Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 2022**

1 hour 30 minutes

6153305757

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 Pop-up Movies (PM)

PM is a private limited company that was set up five years ago. PM shows movies outdoors at night. The movies are projected onto a large screen and temporary seating is provided for the audience. PM hires a venue and then sells tickets. The screen is set up for three nights at each venue. It takes three employees one day to set up the screen and seating, and one day to take it down again.

PM uses above the line promotion methods locally for six weeks before showing movies at each venue.

Table 1.1 contains data about some of PM's previous events.

Table 1.1: Data about some of PM's previous events

Venue	Number of customers	Allocated fixed costs	Variable costs (per customer)	Revenue (per customer)
A	1050	$2000	$4	$15
B	600	$2000	$5	$19
C	980	$2000	$4	$15

At each event, PM employs a team of 20 customer service workers to:

- show customers to their seats
- sell food and drink – PM sells drinks, popcorn and other snacks
- assist with parking for those customers who arrive by car (valet parking).

The Operations Director has suggested that PM should book larger venues. He thinks that PM would experience economies of scale by doing this.

(a) (i) Define the term 'revenue' (line 10). [2]

(ii) Explain the term 'above the line promotion' (line 6). [3]

(b) (i) Refer to Table 1.1. Calculate the break-even number of customers for Venue B. [3]

(ii) Explain **one** way in which PM could use break-even data. [3]

(c) Analyse **two** advantages to PM of training the team of customer service workers. [8]

(d) Evaluate the economies of scale that PM might gain from booking larger venues. [11]

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2 Planting Pots (PP)

Emily and Kabir are entrepreneurs. In 2012 they set up PP in country K. As the business grew, they converted it from a partnership into a public limited company. Kabir and Emily own 50% of the shares between them.

PP manufactures decorated pots for plants in its factory in country K. The pots can be used indoors and outdoors.

The market for decorated pots is growing in country K and the business environment is dynamic. Some market data is shown in Table 2.1.

Table 2.1: Market data for decorated pots

	2020 (units sold)	**2021 (units sold)**
Total market sales in country K	3.2 m	4.1 m
PP market sales	0.8 m	0.82 m

PP has 90 employees. Table 2.2 shows some data about PP's employees.

Table 2.2: PP's employee data

Type of employee	**Payment method**	**Main task**
Creative designers	Piece rate	Create new designs for pots
Machine workers	Time-based	Batch production of pots
Supervisors	Salary	Supervise creative designers and machine workers
Managers	Profit sharing	Make decisions in functional areas

The directors of PP have decided to build an additional factory. The capital cost will be $1.5 m. The additional factory will allow PP to develop its product portfolio. The construction of the factory can start as soon as the directors have decided on a source of finance.

(a) (i) Define the term 'batch production' (line 17). [2]

(ii) Explain the role of an 'entrepreneur' (line 1). [3]

(b) (i) Refer to Table 2.1. Calculate the change in PP's market share between 2020 and 2021. [3]

(ii) Explain **one** implication for PP of a fall in market share. [3]

(c) Analyse **two** factors which may affect PP's choice of a source of finance to build the additional factory. [8]

(d) Refer to Table 2.2 and other information. Evaluate PP's use of different payment methods for its employees. [11]

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