Name:

A-Level Business: **w25 11**

6 **(a)** Analyse **two** benefits to a business of using a Boston Matrix. [8]

(b) ‘Packaging is the most effective promotion method for a fast-food business.’

Evaluate this view. [12]

A-Level Business: **w25 12**

6 **(a)** Analyse **two** benefits to a business of product portfolio analysis. [8]

(b) Evaluate whether branding is the most important factor in the successful promotion of a new health drink. [12]

A-Level Business: **w25 13**

1 **(a)** Define the term *market growth*. [2]

(b) Explain **one** pricing method. [3]

A-Level Business: **w25 21**

2 **Natalia’s Naturals (NN)**

NN is a small business owned by Natalia. NN produces and sells a range of natural skincare products.

In 2020, Natalia started making her own skincare products at home using natural ingredients. She realised that there was a demand for her products among her friends and family. Natalia then decided to turn her hobby into a business and launched NN in 2021.

Natalia operates her business from a rented workshop with limited space, where she makes her products by hand. She buys her ingredients from local suppliers who share her values of environmentally friendly production.

NN has been growing steadily and has gained a loyal customer base. NN has received positive reviews from beauty magazines. Natalia’s skincare products are sold through her own website, social media platforms and local retailers who specialise in selling natural products.

Natalia is developing a new face cream. Table 2.1 shows price and cost estimates for the new face cream.

Table 2.1 Price and cost estimates

Product	Price	Allocated fixed costs	Variable costs per unit
Face cream	$5	$12 000	$2

The skincare market is very competitive. There are many established brands that offer similar products to NN, but with wider distribution channels.

Natalia needs to balance her time between production, managing orders, delivery, marketing and other administrative tasks. She works long hours and is stressed and exhausted.

Natalia is considering outsourcing to increase NN’s production capacity.

(a) **(i)** Identify **one** internal stakeholder of a business. [1]

(ii) Explain the term *distribution channels*. [3]

(b) **(i)** Refer to Table 2.1. Calculate the break-even level of output of the new face cream. [3]

(ii) Explain **one** limitation to NN of break-even analysis. [3]

(c) Analyse **one** advantage and **one** disadvantage to NN of being a small business. [8]

(d) Evaluate whether outsourcing is the most suitable way to increase NN’s production capacity. [12]

A-Level Business: **s25 11**

2 **(a)** Define the term *price discrimination*. [2]

(b) Explain **one** disadvantage to a business of using competitive pricing. [3]

4 Analyse **one** reason why a business may use cost-based pricing. [5]

Section B

Answer **one** question only.

EITHER

2 Designer Clothing (DC)

DC is a medium sized private limited company. It has been trading for 10 years. DC makes luxury dresses for women using job production methods. DC has an excellent reputation for quality. A DC designer has a meeting with every customer to design a dress that satisfies the customer's individual needs, including choice of fabric and colour. Cost-based pricing is used with 50% added to the average cost of each dress.

DC's employees are highly skilled and paid hourly rates (a time based method). Ikram, one of the designers, has just had a meeting with a new customer, Lydia. Lydia wants Ikram to design and make a new dress for her. Ikram has worked out the production data shown in Table 2.1 for the dress.

Table 2.1: Production data for the dress for Lydia

Production time	20 hours
Hourly rate	$10
Material costs	$250
Indirect cost allocation	$25
Other costs such as packaging	$25

Jenny, the Managing Director, wants to use DC's excellent reputation and move into a new market. Jenny wants to create a new range of DC branded trousers for women. Jenny has developed some elements of a marketing mix for the new trousers:

- Product: quality trousers aimed at women aged 25–50
- Distribution channel: sold in large shops
- Promotion: branded with the DC logo

Jenny will develop a business plan when she receives the market research report, which includes feedback from a focus group. Jenny thinks that the pricing strategy DC currently uses will not be appropriate for the new trousers.

The new product range would use a batch production method. The Production Director, Khaleal, has identified the machinery needed for the new production method. Khaleal is worried about the problems that introducing the new production method might cause DC's employees.

(a) **(i)** Identify **one** indirect cost. [1]

(ii) Explain the term 'business plan' (line 22). [3]

(b) **(i)** Refer to Table 2.1 and other information. Calculate the price of the dress for Lydia. [3]

(ii) Explain **one** payment method, other than time based, that DC could use to pay its employees. [3]

(c) Analyse **two** human resource problems that DC might experience from the introduction of a new batch production method. [8]

(d) Evaluate suitable pricing methods that DC could use for the new range of trousers. [12]