

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Monday 22 November 2021 – Afternoon**

**GCSE (9–1) Business**

**J204/01 Business 1: business activity, marketing and people**

**Time allowed: 1 hour 30 minutes  
plus your additional time allowance**

**YOU CAN USE:  
a calculator**

**Please write clearly in black ink.**

**Centre number**

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**Candidate number**

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**First name(s)** \_\_\_\_\_

**Last name** \_\_\_\_\_

**READ INSTRUCTIONS OVERLEAF**



## **INSTRUCTIONS**

**Use black ink.**

**Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.**

**Answer ALL the questions.**

## **INFORMATION**

**The total mark for this paper is 80.**

**The marks for each question are shown in brackets [ ].**

**Quality of extended response will be assessed in questions marked with an asterisk (\*).**

## **ADVICE**

**Read each question carefully before you start your answer.**

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## **SECTION A**

**Answer ALL the questions.**

**1 Which of the following is a financial reward for enterprise? [1]**

**A Authority**

**B Profit**

**C Success**

**D Wages**

**Your answer**

☐

**2 A hairdresser charges the same price for haircuts as two other hairdressers in the local area.**

**Which pricing method is the hairdresser using? [1]**

**A Competitor pricing**

**B Cost-plus pricing**

**C Penetration pricing**

**D Promotional pricing**

**Your answer**

☐

- 3 The manager of a petrol station uses on-the-job training to train new employees.**

**Which one of the following is a disadvantage of using on-the-job training to train three new sales assistants? [1]**

- A Likely to be more expensive than sending the employees on a training course**
- B Motorists may experience lower standards of customer service**
- C No petrol can be sold while the training takes place**
- D The employees will be trained on different equipment to that at the garage**

**Your answer**

☐

- 4 Satisfying the needs of customers is:**

- A a legal requirement**
- B a market research task**
- C a purpose of business activity**
- D the role of the human resources function**

**Your answer**

☐

**[1]**

**5 Two clothing manufacturers have different objectives.**

**Which of the following is NOT a possible reason why the two businesses have different objectives? [1]**

- A One business makes coats and the other makes jeans**
- B Only one of the businesses makes designer clothing**
- C There is little innovation in the clothing industry**
- D They have different owners**

**Your answer**

**6 The owner of a salad bar has done some market research.**

**Which of the following is an example of a secondary research source the salad bar owner could have used? [1]**

- A Giving out free samples of the salads and collecting feedback**
- B Looking at magazines on healthy eating and nutrition**
- C Online questionnaires emailed to regular customers**
- D Visiting a rival store and noting down the types of salads it sells**

**Your answer**

- 7 A farmer needs to order a spare part for a tractor. The part is needed urgently but the farmer does not know the name or code number of the part.**

**Which of the following is the BEST way for the farmer to deal with this situation? [1]**

- A Post a message on social media saying that the tractor has broken down**
- B Send a letter to the parts supplier showing a sketch of the part required**
- C Send an email to the parts supplier attaching a photo of the part required**
- D Upload a video to the farm's website showing the importance of the tractor**

**Your answer**

☐



- 8 A producer chooses to sell its goods to a wholesaler rather than to a retailer.**

**Which of the following is an advantage to the producer of including a wholesaler in its distribution channel? [1]**

- A The producer is likely to be able to charge higher prices**
- B The producer will have a wider span of control**
- C The producer will have less competition**
- D The producer's storage costs are likely to be lower**

**Your answer** ☐

- 9 Jacqui works as a marketing assistant at her local library.**

**Which of the following would be part of Jacqui's job role? [1]**

- A Advertising a vacancy for a senior librarian**
- B Arranging induction training for a new library assistant**
- C Designing a competition to encourage people to read more**
- D Improving the way the books are displayed**

