

1 (a) Define the term *public sector*. [2]

(b) Explain **one** benefit to a business of having a business plan. [3]

1 (a) Define the term *triple bottom line*. [2]

(b) Explain **one** advantage to a business of being a social enterprise. [3]

1 **Clever Bean (CB)**

CB is a public limited company that operates a chain of coffee shops in several countries. The company was founded in 2010 by two friends, Shopra and Ben. They share a passion for coffee and want to offer high-quality products to customers.

CB started with one coffee shop in country Q and gradually expanded, always locating in high-income areas of major cities. CB operates in a dynamic business environment. There is a high level of competition from other well-known coffee shop chains. 5

The company sources its coffee beans from fair trade suppliers who grow their coffee in an environmentally friendly way. CB offers a wide range of coffee products to the mass market. CB also offers other drinks and a variety of food items, such as sandwiches and cakes. Recent research shows that customers are now looking for healthy food options. 10

CB’s customers are mainly young professionals, students and tourists. Customers enjoy CB’s inviting atmosphere, comfortable seating areas, free Wi-Fi access and music. Its staff are trained to be friendly, helpful and knowledgeable.

Table 1.1 shows some financial data for CB for 2023 and 2024.

Table 1.1 CB’s costs and revenue for 2023 and 2024 15

	2024 (\$m)	2023 (\$m)
Revenue	50	44
Direct costs	10	6
Indirect costs	20	16

- Shopra believes that CB should continue to focus on the mass market. However, Ben thinks that greater use of market segmentation will be more successful. 20
- (a) (i) Identify **one** feature of a public limited company. [1]
- (ii) Explain the term *dynamic business environment*. [3]
- (b) (i) Refer to Table 1.1. Calculate the change in profit from 2023 to 2024. [3]
- (ii) Explain **one** use to CB of cost information. [3]
- (c) Analyse **two** benefits to CB of training its employees. [8]
- (d) Evaluate whether CB should make greater use of market segmentation to be more successful. [12]

1 Natural Shampoos (NS)

NS is a private limited company set up by Saira and Chantal as a social enterprise. NS sells natural hair care products and focuses on customer (market) orientation. The main aims of Saira and Chantal include donating to local charities and improving gender equality in the workplace.

NS began by selling its products to small, independent businesses in country H. NS expanded its range slowly based on customer feedback, specific requests on its blog, and sales data.

NS explored additional finance opportunities required for expansion. NS approached John, who owns manufacturing facilities in country H and has significant marketing experience. He invested into NS in return for ownership of one third of the business. John's main aim is to increase long-term profits in order to maximise the return on his investment.

In the five years since John's investment, NS has become the market leader in country H for natural hair care products. NS products are now sold in major cosmetic retailers.

NS recently analysed its output in 2024 (see Table 1.1).

Table 1.1 NS output data for 2024

	Units
Actual output level	145 000
Capacity	150 000

Saira and Chantal have decided to employ a Marketing Manager for NS. Fig 1.2 shows an extract from the job advertisement.

Marketing Manager

- Experience of growing brand awareness and using online channels of distribution.
- Using budgets to monitor the performance of marketing campaigns.
- Developing and maintaining relationships with external stakeholders.

Fig 1.2 Extract from job advertisement for NS's new Marketing Manager

- (a) (i) Identify **one** feature of a private limited company. [1]
- (ii) Explain the term *customer (market) orientation*. [3]
- (b) (i) Refer to Table 1.1. Calculate NS's capacity utilisation in 2024. [3]
- (ii) Explain **one** possible disadvantage to NS of high capacity utilisation. [3]
- (c) Analyse **two** selection methods that NS could use to choose a new Marketing Manager. [8]
- (d) Evaluate the most likely reason for conflict to arise between the owners of NS. [12]

1 Town Trucks (TT)

TT is a private limited company in country J. TT has contracts to deliver products to secondary, tertiary and quaternary sector businesses.

QZ is one of the largest manufacturers in country J and plans to outsource its supply chain management. A contract has been agreed between TT and QZ based on the following cost and revenue data (see Table 1.1). TT's Sales Manager has forecast that TT will make 5 000 deliveries with the new contract.

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Table 1.1 Cost and revenue forecast for the QZ contract

	\$
Direct costs (average per delivery)	5
Total indirect costs	9 000
Total revenue	40 000

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TT employs 120 drivers. The majority of these drivers are white men aged between 40 and 60. A national newspaper has recently criticised the truck industry in country J for not having diversity and equality in the workplace.

Klide, the Marketing Manager, has been set an objective to increase TT's revenue. He has decided to target small online retailers. TT will pick up individual products from the small online retailers and deliver them to households. This would require a new fleet of smaller trucks but has the potential to increase TT's revenue. Klide plans to use digital promotion to target these small online retailers.

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- (a) (i) Identify **one** business activity within the quaternary sector. [1]
- (ii) Explain the term *supply chain management*. [3]
- (b) (i) Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract. [3]
- (ii) Explain **one** reason why TT needs accurate cost information. [3]
- (c) Analyse **two** advantages to TT of improving diversity and equality in the workplace. [8]
- (d) Evaluate the usefulness of digital promotion to TT when targeting small online retailers. [12]