Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2025**

1 hour 30 minutes

0546113523

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 Natural Shampoos (NS)

NS is a private limited company set up by Saira and Chantal as a social enterprise. NS sells natural hair care products and focuses on customer (market) orientation. The main aims of Saira and Chantal include donating to local charities and improving gender equality in the workplace.

NS began by selling its products to small, independent businesses in country H. NS expanded its range slowly based on customer feedback, specific requests on its blog, and sales data.

NS explored additional finance opportunities required for expansion. NS approached John, who owns manufacturing facilities in country H and has significant marketing experience. He invested into NS in return for ownership of one third of the business. John's main aim is to increase long-term profits in order to maximise the return on his investment.

In the five years since John's investment, NS has become the market leader in country H for natural hair care products. NS products are now sold in major cosmetic retailers.

NS recently analysed its output in 2024 (see Table 1.1).

Table 1.1 NS output data for 2024

	Units
Actual output level	145 000
Capacity	150 000

Saira and Chantal have decided to employ a Marketing Manager for NS. Fig 1.2 shows an extract from the job advertisement.

Marketing Manager

- Experience of growing brand awareness and using online channels of distribution.
- Using budgets to monitor the performance of marketing campaigns.
- Developing and maintaining relationships with external stakeholders.

Fig 1.2 Extract from job advertisement for NS's new Marketing Manager

(a) (i) Identify **one** feature of a private limited company. [1]

(ii) Explain the term *customer (market) orientation*. [3]

(b) (i) Refer to Table 1.1. Calculate NS's capacity utilisation in 2024. [3]

(ii) Explain **one** possible disadvantage to NS of high capacity utilisation. [3]

(c) Analyse **two** selection methods that NS could use to choose a new Marketing Manager. [8]

(d) Evaluate the most likely reason for conflict to arise between the owners of NS. [12]

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2 Premium Homes (PH)

PH owns student rental accommodation in all the major cities in country Y. PH used demographic segmentation in its market research. This research identified that university students would pay a premium for high specification rental accommodation.

PH has specialist teams focused on sales, maintenance, customer service and finance. There is little opportunity for internal promotion. PH pays low salaries, however, it offers profit sharing to motivate its 150 employees. This has been effective as PH has had low labour turnover.

In the last two years, profit levels have fallen by 75%. In 2024, 45 employees left PH. Complaints about maintenance and customer service have increased due to the lack of experienced employees in PH.

The Finance Director is reviewing PH's existing sources of finance, shown in Fig 2.1.

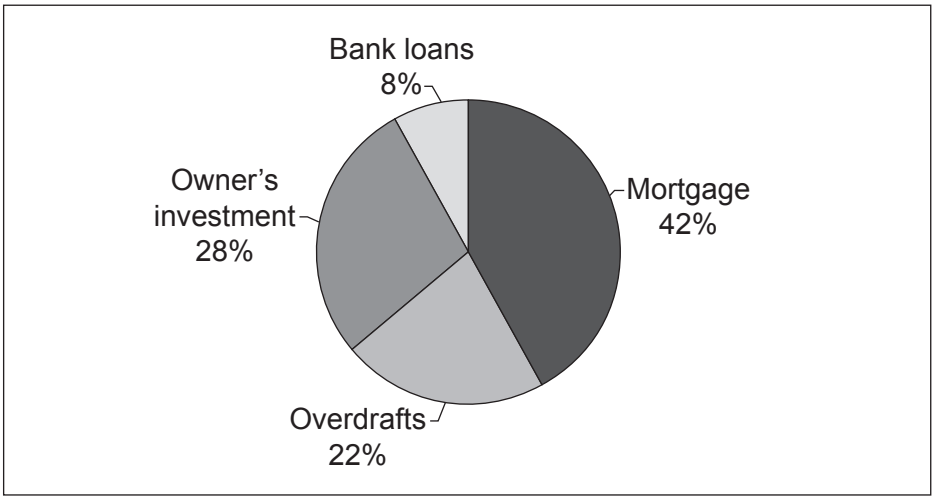


Fig 2.1 PH's sources of finance

Frank, the Operations Director, wants to improve the sustainability of PH's operations. He plans to:

- stop renting out accommodation in some lower-income cities, and sell these buildings
- upgrade accommodation in high-income cities
- reduce the size of the workforce.

(a) (i) Identify **one** way in which business size can be measured. [1]

(ii) Explain the term *demographic segmentation*. [3]

(b) (i) Refer to lines 6–8. Calculate PH's labour turnover in 2024. [3]

(ii) Explain **one** way in which PH could use Maslow's Hierarchy of Needs. [3]

(c) Analyse **one** advantage and **one** disadvantage to PH of using an overdraft as a source of finance. [8]

(d) Evaluate whether Frank's plan will improve the sustainability of PH's operations. [12]

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