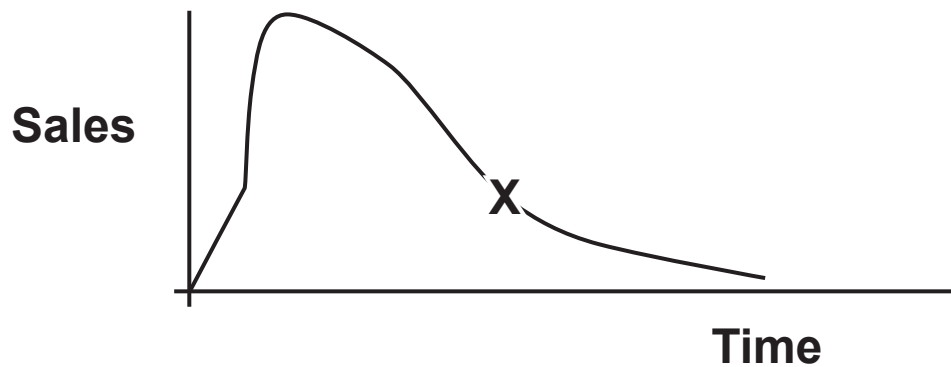
**Your answer** ☐

**10 Which of the following is NOT a form of staff development? [1]**

- A Academic qualifications**
- B Apprenticeships**
- C Induction**
- D Vocational qualifications**

**Your answer**

- 11 The diagram below shows the product life cycle of Paxman, a child's toy. The current position of Paxman is shown by X.



According to the diagram:

- A sales grew quickly at first but are now in decline
- B sales grew quickly at first but are now in maturity
- C sales grew slowly at first but are now in decline
- D sales grew slowly at first but are now in maturity

Your answer ☐ [1]

- 12 Eve is a restaurant owner. She has successfully used social media to attract a lot of new customers to eat in her restaurant.**

**This is an example of:**

- A diversification**
- B invention**
- C organic growth**
- D skimming**

**Your answer** ☐ **[1]**

- 13 Xaio and Zhou own a building firm that employs 50 workers. Xaio and Zhou are concerned about the costs of recruitment. They are constantly having to advertise for replacement workers.**

**Which of the following would help Xaio and Zhou deal with this problem? [1]**

- A Decrease the hourly rate paid to the workers**
- B Find ways to increase employee retention**
- C Give the workers fewer fringe benefits**
- D Obtain additional finance from the bank**

**Your answer** ☐

- 14 A store which sells frozen food buys oven chips for 29p a pack. The store usually sells the oven chips for 99p a pack.**

**How much should the store charge for the oven chips if it wishes to use them as a loss leader? [1]**

- A 29p a pack**
- B Between 29p and 99p a pack**
- C Less than 29p a pack**
- D More than 99p a pack**

**Your answer** ☐

- 15 A business whose main objective is to survive is likely to be:**

- A experiencing growth in its market share**
- B making a large profit**
- C well established and successful**
- D working hard to stay in existence**

**Your answer** ☐ **[1]**

## **SECTION B**

**Answer ALL the questions.**

**16**

### **TEXT 1**

#### **WAITROSE**

**Waitrose is a supermarket chain with over 300 stores throughout the UK. Waitrose specialises in good quality food, targeted at customers with high levels of income. The company is owned by its employees, who receive a range of benefits including profit sharing. Waitrose continues to offer profit sharing to its employees, even though another UK supermarket chain has replaced this type of benefit with higher rates of pay.**

**Waitrose has over 50 000 employees. Many employees are recruited externally. As part of the selection process, potential employees take part in lengthy interviews, group activities and tests. References are requested for all new employees. Once appointed, all employees receive regular training.**

**The supermarket industry is very competitive, so new product development is important to Waitrose. Qualitative market research data is collected using methods including focus groups and customer trials. This data then needs to be communicated effectively between employees at Head Office.**

**(a) Explain what is meant by a focus group.**

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[2]

**(b) Explain ONE advantage for Waitrose of using customer trials.**

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[2]

**(c) Explain ONE benefit for Waitrose of having good business communication between employees at its Head Office.**

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[2]

**(d) Explain ONE advantage for Waitrose of using external recruitment.**

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[2]

**(e) Analyse ONE likely reason why Waitrose provides its employees with regular training.**

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[3]



