

1.2.4 Edexcel Business

Edexcel GCSE Business

1.2.4 The competitive environment

Multiple Choice Question Test Bank

MCQ Test 4

This MCQ test contains 13 questions covering the specification content for 1.2.4: The competitive environment

Instructions:

- **There are 13 questions in this test.**
- **Your teacher will determine how long you have to complete this test and under what conditions.**
- Only **one** answer per question is allowed for **questions 1-11 inclusive.**
- **Two** answers should be selected for questions **12 and 13.**
- For each answer, completely fill in the circle alongside the appropriate answer(s).
- If you want to change your answer, you must cross out your original answer.
- If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

0 1 Which of the following statements best describes the term, competition?

- A When different businesses attempt to attract different customers
- B When businesses do not have any rivals
- C When different businesses attempt to attract the same customers
- D When different businesses have only one supplier of raw materials

[1 mark]

0 2 Which of the following is an example of a business that has a competitive strength based upon quality?

- A A discount supermarket that offers value for money groceries
- B A local convenience store that sells a wide range of commonly used products
- C A restaurant which uses fresh, local produce in all of its dishes
- D A coffee shop that has an outlet on a busy shopping street

[1 mark]

0 3 Which of the following ways might a small successful technology firm manufacturing unique products use to compete with its rivals?

- A Reduce its prices
- B Offer an excellent after sales service
- C Reduce its product range
- D Relocate production to a busy high street

[1 mark]

0 4 Which of the following is a competitive weakness based on location?

- A A restaurant locates on a quiet side street in a busy town
- B A footwear shop offers a kids shoe fitting service by untrained staff
- C A supermarket frequently runs out of stock of popular product lines
- D A local café serves food to customers which is cold

[1 mark]

0 5 In which of the following scenarios would a business face no competition?

- A When there are several suppliers of gas available to residents
- B When there are many telephone networks available to residents
- C When there is only one supplier of water to residents
- D When there are numerous electricity suppliers available to residents

[1 mark]

0 6 Which of the following businesses is best known for its ability to compete with its rivals on price?

- A Primark
- B Marks and Spencer
- C J D Sports
- D Selfridges

[1 mark]

0 7 An independent, high fashion retailer targeting teenagers has recently opened in a popular shopping centre located in a busy city centre. Which of the following is the best way the business could compete successfully with its rivals?

- A Charge higher prices and offer a smaller product range
- B Charge lower prices and offer a wider product range
- C Charge high prices for low quality clothing
- D Charge moderate prices and provide a low level of customer service

[1 mark]

0 8 A national retailer offers to refund the difference if customers find the same product cheaper elsewhere. This is an example of competition based on:

- A Location
- B Price
- C Quality
- D Product range

[1 mark]

0 9 Which of the following would be a suitable way for a start-up take away business to use to compete with its rivals?

- A Offer a limited choice of options on its menu
- B Offer higher prices for similar food options
- C Offer a highly efficient and friendly service
- D Price match in conjunction with offering smaller portion sizes

[1 mark]

1 0 Which of the following best describes the term, competitive environment?

- A Where every business attempts to minimise its costs
- B When a business is the only seller of a good/service in a market
- C Where different businesses in different markets compete on price
- D The extent of rivalry between different businesses in the same market

[1 mark]

1 1 In an extremely competitive market, a business may be forced to:

- A Increase costs to enable price reductions
- B Increase costs to enable price rises
- C Cut costs to enable price reductions
- D Cut costs to enable price rises

[1 mark]

1 2 Which **two** of the following are likely reasons why a business may fail?

Select **two** answers:

When its competitors offer:

- A Higher levels of quality for the same or similar priced goods
- B Higher prices for the same or similar quality goods
- C Lower levels of quality for the same or similar priced goods
- D Lower levels of customer service and higher prices
- E Lower prices and higher levels of customer service

[2 marks]

1 3 A business faces no direct competition in its market and sells a product that is in high demand. Which **two** of the following would represent possible decisions that this business would make?

Select **two** answers:

- A It will charge similar prices to its competitors
- B It will be less likely to develop new, innovative products
- C It will charge lower prices than its competitors
- D It will promote itself extensively to attract customers
- E It will charge higher prices

[2 marks]

ANSWERS TO THIS MCQ TEST

Q	CORRECT
1	C
2	C
3	B
4	A
5	C
6	A
7	B
8	B
9	C
10	D
11	C
12	A, E
13	B, E