Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **October/November 2023**

1 hour 30 minutes

3084605407

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 Gold Theme Park (GT)

Gold Park was a mine where gold was extracted until 2012. Although there was still some gold in the mine, the direct costs of extracting it became too high.

The area around Gold Park has become a tourist destination. There has recently been development of hotels and other accommodation. A new marina complex has also been built which attracts boat owners to use the local lakes and rivers.

Kayo is an entrepreneur who purchased the mine in 2015. She converted the mine into GT, a theme park where customers can learn about gold mining and have fun. GT now includes a museum, guided underground tours of the mine and a roller coaster ride around the park. There is also a restaurant and gift shop.

Kayo employs some of the people who previously worked in the gold mine to work as tour guides in the theme park. She also employs some younger workers, who require training, as customer service representatives. Kayo believes that developing intrapreneurship is important to the ongoing success of GT.

Table 1.1 shows some data about GT over the past three years.

Table 1.1 Data about GT

	2020	2021	2022
Revenue ($m)	3.4	3.2	2.8
Number of employees	54	55	47
Profit ($m)	0.9	0.3	0.2
Number of visitors (m)	0.8	0.8	0.65

GT's Marketing Director has conducted some primary market research to find out why visitor numbers have fallen. The findings indicate that many potential customers think the park is not fun and the price of entry is too high. Kayo has now asked the Marketing Director to conduct some secondary market research to help improve GT.

(a) (i) Identify **one** type of training. [1]

(ii) Explain the term *direct costs* (line 2). [3]

(b) (i) Refer to Table 1.1. Calculate the change in GT's total costs between 2020 and 2022. [3]

(ii) Explain **one** way to measure the size of GT. [3]

(c) Analyse **two** possible sources of secondary market research that the Marketing Director could use to help improve GT. [8]

(d) Evaluate the importance to the ongoing success of GT of developing intrapreneurship. [12]

2 Bear Bears (BB)

BB is a business partnership owned by Sade and Chika. BB produces personalised teddy bears (toys) for children.

The toys are made using mass customisation targeted at specific market segments. Each toy has the same shape and size but it is customised with names and words provided by the customer. These are hand-stitched onto the toy and the employees are paid using piece rate. Customers receive their products within a week of ordering.

Each toy is sold for $50 and has a unit contribution of $6. Last month BB sold 4000 units with a margin of safety of 120 units.

BB currently holds a large amount of inventory in a temperature-controlled warehouse (see Table 2.1).

Table 2.1 BB's current inventory

Type of inventory	Items
Raw materials	100 kg cotton fabric
	300 kg synthetic fibre (filling)
Work in progress	300 non-customised toys
Finished products	None

Sade thinks that BB should adopt a just in time (JIT) approach to inventory management. However, Chika is concerned about the possible impact on BB.

The stitching department is managed by Chika. She has recently received a complaint from David who is the only male employee in the stitching department (see Fig. 2.1).

> I feel that I am being discriminated against because I am a man. There are no washroom facilities for me on the ground floor but there are for the women. I have to go up two floors for a washroom which takes me a lot of time.
> I am given all the tasks which require heavy lifting. I am often asked to fix problems with other people's stitching machines, and this slows my production.
> I earn less money than anyone else in the stitching department.

Fig. 2.1 Complaint from David in the stitching department

After some further investigation, Chika believes there needs to be increased equality in the stitching department.

(a) (i) Identify **one** method of market segmentation. [1]

(ii) Explain the term *mass customisation* (line 3). [3]

(b) (i) Calculate BB's fixed costs last month. [3]

(ii) Explain **one** limitation for BB of using break-even analysis. [3]

(c) Analyse **two** possible impacts on BB of adopting a just in time (JIT) approach to inventory management. [8]

(d) Evaluate the most likely impact on BB of increased equality in its stitching department. [12]

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