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**(f) Waitrose is always considering new ways of motivating its employees.**

**(i) Identify TWO non-financial methods of motivating employees.**

**1** \_\_\_\_\_

**2** \_\_\_\_\_

**[2]**

**(ii) Evaluate whether or not Waitrose should continue to offer profit sharing to its employees. [7]**

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**TEXT 2****GREGGS**

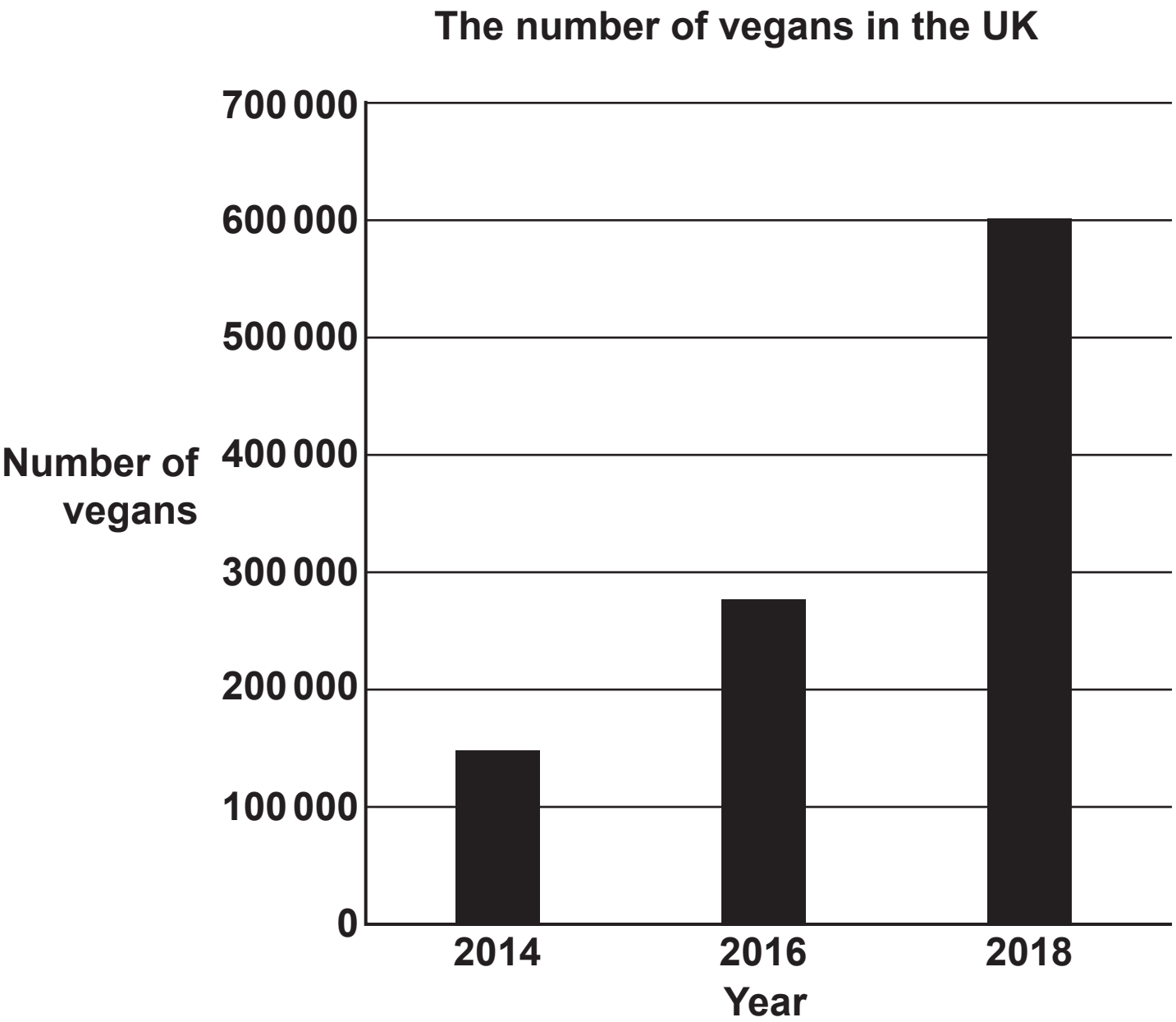
**Greggs is a modern ‘food-on-the-go’ retail brand. It specialises in selling sandwiches, cakes, pastries and pies. Most of these are made by Greggs, using raw materials such as flour, meat and yeast. The company opened its first bakery 80 years ago and has since grown significantly. It currently has 20 000 employees. Greggs’ aim is to become the customer’s favourite for ‘food-on-the-go’ in the UK. This sector is growing quickly and is forecast to be worth £23.4 billion by 2024 (up from £18.5 billion in 2019).**

