

Candidate Name	Centre Number	Candidate Number
		2



**GCE AS/A level**

1081/01

**BUSINESS STUDIES  
BS1**

P.M. MONDAY, 10 January 2011

1¼ hours

For Examiner's Use Only		
Question	Maximum Mark	Examiner's Mark
1	4	
2	4	
3	14	
4	10	
5	8	
6	10	
Total	50	

1081/01/0001

**INSTRUCTIONS TO CANDIDATES**

Use black ink or ball-point pen.

Answer **all** the questions in the spaces provided.

Write your name, centre number and candidate number in the spaces at the top of this page.

**INFORMATION FOR CANDIDATES**

Mark allocations are shown in brackets.

You are reminded that assessment will take into account the quality of written communication used in answers that involve extended writing (question 6).

Answer **all** the questions in the spaces provided.

**1. Needs Versus Wants**

In the consumption of goods and services people will first seek to meet their **needs** and then try and satisfy their **wants**.

With the aid of examples, distinguish between *needs* and *wants*. [4]

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**2. Nearly £1 million for six bikes**

Britain's biggest retailer, Tesco mistakenly paid Universal Cycles, a subsidiary of Sports Direct, £984 000 for six *Muddy Fox Suspension Bikes* instead of £984. The error was made on the 13 August 2009 and Universal was asked to repay it 15 days later. An error of this sort could be due to Tesco suffering from **diseconomies of scale**.

Explain, with the aid of examples, the meaning of *diseconomies of scale*. [4]

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**TURN OVER FOR QUESTION 3**

**3. BURBERRY**

The Burberry company is well-known for its luxury goods, but in times of recession it is often the luxury end of the market that suffers. Therefore, after extensive **quantitative and qualitative market research** Burberry is now expanding into new products, such as kidswear, and new geographical areas such as the Middle East.

(a) With the aid of examples, distinguish between *quantitative and qualitative market research*. [6]

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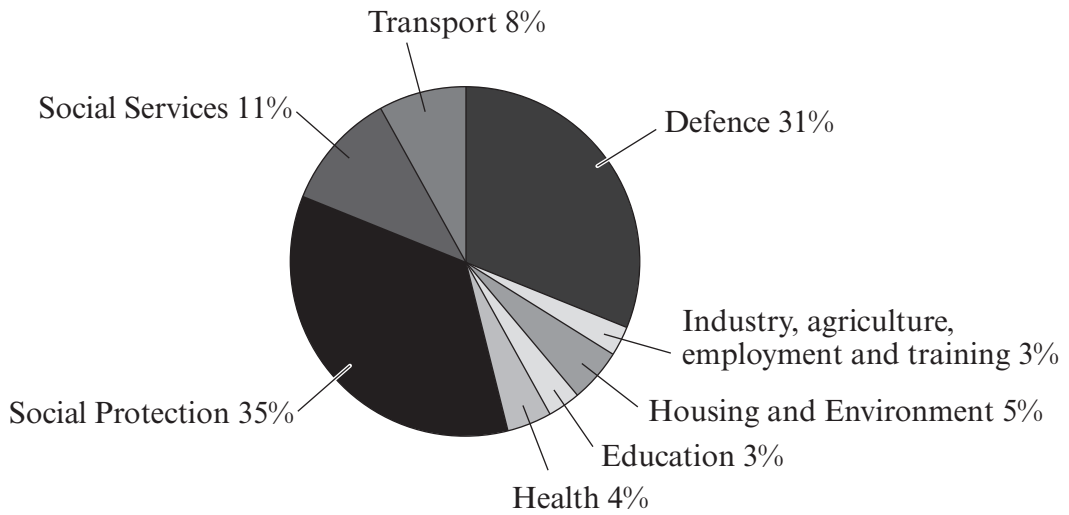


4. As a result of the financial crisis, there is little doubt that severe cut-backs in public spending will be necessary to balance the nation's book. A poll run on the internet from 4 August to 10 August 2009 asked people "If you were Prime Minister in charge of the public sector, where would you cut back on public sector spending?"

People were given one vote as to which of the following they would like to see cut.

- Defence
- Education
- Housing and the Environment
- Industry, agriculture, employment and training
- Health
- Social Protection (police, street lighting, etc.)
- Social Services
- Transport

The results of the poll are given in the pie chart below.



The results seem to imply that people care far more about **merit goods** than **public goods**.

(a) Using the information above, distinguish between *merit goods* and *public goods*. [4]

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(b) How do the aims and objectives of the public sector differ from those of the private sector? [6]

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**TURN OVER FOR QUESTION 5**

**5. AMAZON.com**

Amazon.com was founded in 1994 and launched on-line in 1995. It started as an on-line bookstore but soon diversified into product lines of videos, DVDs, music CDs, MP3s, video games, electronics, clothes, furniture, food and toys.

Amazon.com has embraced the latest technology in many of the products offered to its customers through the development of e-books and its music downloads.

In its massive distribution warehouses, Amazon.com also makes use of the latest technology. Goods delivered to the warehouse appear to be located randomly according to their size and the spaces available. However, with a scanning gun (which acts a bit like ‘sat nav’) the quickest way to the goods is found immediately. Everything about the order is then beamed to the workers who pick up the goods and if necessary gift-wrap them for the customers.



Explain the impact of rapid technological change on businesses, such as Amazon.com, and their customers. [8]

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**TURN OVER FOR QUESTION 6**

**6. LIGHTERLIFE**

Lighterlife is a franchising company that has helped over 100 000 people lose weight and improve their health. It helps them to lose weight and then sustain this loss, not just for a few months or a year, but for life.

Lighterlife has been trading successfully for over 12 years in the UK and has recently expanded into the Republic of Ireland. It currently has 270 franchisees who are men and women from various backgrounds who help other people live lighter, healthier, more active lives.

Lighterlife franchisees receive full training and start-up equipment such as materials and weighing scales. Each franchise costs £12 000.

“Franchising, as used by Lighterlife, is a popular way of expanding a business. It brings benefits to the franchisor and the franchisee but few, if any, disadvantages.”

To what extent do you agree with this statement? [10]

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