



# **INTRODUCTION TO BUSINESS**

**8<sup>TH</sup> JUNE 2013**

## **Examination Paper**

**Answer ALL questions.**

**Clearly cross out surplus answers.**

**Time: 2 hours**

**Any reference material brought into the examination room must be handed to the invigilator before the start of the examination.**

**CANDIDATES MUST ANSWER ALL QUESTIONS**

**QUESTION 1**

**Marks**

- |    |      |   |   |
|----|------|---|---|
| a) | i)   | What is <b>production</b> ?                                       | 1 |
|    | ii)  | Give a definition of <b>inputs</b> to the production process.     | 1 |
|    | iii) | List <b>THREE (3)</b> examples of inputs to a production process. | 3 |
| b) | i)   | Explain what the term <b>production chain</b> means.              | 2 |
|    | ii)  | Explain what the term <b>added value</b> means.                   | 3 |

**Total 10 Marks**

**QUESTION 2**

- |    |   |   |
|----|---|---|
| a) | Give a definition of the business term <b>marketing</b> .   | 1 |
| b) | What are the differences between a <b>customer</b> and a <b>consumer</b> ?  | 3 |
| c) | <b>Market segmentation</b> divides the population into different groups made up of people with similar needs and behaviour. List <b>FOUR (4)</b> of the commonly-used categories used in market segmentation. | 4 |
| d) | How does <b>market segmentation</b> help businesses?  | 2 |

**Total 10 Marks**

**QUESTION 3**

- |    |  |   |
|----|--|---|
| a) | Give <b>TWO (2)</b> <b>advantages</b> of being a <b>sole trader</b> .              | 2 |
| b) | Give <b>TWO (2)</b> <b>disadvantages</b> of being a <b>sole trader</b> .           | 2 |
| c) | List <b>THREE (3)</b> other types of <b>private sector</b> business organisations. | 3 |
| d) | Explain what the term <b>public sector</b> means.                                  | 1 |
| e) | Give <b>TWO (2)</b> examples of <b>public sector organisations</b> .               | 2 |

**Total 10 Marks**

**QUESTION 4**

- |    |  |  |   |
|----|--|--|---|
| a) | a) <b>PESTLE analysis</b> is a way of examining external influences on a business. |  |   |
|    | i)   | 'L' stands for legal influences.   | 3 |
|    |  | List <b>THREE (3)</b> areas of <b>legal influence</b> that can affect a business.                      |   |
|    | ii)  | 'E' stands for environmental influences.   | 3 |
|    |  | Briefly describe <b>THREE (3)</b> ways in which <b>environmental influences</b> can affect a business. |   |
| b) | What do the letters <b>P, S</b> and <b>T</b> in 'PESTLE' analysis stand for?       |  | 3 |
| c) | What is the <b>micro environment</b> of a business?                                |  | 1 |

**Total 10 Marks**

QUESTIONS CONTINUE ON NEXT PAGE

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**Case Study: JD Sports – Marketing**

JD is part of the JD Sports Fashion PLC Group of companies and is a large and well-known retailer of sportswear and casual clothing.

To achieve business growth, the company's marketing mix is built on its consumers' needs. The marketing mix is often known as the '4 Ps' (or sometimes the '7 Ps') and *Price* is one element of the mix.

Increasing levels of unemployment usually means customers have less money to spend and the demand for non-essential goods, such as branded clothing, would normally decrease as incomes fall, but JD has continued to grow in spite of adverse market conditions.

The price charged for a product will depend on a number of factors: the cost to make it, the level of profit required, competitor prices and the price consumers are willing to pay. The demand for necessities, such as bread and fuel, is unlikely to change much as prices fluctuate. The demand for sportswear and casual clothing, however, is more likely to be price sensitive. Getting the price right is a key part of an organisation's marketing strategy because price directly generates income.

JD benefits from price discounts by purchasing in bulk. This helps JD to remain competitive. Businesses need to ensure that the price charged is perceived by consumers as value for money in relation to the quality of goods and services.

- a) What kind of organisation is the JD Sports Fashion Group of companies? 1
- b) Is JD operating as a primary, secondary or tertiary organisation? Give a reason for your answer. 2
- c) Price is only one element of the marketing mix. List THREE (3) other Ps that make up the marketing mix. 3
- d) How does bulk buying allow JD to remain competitive? 2
- e) **Price** is a key part of a business' marketing strategy because it generates income. How does this help the business? 2

**Total 10 Marks**