**According to The Vegan Society, the number of people in the UK choosing a vegan diet has increased during recent years (see FIG. 1).**

**Using the market data, Greggs responded to this change by launching vegan sausage rolls in January 2019. The publicity generated helped Greggs’ total sales to increase by 9.6% in its next seven weeks of trading. Following this success the business launched other products, including vegan doughnuts and vegan steak bakes, based on consumer demand.**

**Managers at Greggs constantly monitor changes in consumer tastes. Similarly, they keep up-to-date with changes in employment law. Greggs’ managers also take pride in the business being named one of the happiest places to work in the UK. Greggs offers many ways of working, including part-time roles.**

**FIG. 1**



**(a) Explain ONE way that employment law may affect Greggs' employment of workers.**

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[2]

**(b) OTHER than the government, explain ONE external stakeholder's influence on Greggs.**

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[2]

**(c) Explain the purpose of planning business activity for Greggs' managers.**

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[2]

**(d) Part-time is one way of working.**

**State TWO other ways of working.**

**1** \_\_\_\_\_

**2** \_\_\_\_\_

**[2]**

**(e) Analyse ONE benefit for Greggs of using market data to create new products.**

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\_\_\_\_\_ **[3]**

- (f) The managers of Greggs are considering two options for business growth.**

**Analyse ONE benefit for Greggs of business growth using each of the following methods.**

- (i) Merger with a flour producer**

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**[3]**

- (ii) Takeover of a rival 'food-on-the-go' retail brand [3]**

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**(iii) Recommend which of the two methods of business growth Greggs should use. Give reasons for your answer.**

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[3]

