UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
International General Certificate of Secondary Education

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| CANDIDATE NAME | | | | | | | | | |
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*5400708683*

**BUSINESS STUDIES** **0450/21**

Paper 2 **May/June 2012**

**1 hour 45 minutes**

Candidates answer on the Question Paper.

No Additional Materials are required.

**READ THESE INSTRUCTIONS FIRST**

Write your Centre number, candidate number and name on all the work you hand in.
Write in dark blue or black pen.
Do not use staples, paper clips, highlighters, glue or correction fluid.
DO **NOT** WRITE IN ANY BARCODES.

Answer **all** questions.
The Insert contains the case study.
The business described in this question paper is entirely fictitious.

At the end of the examination, fasten all your work securely together.
The number of marks is given in brackets [ ] at the end of each question or part question.

| For Examiner's Use | |
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| 1 | |
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| Total | |

This document consists of **11** printed pages, **1** blank page and **1** Insert.


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1 **(a)** The new football boot is being developed. Identify and explain **four** stages of the future product life cycle of the new football boot.

*For Examiner's Use*

Stage: .....

Explanation: .....

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Stage: .....

Explanation: .....

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Stage: .....

Explanation: .....

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Stage: .....

Explanation: .....

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..... [8]

**(b)** Consider why each of the following departments will be important to the success of the new football boots. Justify your answer using information in the case.

*For Examiner's Use*

Production: .....

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Marketing: .....

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Human Resources: .....

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Finance: .....

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**2** **(a)** KSS production workers are highly skilled in doing just one task on the production line. Identify and explain **two** advantages and **two** disadvantages of workers being skilled in just one task.

*For Examiner's Use*

Advantage 1: .....

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Explanation: .....

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Advantage 2: .....

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Explanation: .....

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Disadvantage 1: .....

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Explanation: .....

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Disadvantage 2: .....

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Explanation: .....

..... [8]

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**(b)** The Production manager believes that labour-intensive methods are better than capital-intensive methods of production for the new football boots. Do you agree with him? Justify your answer using appropriate calculations from the information provided in Appendix 1.

*For Examiner's Use*

Labour-intensive: .....

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Capital-intensive: .....

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Conclusion: .....

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*For Examiner's Use*

**3** **(a)** Good communication is important to Emmanuel. He has the following information to communicate.

- All employees are to receive a wage increase.
- There has been an error with a delivery of some supplies.

Identify a suitable method of communication for each situation. Explain why each method is suitable.

Method for 'all employees are to receive a wage increase': .....

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Explanation: .....

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Method for 'there has been an error with a delivery of some supplies': .....

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Explanation: .....

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**(b)** Labour costs are much lower in other countries. Many sports shoe manufacturers produce in those countries. Consider the advantages and the disadvantages to KSS of manufacturing its football boots in another country. Do you think KSS should move manufacturing to another country? Justify your answer.

*For Examiner's Use*

Advantages: .....

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Disadvantages: .....

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Conclusion: .....

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**4** **(a)** Identify and explain **two** benefits to KSS of creating a brand image for its new football boot.

*For Examiner's Use*

Benefit 1: .....

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Explanation: .....

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Benefit 2: .....

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Explanation: .....

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**(b)** Emmanuel needs to decide a pricing strategy for the new football boot. Consider price skimming, cost-plus pricing and competitive pricing. Which do you think is the best pricing strategy for Emmanuel to use? Justify your answer using information in Appendix 3.

*For Examiner's Use*

Price skimming: .....

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Cost-plus pricing: .....

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Competitive pricing: .....

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Recommendation: .....

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**5** **(a)** The new football boot will be exported to many different countries. Identify and explain **four** possible problems KSS may have when exporting the new football boot.

*For Examiner's Use*

Problem 1: .....

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Explanation: .....

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Problem 2: .....

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Explanation: .....

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Problem 3: .....

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Explanation: .....

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Problem 4: .....

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Explanation: .....

..... [8]

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**(b)** Emmanuel has already chosen Option 1. Was it the right decision to choose Option 1 rather than Option 2? Justify your answer by considering the advantages and disadvantages of each option.

*For Examiner's Use*

Option 1: .....

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Option 2: .....

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Conclusion: .....

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