

1.2 Questions

Q1.

Look at Figures 1 and 2, read the extract carefully, then answer the question.

As a result of the queues in the shop, Neil and Sue have decided to implement a contactless payment system at *Meringue*.

Outline **one** impact on *Meringue* of lengthy queues as customers wait to pay.

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(Total for question = 2 marks)

Q2.

Read the following extract carefully and then answer the question.



Zoe Sugg, known to her fans as Zoella, is an entrepreneur and a star of YouTube. She has enjoyed success with her fashion and lifestyle vlog (video log) and has become a celebrity as well as an entrepreneur. After starting her lifestyle blog, 'Zoella', in 2009, she soon had thousands of followers. Zoe extended the blog to a YouTube channel and by 2015 had 7.5 million subscribers.



Figure 2

In September 2014 Zoe launched her own brand bath and beauty range, called *Zoella Beauty*. The brand logo is shown in Figure 2. *Zoella Beauty* products are stocked by major retailers, including Superdrug and Boots. The business also uses e-commerce to sell its product range.

In 2014 *Zoella Beauty* earned revenue of £400 000. However, the competitive environment for beauty products aimed at younger females is becoming more crowded. Rivals include retailers such as Lush.

(Source: adapted from <http://startups.co.uk/young-entrepreneurs-zoe-sugg-zoella/>)

Outline **one** way that *Zoella Beauty* meets customer needs.

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(Total for question = 2 marks)

Q3.

Answer the question with a cross in the boxes you think are correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Which **two** of the following are examples of primary market research?

Select **two** answers:

(2)

- A** Internet research
- B** Market reports
- C** Customer survey
- D** Government statistics
- E** Focus group

(Total for question = 2 marks)

Q4.

Explain **one** benefit to a small business of carrying out market research.

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(Total for question = 3 marks)

Q5.

Answer the question with a cross in the box you think is correct . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Which **one** of the following is an example of secondary market research?

Select **one** answer.

- A** Customer survey
- B** Focus group
- C** Market report
- D** Observation

(Total for question = 1 mark)

Q6.

Explain **one** way in which social media can be used to collect market research data.

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(Total for question = 3 marks)

Q7.

Explain **one** benefit to a business of using a market map.

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(Total for question = 3 marks)

Q8.

Read the following extract carefully and then answer the question.



In 2012 Jerry and Shelley Lawson started a new business – *Frog Bikes*. The aim was to produce lightweight and affordable children's bikes. The company's bikes were designed for children using the latest technology. The bikes are produced in a Chinese factory and sold in the UK and other countries.

The business quickly became successful. By 2016 its bikes were sold in over 700 shops in the UK. It faces competitors such as JE James which sell similar bikes in the UK.

Frog Bikes uses social media to promote its bikes. Figure 2 shows a competition run on the *Frog Bikes* Twitter account. To enter the competition people needed to follow the business on Twitter.

As a manufacturer and retailer, *Frog Bikes* has to comply with a large amount of legislation. All bikes meet ISO (International Standards Office) standards. This ensures they are safe for children. Rules include the need for all bikes to be fitted with a chain guard, and for handlebars to be safety checked.

In 2016 Jerry and Shelley decided to increase production to meet the growing demand. They considered expanding the company's Chinese factory, or building a new factory in the UK.



Figure 2

(Source: adapted from <http://startups.co.uk/startups-100/2016/8-frog-bikes/>)

Outline **one** market segment that *Frog Bikes* targets with its products.

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(Total for question = 2 marks)

Q9.

Explain **one** reason why a business could use a market map.

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(Total for question = 3 marks)

Q10.

Look at Figures 4, 5 and 6, read the extract carefully, then answer the question.

Identify which of Sally's competitors is the most expensive per hour.

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(Total for question = 1 mark)

Q11.

Look at Figures 4, 5 and 6, read the extract carefully, then answer the question.

Evaluate whether Sally's business idea is likely to be a success. You should use the information provided as well as your knowledge of business.

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Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining an impact of lengthy queues on <i>Meringue</i>. Award a maximum of 1 mark if points are not linked.</p> <p>Long queues may lead to customers not returning to <i>Meringue</i> (1), preferring to visit competing cafes where paying for food is more efficient (1).</p> <p>Long queues may deter customers who are passing and look into the cafe (1), which may mean that they go elsewhere and <i>Meringue</i> loses potential sales (1).</p> <p>Do not accept impacts that would not be appropriate for the context of a small town centre bakery and cafe such as <i>Meringue</i>, for example going to another branch.</p>	(2) AO2

Q2.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining how <i>Zoella Beauty</i> meets customer needs. Award a maximum of 1 mark if points are not linked.</p> <p>Acceptable prices (1) which means customers save more money than if they shopped at rivals such as Lush (1).</p> <p>Choice (1) so that customers can choose between different colours and fragrances of <i>Zoella Beauty's</i> products (1).</p> <p>Do not accept customer needs that would not be appropriate for <i>Zoella Beauty</i>. For example, by ensuring the product tastes nice.</p>	(2) AO2

Q3.

