

**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

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Candidate  
 Number

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**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	
<b>TOTAL</b>	

This document consists of **12** printed pages, **3** lined pages and **1** blank page.

1 Organicas Ltd owns 10 large supermarkets selling organic food and drink to customers around the UK.

(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.

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.....[3]



(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.

(i) Using the formula below, calculate the price elasticity of demand for the baby food. Show your working.

$$\text{Price elasticity of demand} = \frac{\% \text{ change in quantity demanded}}{\% \text{ change in price}}$$

.....  
.....  
.....  
.....[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.

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.....  
.....[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.

<b>Event</b>	<b>Likely</b> to cause a shift in the supply curve from S to S1	<b>Unlikely</b> 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.

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.....[2]



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

(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]





(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
<b>2004</b>	7200	131,000	23%
<b>2005</b>	7100	132,000	26%
<b>2006</b>	7000	133,000	30%
<b>2007</b>	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.

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.....[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.

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.....[4]



(e) 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.

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.....[2]

**[Total marks: 29]**



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