**TEXT 3****MILES AHEAD**

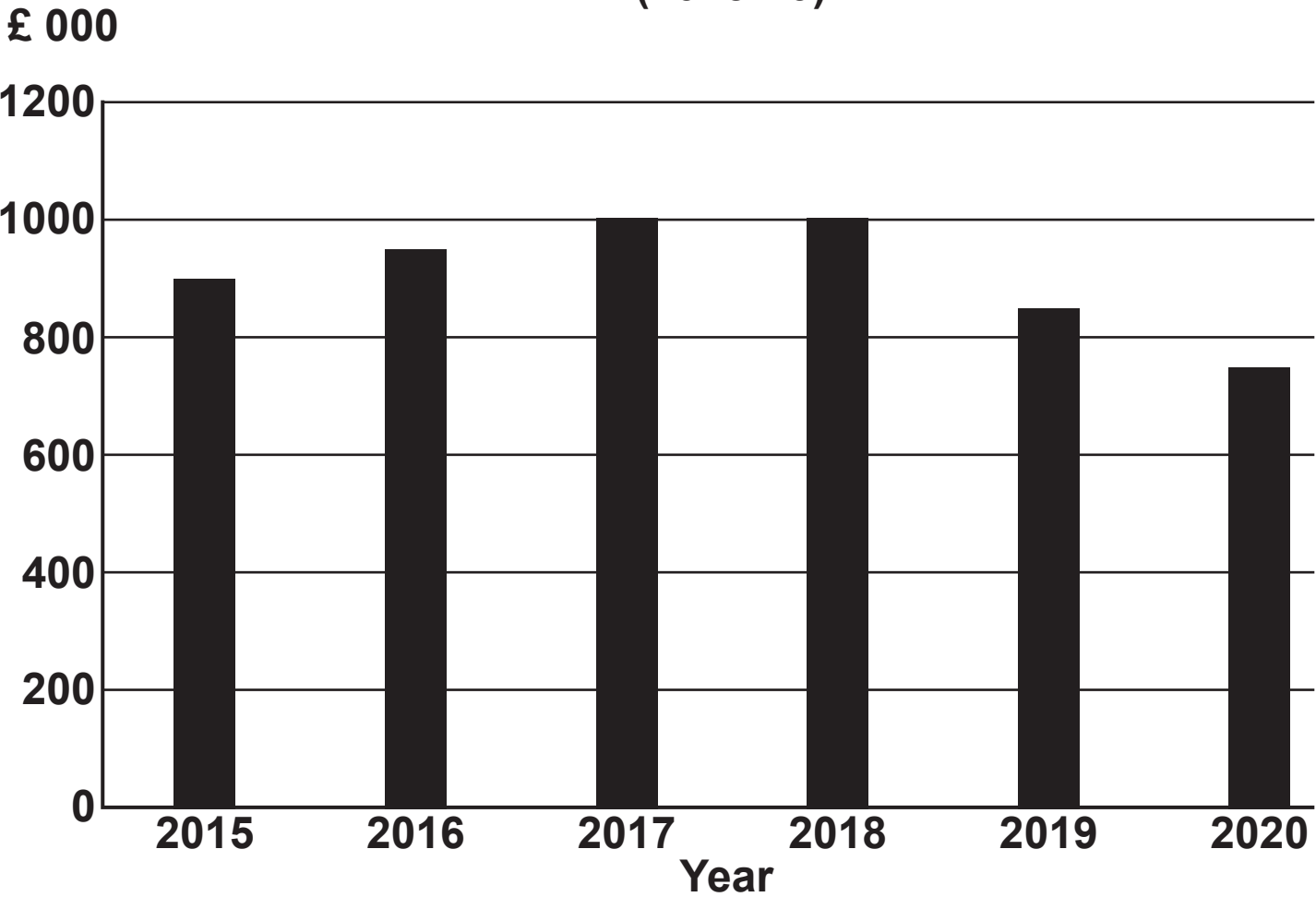
**Miles Ahead is a bicycle retailer which was set up in 2001 by entrepreneur, Reg Patel. Reg started with one shop, but the business has gradually expanded. There are now six 'Miles Ahead' shops. Despite the growth in Miles Ahead, Reg still operates the business as a sole trader, with 15 employees and a tall organisational structure. Reg segments the market (e.g. different bicycles according to age, gender, lifestyle and income), which he thinks has supported his success.**

**Reg is going to retire in six months' time. He is selling the business to Nessa Watts. Nessa has a lot of business experience. She has sold jewellery online as a sole trader for many years. Nessa has plans to expand Miles Ahead. Nessa has had to borrow £500 000 to purchase the business from Reg.**

**Nessa is considering whether to open more 'Miles Ahead' shops or launch a 'Miles Ahead' website so that customers can purchase online. Sales within the business have fallen over the past two years (see FIG. 2) which Nessa feels is due to the traditional appearance of the shops.**

