Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **October/November 2024**

1 hour 30 minutes

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 Pot Plants (PP)

PP is a private limited company that grows and sells plants in pots. PP has 12 large shops in country Q and uses a variety of promotion methods. The shops are located in the countryside and PP owns large fields near each shop where the plants are grown. The business is split into two divisions: growing and retail. Table 1.1 shows some human resource data about the divisions.

Table 1.1: Human resource data about PP's divisions

	Growing	Retail
Average workforce for the year	450	120
Number of employees who left in 2023	100	14
Trade union membership	100%	25%
Payment methods	Salary and piece rate	Salary and commission

PP's plants are all sold in plastic or clay pots. The manufacture of these pots is outsourced between two businesses.

- Clay Containers (CC) manufactures clay pots in one size and one colour using flow production. CC is based in country Q. PP would like a larger variety of pots, but CC does not want to pay the capital expenditure that this would require. CC has a lead time of three days for PP's pots.
- Fantastic Flexible (FF) manufactures plastic pots in a large factory in country S. The use of mass customisation means that it can produce any size and colour of pot. The lead time is one month for PP's pots.

(a) (i) Identify **one** promotion method. [1]

(ii) Explain the term *capital expenditure* (line 16). [3]

(b) (i) Refer to Table 1.1. Calculate the labour turnover rate for PP in 2023. [3]

(ii) Explain **one** possible impact on PP of its employees being trade union members. [3]

(c) Analyse **one** advantage and **one** disadvantage to PP of outsourcing the manufacture of pots. [8]

(d) Evaluate the importance to PP of workforce planning. [12]

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2 The Drink Company (TDC)

TDC is a multinational carbonated drinks manufacturer with limited liability.

TDC had budgeted that its annual revenue would be $400m for the year ended 2023.

In 2023, TDC commissioned some primary market research to analyse its product portfolio using the Boston Matrix (see Table 2.1).

Table 2.1: Boston Matrix analysis

Market growth %	Market share %	
	High	Low
High	VKola	VTropical
Low	VLemon	VOrange

The Board of Directors has set two objectives for TDC to achieve by the end of 2025:

- to increase TDC's profit margin by reducing the cost of raw materials
- to increase TDC's market share of the business to consumer (B2C) market for carbonated drinks.

As part of its business plan to achieve these objectives, TDC is now merging with one of its main competitors, Harvest Liquids (HL). Table 2.2 shows some data about TDC and HL.

Table 2.2: Data about TDC and HL in 2023

	TDC	HL
Revenue	$340m	$280m
Profit for the year	$23.8m	$14m
Targeted market segment	Teenagers and young adults	Restaurants, events and hotels
Type of market	Consumer market (B2C)	Industrial market (B2B)

(a) (i) Identify **one** stage of the product life cycle. [1]

(ii) Explain the term *limited liability* (line 1). [3]

(b) (i) Refer to Table 2.2 and other information. Calculate the variance between TDC's budgeted revenue and actual revenue for 2023. State whether the variance is favourable or adverse. [3]

(ii) Explain **one** possible benefit to TDC of using budgets. [3]

(c) Analyse **two** ways in which TDC could use the Boston Matrix analysis in Table 2.1. [8]

(d) Evaluate whether the planned merger with HL will enable TDC to achieve its objectives. [12]

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