Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **May/June 2022**

1 hour 30 minutes

8400448323

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 [ ].

This document has **4** pages. Any blank pages are indicated.

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1 Child Play (CP)

Su is a sole trader who started a business called CP which operates a play area for children. The play area is inside a building and includes toys and other play equipment. Customers book on CP's website for each hour that they would like to use the play area. CP is two kilometres away from the nearest city which has a large population. Su does not pay for any promotion and she relies on recommendations and reviews from previous customers. *5*

Su currently charges a price of $10 an hour for a group of up to 5 children. Only one group can book CP for each hour. Demand is greater than supply so Su may increase the price to $15 per hour. She has completed some market research to see if this is a good idea. Her findings are in Table 1.1.

Table 1.1: Market research about prices for CP *10*

Price	Quantity (hours) demanded per day
$10	10
$15	6

Su is also thinking about expanding the business by opening a café targeted at parents with children. *15*

The café would be located at the entrance to CP's play area. There are many other cafés in the city centre two kilometres away. Su believes that product differentiation is essential for the profitability of the café.

Su plans to use CP's working capital as the source of finance to open the new café. The café will need to earn revenue quickly, so she plans to open it in four weeks. She will need quick and low-cost promotion methods if the café is to succeed. *20*

(a) (i) Define the term 'supply' (line 7). [2]

(ii) Explain the term 'product differentiation' (line 17). [3]

(b) (i) Calculate the price elasticity of demand if Su increases the price from $10 to $15 an hour. [3]

(ii) Explain **one** way in which the size of CP can be measured. [3]

(c) Analyse **one** advantage and **one** disadvantage to Su of using working capital as a source of finance for the new café. [8]

(d) Evaluate appropriate promotion methods that Su could use for the new café. [11]

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2 Clever Televisions (CTV)

CTV is a public limited company that produces and sells televisions. It has been operating in country A for 30 years. CTV owns 3 factories and has over 100 employees. CTV's factories use a combination of capital and skilled labour to produce the televisions. The leadership style in all the factories is autocratic. Employees' pay is based on time worked each week.

The CTV brand is known for high-quality and reliability. It targets high-income customers. CTV uses price skimming when it launches a new product.

In total, 6 million televisions were sold in country A in 2019. Table 2.1 shows market growth data.

Table 2.1: Television sales in country A

Year	Market growth
2020	+2%
2021	+1%
2022	–3% (forecast)

The market for televisions in country A is very competitive and the business environment is dynamic. CTV plans to introduce a lower priced television brand to appeal to the mass market. This brand will be known as STV.

CTV has decided to introduce automation into one of its factories to produce the STV televisions. This will lead to redundancies in that factory.

The employees in the other two factories are concerned they might also face redundancy and so motivation is currently low. The Human Resources Director recommends that CTV should find ways in which employees can participate in the management and control of the business.

(a) (i) Define the term 'capital' (line 3). [2]

(ii) Explain what is meant by 'the business environment is dynamic' (lines 14–15). [3]

(b) (i) Refer to Table 2.1 and other information. Calculate the total number of televisions sold in country A in 2021. [3]

(ii) Explain **one** implication for CTV of the forecast change in market growth for 2022. [3]

(c) Analyse **two** advantages to CTV of introducing automation into one of its factories. [8]

(d) Recommend ways in which CTV employees can participate in the management and control of the business. Justify your recommendation. [11]

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