2 Max is an entrepreneur who wants to start up a business selling books. He has decided to use ecommerce. Max has been told there is government support for start-up businesses. He will use market research to help make business decisions. Max knows it is important for a new business to build customer loyalty.

(a) Define 'entrepreneur'.

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.... [2]

(b) Identify **two** reasons why governments support start-up businesses.

Reason 1: ....

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Reason 2: ....

.... [2]

(c) Outline **two** opportunities for Max's business of using ecommerce.

Opportunity 1: ....

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Opportunity 2: ....

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.... [4]

(d) Explain **two** ways Max could use market research to help make business decisions.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** ways a business could build customer loyalty. Which is likely to be the best way for a new business to use? Justify your answer.

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.... [6]

2 **(a)** Explain **two** advantages and **two** disadvantages to LB of using primary market research.

Advantage 1: ....

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Advantage 2: ....

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Disadvantage 1: ....

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Disadvantage 2: ....

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[8]

(b) Consider the advantages and disadvantages of the **two** options LB could use to distribute its new product range in country X. Which channel of distribution should LB use? Justify your answer.

- Selling to specialist retail shops
- Selling directly to customers through LB's website

Selling to specialist retail shops: ....

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Selling directly to customers through LB's website: ....

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Recommendation: ....

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[12]

3 **(a)** Explain **four** ways market research information can help a business.

Way 1: ....

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Way 2: ....

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Way 3: ....

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Way 4: ....

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[8]

(b) Consider the following **two** ways TSE could purchase the raw materials for its factories. Which way should TSE use? Justify your answer.

- Head office in country P continues to purchase the raw materials for all TSE factories
- TSE's factory managers in each country purchase raw materials locally

Head office in country P continues to purchase the raw materials for all TSE factories: ....

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TSE's factory managers in each country purchase raw materials locally: ....

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Recommendation: ....

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[12]

2 Mitchell is an entrepreneur. He wants to start up a business selling books. As part of his business plan Mitchell has carried out some market research. An extract is shown in Fig. 2.1. Mitchell will use microfinance as a source of finance. He wants to know whether the opportunities of using ecommerce for a new business are greater than the threats.

Extract from Mitchell's market research data for 2023

Chart 1: Type of people reading books

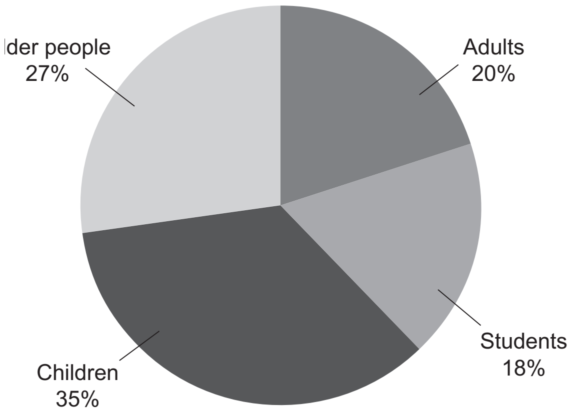

Chart 2: Book sales by type (million)

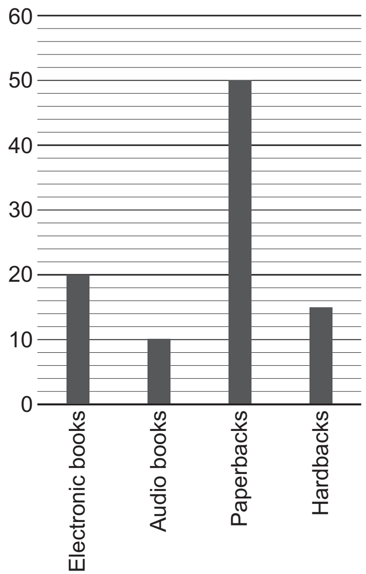

Fig. 2.1

(a) Define 'entrepreneur'.

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.... [2]

(b) Define 'business plan'.

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(c) Outline **one** advantage and **one** disadvantage to Mitchell of using microfinance as a source of finance.

Advantage: ....

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Disadvantage: ....

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.... [4]

(d) Explain how the market research data in Chart 1 and Chart 2 in Fig. 2.1 could help Mitchell when making decisions.

Chart 1: ....

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Explanation: ....

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Chart 2: ....

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Explanation: ....

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.... [6]

(e) Do you think the opportunities of ecommerce for a new business are greater than the threats? Justify your answer.

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