Cambridge Assessment International Education

Cambridge O Level

CANDIDATE NAME									
CENTRE NUMBER						CANDIDATE NUMBER				

8745701134

COMMERCE **7100/21**

Paper 2 Written **October/November 2020**

2 hours

You must answer on the question paper.

No additional materials are needed.

INSTRUCTIONS

- Answer **all** questions.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use a calculator.

INFORMATION

- The total mark for this paper is 80.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **16** pages. Blank pages are indicated.

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1 Fig. 1.1 shows a flyer sent to local businesses by Cheese4U.

PLANNING AN EVENT?

WHY NOT GET IN TOUCH WITH CHEESE4U,

YOUR LOCAL SPECIALITY STORE?

WE OFFER A WIDE SELECTION OF CHEESES INCLUDING HOMEMADE CHEESE PRODUCED ON OUR FARM.

USE OUR WEBSITE WWW.CHEESE4U.COM TO CHOOSE FROM OUR RANGE OF CHEESES OR TO CREATE YOUR OWN CHEESEBOARD ON OUR ORDER FORM.

WE WILL DELIVER DIRECTLY TO YOUR EVENT BY COURIER.

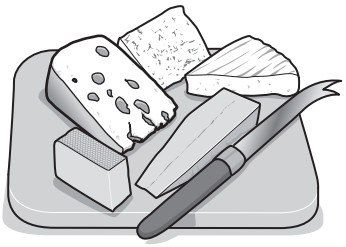


Fig. 1.1 Cheese4U flyer

Use Fig. 1.1 to help you answer the following questions.

(a) Identify **two** sectors of industry that Cheese4U is involved in.

1 .....

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2 .....

..... [2]

(b) What is the purpose of an order form?

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..... [1]

(c) Do you think it would be a good idea for Cheese4U to use couriers to deliver the food to the events? Give reasons for your answer.

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..... [3]

(d) Circle the correct answer to complete each of the following sentences.

Placing a trademark on a product is called

branding **OR** barcoding.

Speciality stores sell

a wide range of products **OR** one type of product.

[2]

(e) Explain **two** disadvantages to a customer of shopping online.

1 .....

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2 .....

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[4]

(f) Cheese4U, maker of speciality cheeses, would like to expand its business. It is considering franchising.

Discuss whether or not you would recommend franchising. Give reasons for your answer.

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..... [8]

[Total: 20]

2 A carpet wholesaler wishes to insure its warehouse and stock against the risk of fire and theft. Fig. 2.1 shows the annual insurance premiums quoted for this.

	value	annual premium
Warehouse	$760 000	$1 per $1000
Stock	$622 000	$5 per $1000

Fig. 2.1 Insurance premium quotation

Use Fig. 2.1 to help you answer the following questions.

(a) (i) Calculate the total annual fire and theft premium for warehouse and stock. Show your working.

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..... [3]

(ii) Explain why the insurance premium for stock is higher than for the warehouse.

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(b) Explain **two** reasons why a carpet wholesaler needs a warehouse.

1 .....

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2 .....

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[4]

(c) Some carpet wholesalers now sell direct to the public. Do you think this is a good idea? Give reasons for your answer.

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..... [6]

[Total: 16]

3 Many businesses prefer to trade in their home country because of the difficulties involved in exporting, such as methods of payment.

(a) Describe **one** way in which home trade is similar to international trade.

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..... [2]

(b) Explain **two** difficulties, apart from methods of payment, faced by exporters.

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[4]

(c) Evaluate **two** factors that exporters should consider to ensure they receive payment. Which do you think is the more important factor? Give reasons for your answer.

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[Total: 12]

4 Fig. 4.1 shows an advertisement in a golf magazine for the reopening of a Golf & Spa Hotel.



Fig. 4.1 Advertisement in golf magazine

Use Fig. 4.1 to help you answer the following questions.

(a) (i) State **one** method of appeal shown in the advertisement.

.....

..... [1]

(ii) What is meant by 'early bird offers'?

.....

..... [1]

(b) Identify the **most** suitable method of communication that a hotel would use for each of the following:

(i) to confirm room bookings.

.....

..... [1]

(ii) to inform guests of health and safety instructions.

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..... [1]

(c) Do you think that a golf magazine is the best place to advertise the reopening of this hotel? Give reasons for your answer.

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..... [3]

(d) In 2019, the hotel's sales turnover was $1 900 000. The cost of goods sold was $575 000 and the expenses were $835 000. Calculate the net profit. Show your working.

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..... [3]

(e) The directors of the Golf & Spa Hotel would like to increase its net profit. Which would be the more effective method, improving marketing or reducing expenses? Give reasons for your answer.

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..... [6]

[Total: 16]

5 Miah wants to buy a new games console from a retail store. She will need credit to buy this consumer durable.

(a) What is meant by the term *consumer durable*?

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..... [1]

(b) Explain **two** reasons why retailers offer credit.

1 .....

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2 .....

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[4]

(c) Which of these statements about the changing environment of commerce are true and which are false?

Tick (✓) TRUE or FALSE in the correct column.

	TRUE	FALSE
Development of games consoles would be an example of a PEST technological factor.		
Excessive packaging of goods by retailers benefits the environment.		
Ethically produced goods are produced in dangerous environments.		

[3]

(d) Miah can buy the games console on her credit card or on a store card. Which do you recommend? Give reasons for your answer.

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[Total: 16]

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