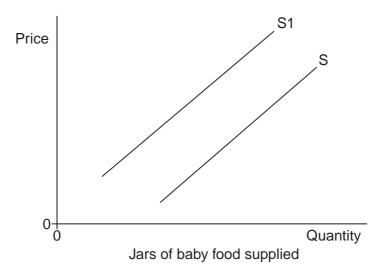


Fig. 2

(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)	Explain whether or not Organicas Ltd should be concerned about the shift in the supply curve from S to S1 as shown in Fig. 2.
	[2]

(f) Fig. 3 provides a summary of information which may affect Organicas Ltd.

	2003	2006	Forecast 2009
Number of health food shops in the UK	4000	4200	5000
Organicas Ltd net Profit	£8 million	£13 million	£13 million
Workers employed by the supermarkets owned by Organicas Ltd	300	400	500
Expenditure on organic food and drink by UK households	£1 billion	£1.25 billion	£2 billion

Fig. 3

Analyse the information in Fig. 3 and advise Organicas Ltd what action, if any, it should take in response to the information. Give reasons for your answer.
[8]

[Total mark: 31]

2

customers in the UK.

Flighty Ltd owns six travel agent shops. It specialises in selling holidays to the USA and Canada to

(a)	(i)	The Managing Director of Flighty Ltd communicates with each shop manager using a variety of methods. State the meaning of each communication method given below.
		Video-conferencing
		[1]
		e-mail
		[1]
	(ii)	Explain one other way in which the Managing Director of Flighty Ltd might use information technology in their office.
		[2]

(b) Flighty Ltd is thinking about advertising on the Internet. It has carried out research into the effect of advertising on the Internet. Its research findings are shown below.

RESEARCH FINDINGS

Percentage of UK businesses which are advertising on the Internet increased from 9% in 2005 to 20% by 2007.

60% of consumers believe the Internet has given them more power.

60% of consumers believe that companies have to be more open with the consumer as a result of the Internet.

Fig. 4

Explain the possible implications for Flighty Ltd of the information in Fig. 4.
a)

(c) Study the following information on travel agents in the UK.

	Number of travel agent shops	Number of people working for travel agent shops and call centres	Number of holidays purchased over the Internet as a percentage of total holidays purchased
2004	7200	131,000	23%
2005	7100	132,000	26%
2006	7000	133,000	30%
2007	6900	135,000	32%

Fig. 5

(i)	Analyse the information shown in Fig. 5 and advise Flighty Ltd on what action it should take in response to these trends. Give reasons for your answer.	
	[5]	
(ii)	When Flighty Ltd sells its holidays over the Internet, customers provide the business with personal electronic information about themselves. Explain how this information might be used by Flighty Ltd when targeting customers with future offers.	
	[4]	

*(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.	

Fig. 6

Using all the information in Fig. 6, 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]

When a customer buys a holiday from Flighty Ltd they are protected by legislation. State and explain one piece of legislation of which companies such as Flighty Ltd must be fully aware when selling holidays.	(e)
[2]	
[Total marks: 29]	

If you use the following lined pages to complete the answer to any question, the question number must be clearly shown.		

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