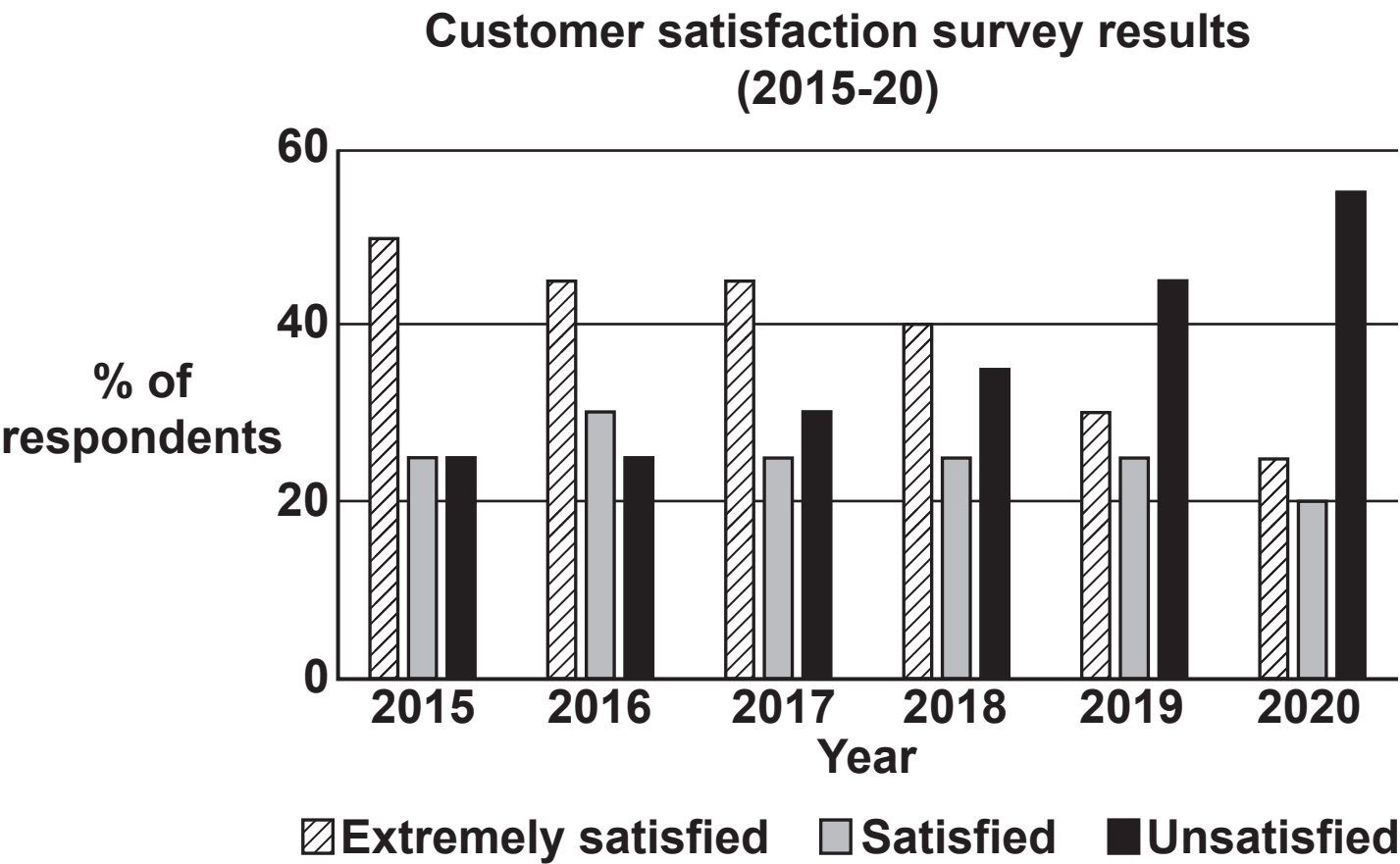
**FIG. 2**

**Sales revenue of Miles Ahead  
(2015-20)**



The latest customer satisfaction information is also of concern to Nessa (see FIG. 3).

FIG. 3



(a) State ONE characteristic of an entrepreneur.

[1]

**(b) Analyse TWO benefits for Miles Ahead of using market segmentation.**

**Benefit 1** \_\_\_\_\_

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**Benefit 2** \_\_\_\_\_

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**[6]**

**(c) Nessa is thinking about the best organisational structure for Miles Ahead when she becomes the new owner.**

**(i) Analyse ONE benefit for Miles Ahead of each of the following organisational structures. [6]**

**Tall organisational structure**

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**Flat organisational structure**

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**(ii) Recommend which type of organisational structure would be the most appropriate for Nessa to use at Miles Ahead. Give reasons for your answer.**

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[3]

**(d)\* Evaluate, with reference to the data in TEXT 3, whether operating as a sole trader is the best type of business ownership for Miles Ahead in the future. [9]**

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