Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 2021**

1 hour 30 minutes

7031247717

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 Van Man (VM)

Obi is a sole trader who operates a van service. He used to be employed by a similar business but realised that he likes to be in control. Obi used all of his savings to start his business so that he did not have to go into debt.

He owns three vans which can carry furniture, packages and other large items. He has eight full-time employees who drive the vans and move items. Customers can hire a van with two employees to move these items from one place to another. The cost per day of providing a van with two employees is $170. The prices of the service are shown in Table 1.1.

Table 1.1: Price of hiring one van (including two employees)

Price for the first day's hire	Price for each additional day
$250	10% discount on the price for the first day's hire

Demand for Obi's service is growing fast. To supply this demand he needs a new van and he is investigating sources of finance. He has a choice of two vans. The details of the vans are in Table 1.2.

Table 1.2: Van details

	Van A	Van B
Capital cost	$30 000	$40 000
Estimated maintenance costs per year	$600	$450
Insurance cost per year	$500	$550
Expected life	7 years	9 years
Van owner reviews	• Easy to drive but not very fast • Boring but fuel efficient • Engine is very noisy, but reliable	• Fast and great fun to drive • Looks great and the range of colours is fantastic • It broke down a few times, but the manufacturer repaired it quickly

(a) (i) Define the term 'sole trader' (line 1). [2]

(ii) Explain the difference, for a business, between price and cost. [3]

(b) (i) Calculate the profit that Obi will make from a customer who hires two vans for three days. [3]

(ii) Explain **one** factor which may affect the demand for Obi's services. [3]

(c) Recommend whether Obi should purchase Van A or Van B. Justify your recommendation. [11]

(d) Analyse **two** factors which may influence the source of finance that Obi chooses for the new van. [8]

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2 Super Candy (SC)

SC is a large public limited company that sells low-sugar candy (sweets) with natural flavourings. The candy is made using flow production in SC's four large factories in country T.

SC uses psychographic market segmentation when planning its marketing mix.

SC has completed some secondary market research using published accounts. The data is about one of SC's main competitors, Organic Kandy (OK) and compares the results with data about SC (see Table 2.1). OK is in the same market as SC.

Table 2.1: Secondary market research about OK and SC for 2020

	OK	SC
Revenue	$60m	**X**
Market share by revenue	40%	34%
Different varieties of candy	12	18
Main channels of distribution	Wholesalers Large supermarkets Health food shops	Wholesalers Small retailers E-commerce
Target market(s)	Mass market	People with interests in: • Nature • Sports • Travel • Health

There have been a number of media reports in country T about the increasing importance of corporate social responsibility (CSR). A large food manufacturing business in country T recently lost many customers due to reports about its use of plastic packaging.

The directors of SC are particularly concerned about this trend because of SC's use of plastic in its packaging. The marketing department has been told to conduct some primary market research on this issue. The directors are planning to discuss making CSR a new business objective for SC.

(a) (i) Define the term 'flow production' (line 2). [2]

(ii) Explain the term 'psychographic market segmentation' (line 3). [3]

(b) (i) Refer to Table 2.1. Calculate SC's revenue (**X**) for 2020. [3]

(ii) Explain **one** possible disadvantage to SC of using secondary market research. [3]

(c) Analyse **two** primary market research methods that SC could use. [8]

(d) Evaluate the benefits to SC of having corporate social responsibility (CSR) as a business objective. [11]

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