Question number	Answer	Mark
	C, E	(2) AO1a

Q4.

Question number	Answer	Mark
	<p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit up to a total of 3 marks.</p> <p>Market research can help a business to understand what types of product its customers want (1). It can then produce products that it knows will be demanded by customers (1) and as a result will increase sales and revenue (1).</p> <p>Market research enables a business to identify key features of competitors (1) which allows the business to spot a gap in the market (1) so they can produce goods and services that help the business to stand out (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Q5.

Question number	Answer	Mark
	C	(1) AO1a

Q6.

Question number	Answer	Mark
	<p>Award 1 mark for identification of a way, plus 2 further marks for explaining this way, up to a total of 3 marks.</p> <p>Surveys can be posted on social media (1) and can allow potential customers to express their preferences (1) which the business can process to identify trends (1).</p> <p>Types of followers of social media can be identified (1) which allow the business to identify the profile of customers (1) and can use this information to design products to meet customers' needs (1).</p> <p>Accept any other appropriate response. Answers that list more than one way with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Q7.

Question number	Answer	Mark
	<p>Award 1 mark for identification of a benefit, plus 2 further marks for explaining this benefit, up to a total of 3 marks.</p> <p>The market map will help to identify key features of competitors (1), which allows the business to spot a gap in the market (1) so they can focus on features to make themselves different (1).</p> <p>A market map can help a business make decisions about its products (1) so that the features of the products are different from their competitors (1), which makes it likely that they will get more customers (1).</p> <p>Accept any other appropriate response. Answers that list more than one benefit with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Q8.

Question number	Answer	Mark
	<p>Award up to 2 marks for linked points outlining a suitable market segment for <i>Frog Bikes</i>. Award a maximum of 1 mark if points are not linked.</p> <p>Parents of young children (1) are a market segment because the bikes produced by <i>Frog Bikes</i> are designed specifically for children (1).</p> <p>Children (1) are a market segment because the bikes produced by <i>Frog Bikes</i> are designed specifically for children (1).</p> <p>Do not accept market segments that would not be appropriate for <i>Frog Bikes</i>. For example, pensioners.</p>	<p>(2) AO2</p>

Q9.

Question number	Answer	Mark
	<p>Award 1 mark for identification of a reason why a business may use a market map, plus 2 further marks for explaining this reason up to a total of 3 marks.</p> <p>The business will be able to identify where there is a gap in the market (1). This can lead to the development of a new product that does not have any competition in the market (1). As a result, the number of sales may increase (1).</p> <p>To spot the main competition in the market (1). As a result, the business will be able to change its product range (1). This may lead to the business attracting new market segments (1).</p> <p>Accept any other appropriate response. Answers that list more than one reason with no explanation will be awarded a maximum of 1 mark.</p>	<p>(3) AO1a=1 AO1b=2</p>

Q10.

Question number	Answer	Mark
	Competitor 1: 'Vitality' personal instructor	<p>(1) A02</p>

Q11.

Question number	Indicative content	Mark
Evaluate	<ul style="list-style-type: none"> • Entrepreneurs use market research to identify gaps in the market (AO1b). • Some small businesses can suffer at times when consumer income is falling (AO1b). • Sally has conducted some primary research into competitors in her local area (as evidenced in Figure 6) and identified a gap in the market identified for personal trainers (AO2). • As unemployment is rising and consumer income is falling, Sally's potential customers are likely to spend less on fitness and other non-essential services (AO2). • Sally plans to differentiate her business through the use of social media and technology. This will help her to create a USP which would appeal to younger market segments and help her business stand out from competitors (AO3a). • Sally currently has the security of a well-paid job but if she did not get enough customers in the short term she may find that she does not have enough income. If she chooses to be a sole trader, unlimited liability will mean her personal possessions are at risk (AO3a). • As there are just two main competitors in this market, Sally's business idea has a good chance of success. By creating a USP based around technology, she has a good opportunity to differentiate her business from rival personal trainers (AO3b). • The success of the business idea depends on some factors that are beyond Sally's control. However, if Sally gains a reputation as an excellent personal trainer the degree to which these factors will reduce her success are limited (AO3b). 	<p>(12) AO1b=3 AO2=3 AO3a=3 AO3b=3</p>

Level	Mark	Descriptor
	0	No rewardable material.
Level 1	1–4	<ul style="list-style-type: none"> • Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used (AO1b). • Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a). • Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues (AO3b).
Level 2	5–8	<ul style="list-style-type: none"> • Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Draws a conclusion based on sound evaluation of business information and issues (AO3b).
Level 3	9–12	<ul style="list-style-type: none"> • Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).