

Candidate Name	Centre Number	Candidate Number
		2



GCE AS/A level

1081/01

BUSINESS STUDIES

BS1

P.M. MONDAY, 17 May 2010

1¼ hours

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

1081 01 01

INSTRUCTIONS TO CANDIDATES

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. BROADENING OPPORTUNITIES FOR FARMERS

In recent years, farmers have found it increasingly difficult to make a living from traditional farming. Many have been looking at additional ways of increasing their income. For example John Evans, a Pembrokeshire farmer, is considering investing his life savings of £50 000 in creating either a small caravan park or a trout farm on part of his land as well as carrying on with some traditional farming.

Using the passage, explain the meaning of the term *opportunity cost*. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Total Mark

2. PGS PUBLISHING

PGS Publishing is a traditional publisher of children’s magazines and comics and is concerned about the falling sales in its magazine portfolio. As a result, it has decided to try and enter the teenage market where it believes there is potential for increased sales. It has employed the services of a market research agency, which has just completed the analysis of 3 000 questionnaires that were given to young people across the UK. In addition, it has undertaken extensive analysis of current sales figures of the leading magazines in this market.

Explain the meaning of *primary* and *secondary* market research, giving an example of each **from the passage**. [6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

1081 01 03

Total Mark

3. ASDA’S NEW LINE FOR AN AGEING UK

ASDA is to start selling walking sticks and wheelchairs to cater for the UK’s ageing population. The new range will include a collapsible wheelchair, fold-up walking sticks and shower seats, as well as devices to help remove lids from jars and to turn taps on and off.

ASDA decided to develop this market following research showing that senior citizens will make up almost a quarter of the population within 23 years, but the products will also be targeted at younger people with disabilities and those suffering from sports injuries.

(a) Explain, with the use of examples, the meaning of *market segmentation*. [4]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....



(b) Why do supermarket chains, such as ASDA, segment their markets?

[6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

1081 01 05

Total Mark

4. DESIGN A SIGN

Many businesses find that one of the best ways of getting themselves known is to put their name and contact details on their vehicles. Design A Sign specialises in creating signs to meet the individual needs of its customers.

The business was started by David and he initially operated as a sole trader. He used his garage as his premises and at first he struggled, but the quality of his work meant that customers were frequently passing on his name to other businesses. With this extra custom he had to work long hours and could not meet demand, especially as the process of designing the signs and then applying them to the vehicles was quite time-consuming.

To carry on the business, David realised he would need to employ somebody, but getting the right person with the right skills would not be easy, and in addition his garage was becoming too small for the amount of work he was doing. He discussed the situation with Jason, his brother, who is a qualified graphic artist. Jason suggested that they go into partnership together. This was a possible solution that David had not anticipated.

Evaluate the view that operating as a partnership would be a better option for David than remaining as a sole trader. [10]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

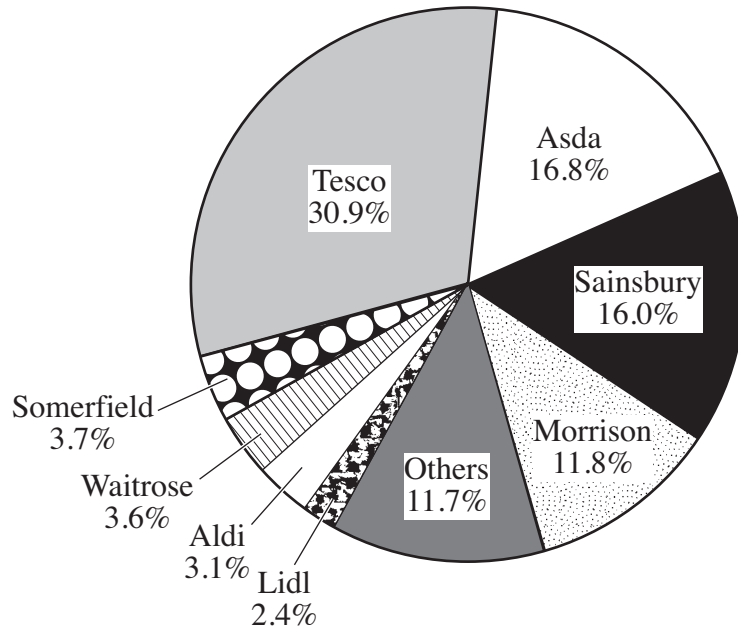
.....

.....

TURN OVER FOR QUESTION 5

Total Mark

(b) Below is a pie chart showing the market shares of grocery retailers in the UK.



To what extent can the grocery market in the UK be regarded as oligopolistic?

[6]

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Total Mark

Turn over.

.....

.....

.....

Total Mark

BLANK PAGE