Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

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

1 hour 30 minutes

O8258617687

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.

© UCLES 2024

1 Brenda's Bricks (BB)

BB is a newly established social enterprise in country X. It was set up by Brenda. Brenda has no experience of running a national business, but she used all her savings to recruit a team of young intrapreneurs.

Country X specialises in recycling plastic waste from other countries. It has a dynamic business environment and many businesses have recently failed.

Brenda saw an opportunity to recycle low-cost plastic waste into construction bricks. These could be used to help the poorest in society to build waterproof houses.

BB recently featured in a government promotion highlighting successful innovators. BB has trialled the method using job production and needs investment to produce its bricks commercially. A large national business, CC, is keen to invest in community projects to improve their corporate social image. CC needs to see a business plan before making a decision.

Brenda has started to investigate the costs of production for the business plan that CC has requested. (See Table 1.1.)

Table 1.1: Data about BB's costs and methods of production

	Batch production	Flow production
Purchase cost	$100 000 capital cost	$150 000 capital cost
Hire purchase cost	$500 per month over a 20-year period	$600 per month over a 25-year period
Output	A variety of sizes manufactured to customer preferences	One size of brick used in 80% of house construction
Manufacturing time	Average 40 bricks per hour	100 bricks per hour

(a) (i) Identify **one** potential risk to a business. [1]

(ii) Explain the term *national business* (line 2). [3]

(b) (i) Refer to Table 1.1. Calculate the total cost for the 25-year period of using hire purchase if Brenda chooses to use flow production. [3]

(ii) Explain **one** advantage for BB of using hire purchase as a source of finance. [3]

(c) Analyse **two** limitations for BB of creating a business plan. [8]

(d) Evaluate whether BB should use flow production to produce bricks. [12]

2 Vegan Burger (VB)

VB is an established vegan burger chain in country X. Its Unique Selling Point (USP) is high quality, good value vegan meals. Hilda, the Managing Director, grew the business without external investment and within 5 years had 10 restaurants in the north of country X.

VB was featured in a documentary exploring successful entrepreneurs in country X. This boosted VB's national brand awareness. As a result, VB changed its objective from developing brand awareness to increasing market share. VB chose a franchise model to meet this objective. VB sold 25 franchise licenses in country X in 5 years.

Two years ago, primary market research indicated pizza was a popular fast food in country X. VB added vegan pizza to its menu. Each pizza oven had a significant capital cost and required on-the-job training of the employees. VB invested in a six-month national television marketing campaign to promote the new menu item. Table 2.1 shows the financial data for producing pizzas.

Table 2.1 Financial data for producing pizzas

	per restaurant ($)
Fixed costs per month	1 000
Average variable costs per pizza	2
Average selling price per pizza	6

Vegan pizza has been sold by VB for two years. Tony, the Business Development Manager, provided sales data for these two years. Each restaurant sells on average 500 pizzas and 4500 burgers per month. Tony is worried that Patel's Pizza, an established pizza franchise, is more popular.

Tony has suggested removing pizza from the menu and repurposing the pizza ovens to cook hot desserts such as apple pies that complement the main burger meal. Hilda wants to continue marketing vegan pizza, as vegan food is currently very popular and the brand needs time and more marketing to be successful.

(a) (i) Identify **one** feature of a franchise. [1]

(ii) Explain the term *market share* (line 6). [3]

(b) (i) Refer to Table 2.1. Calculate VB's breakeven level of output per month per restaurant. [3]

(ii) Explain **one** reason for VB to have accurate cost information. [3]

(c) Analyse **two** benefits for VB of on-the-job training. [8]

(d) Evaluate whether VB should continue to market vegan pizza. [12]

© UCLES 2024

BLANK PAGE

Permission to reproduce items where third-party owned material protected by copyright is included has been sought and cleared where possible. Every reasonable effort has been made by the publisher (UCLES) to trace copyright holders, but if any items requiring clearance have unwittingly been included, the publisher will be pleased to make amends at the earliest possible opportunity.

To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced online in the Cambridge Assessment International Education Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download at www.cambridgeinternational.org after the live examination series.

Cambridge Assessment International Education is part of Cambridge Assessment. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which is a department of the University of Cambridge.

© UCLES 2024