

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 The Research Agency (TRA)

TRA is a quaternary sector business. It is the market leader in providing social media data to food manufacturers in country F. TRA's market has grown by 40% over the last year.

DF is a multinational business that specialises in non-alcoholic drinks. DF has asked TRA for data about a new bottle of water with pod attachments. The pods give a fruity flavour which is combined with sparkling water. TRA has sampled 8000 potential consumers on social media to identify their favourite fruity flavour (see Fig. 1.1). 5

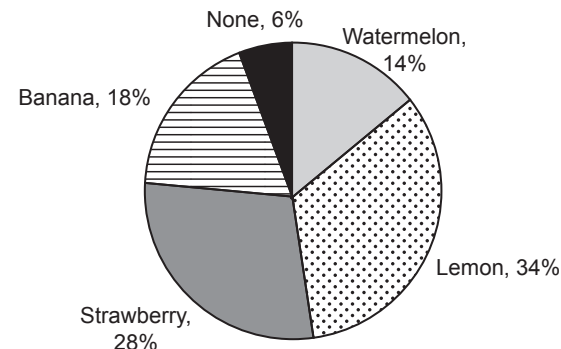


Fig. 1.1 Data about consumer flavour preferences for DF

TRA employs 65 researchers. Since 2020, all of these employees work from home. They are provided with all the necessary IT equipment and a high-speed internet connection. However, motivation is poor, and this has led to high labour turnover. The Human Resource Director has received some feedback from employees. Fig. 1.2 shows some of this feedback. 10

- I hate being so isolated – I never get to speak to any other employees.
 - I have to use my own electricity, and the cost has doubled in the last two years.
 - I know some employees are not working very hard, but they get paid the same as me. It's not fair!
- 15

Fig. 1.2 summary of feedback from employees at TRA

- (a) (i) Identify **one** stage of the transformational process. [1]
- (ii) Explain the term *multinational business*. [3]
- (b) (i) Refer to Fig 1.1 and other information. Calculate the combined total number of potential consumers who would prefer lemon or strawberry flavoured water. [3]
- (ii) Explain **one** reason why TRA uses sampling. [3]
- (c) Refer to Fig 1.1 and other information. Analyse **two** reasons why the data collected for DF may not be reliable. [8]
- (d) Evaluate the most effective way for TRA to improve the motivation of the home working employees. [12]

- 6** (a) Analyse **two** ways international markets may present different challenges to a business than national markets. [8]
- (b) Evaluate whether customer relationship marketing (CRM) is suitable for all small businesses. [12]

- 6** (a) Analyse **two** advantages to a business of making ethical decisions. [8]
- (b) 'Employees are the most important stakeholder group in a primary sector oil and gas business.'
- Evaluate this view. [12]

- 2** (a) Define the term 'sustainability'. [2]
- (b) Explain **one** reason why a manufacturing business might take measures to improve the sustainability of its operations. [3]
- 4** Analyse **one** way in which ethics may influence the activities of a business. [5]

Section B

Answer **one** question only.

EITHER