UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS
General Certificate of Education Ordinary Level

CANDIDATE NAME

CENTRE NUMBER

CANDIDATE NUMBER

3577068543

BUSINESS STUDIES **7115/12**

Paper 1 **October/November 2011**

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 businesses described in this question paper are 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	
1	
2	
3	
4	
5	
Total	

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

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1 Stilvan always wanted to run his own business. When he left school he borrowed money from his parents to start a gardening business. The business name is Stilvan Grass Cutters. Stilvan bought some equipment to cut grass and trees. Stilvan delivers leaflets to people's homes to promote his business.

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Table 1 shows data for a typical week for Stilvan's business.

Table 1

Average price per customer	$15
Variable cost per job	$7
Weekly overheads	$320
Number of customers	50

Demand for his services is seasonal and this causes problems for Stilvan.

(a) Identify **two** objectives that Stilvan might have had when he set up his business.

Objective 1: .....

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Objective 2: .....

..... [2]

(b) Identify **two** advantages of using leaflets as a method of promotion.

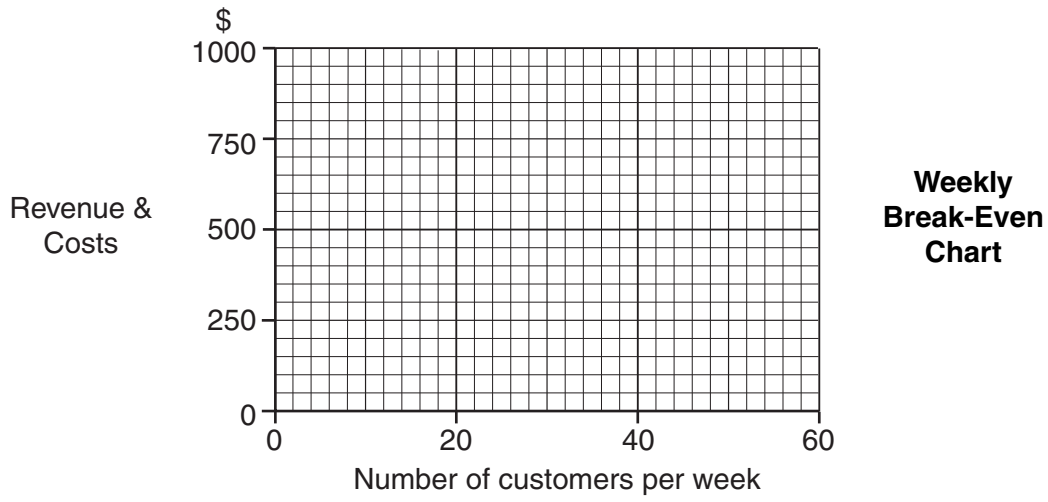
Advantage 1: .....

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Advantage 2: .....

..... [2]

(c) Using the information given in Table 1, draw a break-even chart for Stilvan's business.



[4]

(d) Identify and explain **three** problems that seasonal demand can cause for Stilvan's business.

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Problem 1: .....

Explanation: .....

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Problem 2: .....

Explanation: .....

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Problem 3: .....

Explanation: .....

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..... [6]

(e) Stilvan wants to make his business more profitable. Recommend ways in which this could be achieved. Justify your answer.

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For Examiner's Use

2 Cycles4u make a wide range of bicycles. The business is 'product orientated' as it believes that good products will sell easily. The business does not use any market research to help in decision making. However, Cycles4u does spend a lot of money on promoting its products to the target markets.

(a) What is meant by the term 'product orientated'?

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..... [2]

(b) What is meant by the term 'target market'?

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..... [2]

(c) Identify and explain **two** possible disadvantages to a business of having a wide product range.

Disadvantage 1: .....

Explanation: .....

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Disadvantage 2: .....

Explanation: .....

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..... [4]

(d) Identify and explain **three** channels of distribution that Cycles4u could use to help launch a new range of bicycles.

For Examiner's Use

Channel 1: .....

Explanation: .....

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Channel 2: .....

Explanation: .....

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Channel 3: .....

Explanation: .....

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..... [6]

(e) Do you think that Cycles4u should use market research in the future? Justify your answer.

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For Examiner's Use

3 Mayfair Solutions, a public limited company, develops software packages for customers. The staff it employs are highly paid, but Mayfair Solutions believes that this is money well spent. The company has to keep updating its software packages because customer requirements keep changing. The software market is very competitive.

(a) What is meant by the term 'public limited company'?

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..... [2]

(b) Identify **two** features of a very competitive market.

Feature 1: .....

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Feature 2: .....

..... [2]

(c) Identify and explain **two** possible reasons why the staff at Mayfair Solutions are paid high wages.

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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..... [4]

(d) Identify and explain **three** problems that the need to keep updating its software packages may create for Mayfair Solutions.

For Examiner's Use

Problem 1: .....

Explanation: .....

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Problem 2: .....

Explanation: .....

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Problem 3: .....

Explanation: .....

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..... [6]

(e) Mayfair Solutions has recently received a takeover bid from a large rival software company. Do you think that this takeover would benefit both employees and shareholders of Mayfair Solutions? Justify your answer.

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[Turn over

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4 Travelscene is a company that specialises in holiday tours for people with interests in sport. It arranges trips like ski holidays and group visits to major events such as the Olympic Games. This is a niche market. Travelscene is a very profitable business. The company has an excellent reputation as an efficient business. It employs experienced tour managers who look after the needs of tourists during their trip. It currently has a vacancy for a tour manager.

(a) What is meant by the term 'a niche market'?

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..... [2]

(b) What is meant by 'an efficient business'?

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(c) Identify and explain **two** qualities that a new Travelscene tour manager will need.

Quality 1: .....

Explanation: .....

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Quality 2: .....

Explanation: .....

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..... [4]

(d) Identify and explain **three** possible reasons why Travelscene is a very profitable business.

For Examiner's Use

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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Reason 3: .....

Explanation: .....

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(e) The management of Travelscene is thinking of starting a new range of family beach holidays, aimed at the mass market. Do you think that this would be a good idea? Justify your answer.

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For Examiner's Use

5 The structure of the economy in country W has changed greatly in the last ten years. Primary sector activities have declined in importance, but a range of new tertiary sector businesses have started up. Output in the secondary sector has increased, but employment in this sector has fallen. These changes have caused social and economic problems, with many people finding it difficult to get jobs. The wages of workers in the primary sector businesses have been falling.

(a) What is meant by 'primary sector activities'?

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..... [2]

(b) Identify **two** examples of businesses that would be classified as being in the tertiary sector.

Example 1: .....

Example 2: ..... [2]

(c) Identify and explain **two** possible reasons why workers' wages in primary sector businesses are falling.

Reason 1: .....

Explanation: .....

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Reason 2: .....

Explanation: .....

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..... [4]

(d) Identify and explain **three** possible causes of the structural changes that have occurred in country W.

For Examiner's Use

Cause 1: .....

Explanation: .....

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Cause 2: .....

Explanation: .....

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Cause 3: .....

Explanation: .....

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..... [6]

(e) Do you think that the Government should subsidise primary sector businesses to stop them from closing? Justify your answer.

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