

Surname	Centre Number	Candidate Number
Other Names		2



**GCE AS/A level**

1081/01 – **LEGACY**



**BUSINESS STUDIES – BS1**

P.M. THURSDAY, 19 May 2016

1 hour 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	4	
2.(a)	2	
2.(b)	6	
3.	4	
4.(a)	2	
4.(b)	4	
4.(c)	2	
4.(d)	6	
4.(e)	8	
5.(a)	2	
5.(b)	10	
<b>Total</b>	<b>50</b>	

**INSTRUCTIONS TO CANDIDATES**

Use black ink or black ball-point pen.

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 provided in this question-and-answer booklet.

If you run out of space, use the continuation pages at the back of the booklet, taking care to number the question(s) correctly.

**INFORMATION FOR CANDIDATES**

Mark allocations are shown in brackets.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (question **5.(b)**).

*Answer all the questions in the spaces provided.*

- 1. The most successful businesses are those that correctly identify their customers' *needs* and *wants*.

Explain, with the use of examples, what is meant by needs and wants. [4]

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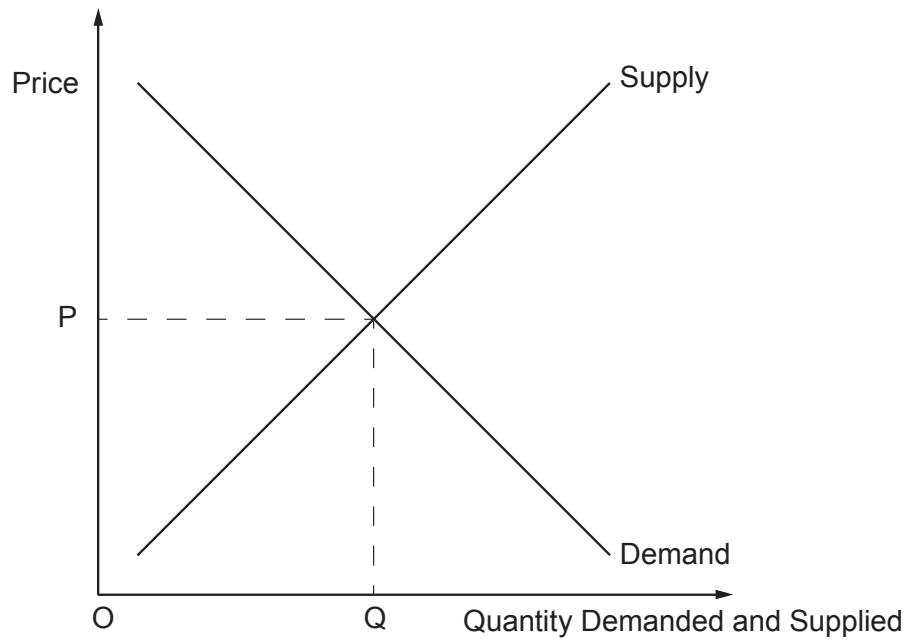
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- 2. **PRICES FOR SECOND-HAND FOUR WHEEL DRIVE VEHICLES (4X4S) RISE AS DRIVERS SEEK RUGGED VEHICLES TO COPE WITH STORMS AND FLOODING.**



According to auctioneers, the prices of second-hand 4x4 vehicles tend to rise as the temperature outside falls. They claim that customers who buy when the weather is bad will pay more for their second-hand 4x4 vehicles than those who buy them when the weather is fine.

- (a) Adapt the diagram below to show how bad weather affects the demand for and price of second-hand 4x4 vehicles. [2]



- (b) Other than price and weather, explain **three** factors that are likely to affect the demand for second-hand 4x4 vehicles in the UK. [6]

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**3. DIFFICULT CHOICE AT THE CHIPPY**

Competition has grown in the past twelve months for local chip shop owner Les Edwards since two of his main competitors have begun offering a home-delivery service.

Les has savings of £10 000 which he would like to use to extend the seating area attached to the shop.

His wife, Julia, however, thinks that he should spend the money on a delivery van to try and get a share of the increasingly popular home-delivery market.

Use the decision facing Les and Julia to explain the concept of opportunity cost. [4]

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4. Long Tall Sally is a business with 11 stores across the United Kingdom which aims to provide fashionable, flattering clothing for women 5'8" (173 cm) tall and above.

The company carries out a good deal of **qualitative market research** because understanding its customers' requirements is a key feature of its operations.

*'Shopping can be a frustrating business when you don't fit into the "standard" zones of height and size. That's why at Long Tall Sally we've made it our mission to be the first choice in shopping for tall women. We have 30 years of experience in making tall women look their very best.'*

*Extract from Long Tall Sally's website*

The business is highly **market orientated** and this goes a long way in helping to explain its success when operating in this **niche market**.

- (a) What is meant by the term *market orientated*? [2]

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- (b) Explain **two** methods of *qualitative market research* that may be used by Long Tall Sally. [4]

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(c) Why is Long Tall Sally’s market described as a *niche market*?

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(d) Consider the benefits and drawbacks to Long Tall Sally of operating in a niche market.

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**5. OGGY OGGY LOOKING TO FURTHER EXPAND ITS FRANCHISE ACROSS THE SOUTH WEST OF ENGLAND.**

The Oggy Oggy Pasty Company is a family-run business based in the Cornish town of Penzance. Rather than open any more of its own outlets, it decided to go down the franchise route. Established over twenty years ago, the franchise now stretches across the south west of England. The franchise is centred on the popular Cornish pasty, and there are currently more than twenty cafés and takeaways, offering a variety of traditional and speciality pasties, sausage rolls, pork pies, cakes, tea, coffee, and more under the Oggy Oggy brand name.



The one-off franchise fee, giving franchisees the right to trade under the Oggy Oggy brand, is £9950. They estimate that the start-up cost for a stand-alone takeaway unit is from £25 000, with a larger unit with a coffee shop starting from £45 000. This includes all Oggy Oggy Cornish Pasty company signage, price displays and menus. It also includes an initial supply of company uniforms and documentation, together with training and on-going support.

- (a) Alison Rees is considering becoming a franchisee with The Oggy Oggy Pasty Company. Suggest **two** appropriate sources of finance that she might use to start her business. [2]

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(b) To what extent do you agree with the view that franchising is the best method for The Oggy Oggy Pasty Company to expand rather than opening more of its own outlets? [10 QWC]

Examiner only

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**END OF PAPER**

**For continuation only.**

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