Cambridge Assessment International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/22**

Paper 2 Data Response **May/June 2020**

**1 hour 30 minutes**

*1973132215*

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

**INSTRUCTIONS**

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

**INFORMATION**

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

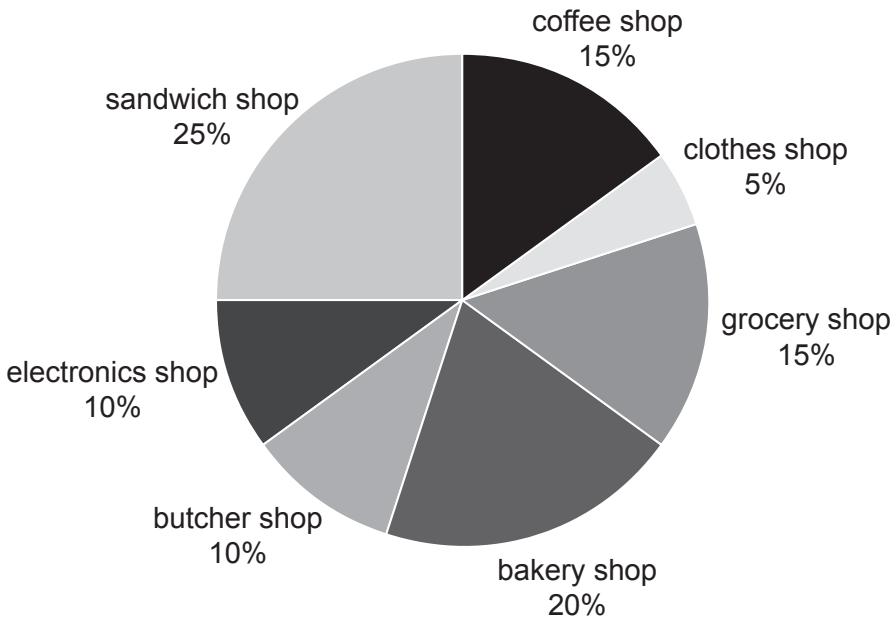
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## 1 The Shop (TS)

Thomas worked for 30 years as a manager of a factory. Although he was very good at his job he was recently made redundant.

Thomas always wanted to open a shop. He thinks he has the qualities an entrepreneur is likely to need for success. He has undertaken some primary market research to identify possible opportunities in city X where he lives (see Fig. 1.1). *5*




Question: *What type of shop do you think would be most successful on Main Street?*

Percentage of respondents for each type of shop, based on a sample of 160 shoppers on Main Street in city X between 12:00 and 14:00 on Friday 20 December 2019.

**Fig. 1.1: Market research**

Thomas now needs to make a decision about which type of shop to open. He has used the data in Fig. 1.1 and some secondary market research to identify two options. *10*

*Option 1: Coffee shop*
The coffee shop would provide hot drinks that customers could take away and drink elsewhere. It would also sell some bakery items, such as biscuits and doughnuts. There are four other shops selling takeaway hot drinks and bakery items in the city, as well as five cafés. Thomas thinks that the profit margin would be 6% to 8%. *15*

*Option 2: Sandwich shop*
The sandwich shop would make sandwiches using job production. Customers can choose from a range of sandwich fillings, as well as cold drinks and snacks. There is only one competitor in the city. It is a well-known international franchise that spends a lot of money on promotion. Thomas thinks that the profit margin would be 10% to 15%. *20*

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**(a) (i)** Define the term 'redundant' (line 2). [2]

**(ii)** Explain the term 'primary market research' (line 4). [3]

**(b) (i)** Refer to Fig. 1.1. Calculate the number of respondents who think a coffee shop would be most successful on Main Street. [2]

**(ii)** Explain **two** limitations of the sampling used by Thomas. [4]

**(c)** Analyse **two** qualities that Thomas will need to be a successful entrepreneur. [8]

**(d)** Recommend which of the two options Thomas should choose for his new shop. Justify your recommendation. [11]

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**[Turn over**

## 2 Market Solution (MS)

MS is a public limited company in the tertiary sector. MS advises businesses on elements of the marketing mix. Most of its customers are small businesses who cannot afford their own marketing department. MS designs marketing materials for these businesses to use.

Although MS uses computer aided design (CAD), the business is labour intensive. MS employs specialist marketing workers as well as administrative support workers. Table 2.1 shows some data about employees of MS.

**Table 2.1: MS employee data**

| | Specialist marketing workers | Administrative support workers |
|---|---|---|
| Average number of workers in 2019 | 40 | 88 |
| Payment method | Salary plus bonus | Performance related pay plus bonus |
| Number of workers who left in 2019 | 2 | 11 |
| Average pay (compared to national average) | High | Low |
| Main need of the workers | Achievement | Affiliation |
| Main hygiene factors | • Pay<br>• Flexible hours of work | • Staff restaurant<br>• Holidays |
| Is a bonus expected in 2020? | Yes | No |

MS has recently employed Hetti as the new Human Resources Manager. Hetti thinks that the ideas of the motivational theorists are important when managing employees. She is particularly worried about the labour turnover of the administrative support workers.

MS has recently taken on a new customer, named Books Outlet (BO). BO has an objective to increase its revenue by targeting a younger market segment. BO has provided MS with the following information about its current marketing mix (see Table 2.2).

**Table 2.2: Current marketing mix for BO**

| Product | Price |
|---|---|
| • Books aimed at customers who are 30 years and older<br>• Specialist books on many topics – BO is often the only seller in the area | • Price skimming |
| **Promotion** | **Place** |
| • Window display<br>• Local newspaper advertising | • A retail shop on the main street<br>• Postal sales from a brochure |

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**(a) (i)** Define the term 'tertiary sector' (line 1). [2]

**(ii)** Explain the term 'performance related pay' (lines 12–13). [3]

**(b) (i)** Refer to Table 2.1. Calculate the **difference** between the labour turnover of the specialist marketing workers and the labour turnover of the administrative support workers. [4]

**(ii)** Analyse how Hetti could use the ideas of **two** motivational theorists to reduce the labour turnover of the administrative support workers. [8]

**(c)** Explain **one** possible advantage to MS of being labour intensive. [2]

**(d)** BO has an objective to increase its revenue by targeting a younger market segment (lines 25–26).

Recommend how BO should change its marketing mix to achieve this objective. Justify your recommendation. [11]

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