

OCR level 1 / 2 Cambridge National in Enterprise & Marketing

Enterprise and marketing concepts

Unit no. R067 – exam unit

Assessment booklet

(40% of the total qualification grade)



Name:

Tutor:

Class:

Assessment and performance objectives (PO) tracker

Assessment	PO1 Recall knowledge and show understanding of enterprise and marketing concepts	PO2 Apply knowledge and understanding of enterprise and marketing concepts	PO3 Analyse and evaluate knowledge, understanding and performance	Overall mark / grade
Topic Area 1: Characteristics, risk and reward for enterprise				
Topic Area 2: Market research to target a specific customer				
Topic Area 3: What makes a product financially viable				
Topic Area 4: Creating a marketing mix to support a product				
Topic Area 5: Factors to consider when starting up and running an enterprise				

Green – Secure understanding of the PO skill in the assessment

Amber – Some understanding of the PO skill in the assessment

Red – Little understanding of the PO skill in the assessment

Topic Area 1: Characteristics, risk and reward for enterprise

1) which of the following is a reward for being an entrepreneur? (1) (PO1)

- a) Negotiation
- b) Risk taker
- c) Determined
- d) Independence

Answer: _____

2) which of the following is a typical characteristic of a successful entrepreneur? (1) (PO1)

- a) Financial
- b) Innovative
- c) Making a difference
- d) Personal relationships

Answer: _____

3) which of the following is a risk of becoming an entrepreneur? (1) (PO1)

- a) Work-life balance
- b) Self-satisfaction
- c) Communication
- d) Confidence

Answer: _____

Sophie is an **entrepreneur**, she created a business called Cup Mats. Sophie found that hot drinks didn't stay hot for long and cold drinks didn't stay cold for long so she developed place mats that kept drinks at their right temperature when the drink was placed on the mat. Sophie had to convince supermarkets to stock her product and after a few unsuccessful meetings she stayed determined and eventually got one well known supermarket to stock her products. To start her business, Sophie quit her 40 hour week low-paid job as an office worker.

4a) what is meant by the term 'Entrepreneur' (2) (PO1)

An entrepreneur is _____

4b) Describe two entrepreneurial characteristics that Sophie demonstrated, and for each one, explain why it is important to have that characteristic (6) PO1 (2) PO2 (2) PO (2)

1 _____

2 _____

4c) Explain two rewards that Sophie could achieve in becoming an entrepreneur instead of working in her office job? (6) PO1 (2) PO2 (2) PO3 (2)

1 _____

2 _____

4d) Explain one risk that Sophie could achieve in becoming an entrepreneur instead of working in her office job? (3) PO1 (1) PO2 (1) PO3 (1)

Total marks: / 20 PO1 / 10 PO2 / 5 PO3 / 5

Grade:

<u>Green Pen review – topic area 1</u>					
Nailed it (Easy)		So So (Medium)		Oh no! (Difficult)	
<input type="text"/>		<input type="text"/>		<input type="text"/>	
On target:	Yes	<input type="text"/>	No	<input type="text"/>	

Topic Area 2: Market research to target a specific customer

1) What is the main purpose of market research (1) - PO1

- a) To sell goods / services
- b) To gain customer views
- c) To promote the business
- d) To buy goods / services

Answer: _____

2) Which one of the following is not an example of Primary research (1) - PO1

- a) Observations
- b) Competitor's data
- c) Customer trials
- d) Questionnaires

Answer: _____

3) Which one of the following is not an example of Secondary research (1) - PO1

- a) Test marketing / pilots
- b) Government publications
- c) Internet data
- d) Mintel

Answer: _____

3) Which one of the following best describes quantitative data (1) - PO1

- a) A lot of data
- b) Open-ended questions in a survey
- c) Data based on opinions
- d) Data that can be analysed in a numerical way

Answer: _____

Turn over for the next questions

Rajesh is setting up a new coffee shop in your local town. He knows that there are 5 other coffee shops in the town and that they are very popular with customers. Due to high levels of competition Rajesh wants to create a low-price and unique hip-hop themed coffee shop aimed to at young adults.

5 a) Describe two types of market segments that Rajesh is aiming his coffee shop at (4) PO1 (2) PO2 (2)

5 b) Analyse one benefit to Rajesh in using market segmentation (3) PO1 (1) PO2 (1) PO3 (1)

To find out information about his current competitors and customers Rajesh has decided to complete two market research options:
Option A: Primary market research: Questionnaire to potential customers in the town centre.
Option B: Secondary market research: Looking at competitor's (other coffee shop) websites.

6 a) Analyse one advantage and one disadvantage of Rajesh choice of primary market research (6) PO1 (2) PO2 (2) PO3 (2)

Advantage: _____

Disadvantage: _____

6 b) Analyse one advantage and one disadvantage of Rajesh choice of secondary market research
(6) PO1 (2) PO2 (2) PO3 (2)

Advantage: _____

Disadvantage: _____

Total marks: / 23 PO1 / 11 PO2 / 7 AO3 / 5

Grade:

Green Pen review – topic area 2

Nailed it (Easy)

So So (Medium)

Oh no! (Difficult)

On target:

Yes

No

Topic Area 3: What makes a product financially viable

1) What is an example of a fixed cost? (1) PO1

- a) Wages
- b) Packaging
- c) Rent
- d) Components

Answer: _____

2) what is an example of a variable cost? (1) PO1

- a) Raw materials (stock)
- b) Insurance
- c) Salaries
- d) Utilities

Answer: _____

3) Last month Eddie paid the following costs

Cost	£
Components	2 000
Advertising	1 000
Salaries	3 000
Packaging	500

How much were Eddie's total variable costs? (1) PO2

- a) £6 500
- b) £4 000
- c) £2 500
- d) £500

Answer: _____

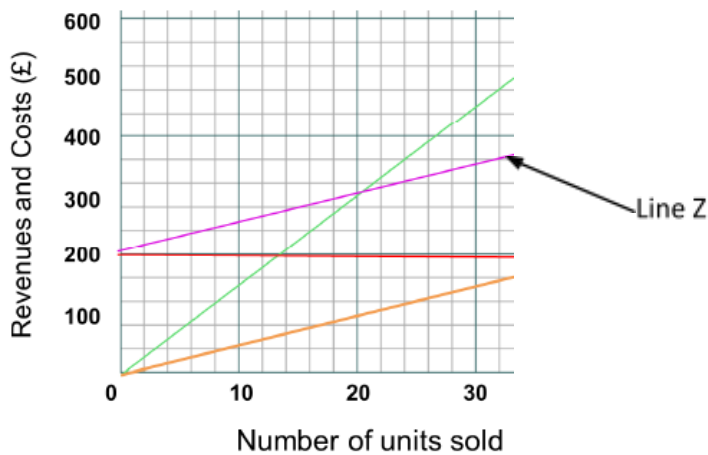
4) what is the formula for profit? (1) PO1

- a) Price x number of sales
- b) Total revenue – Total costs
- c) Total fixed costs + Total variable costs
- d) Selling price – variable costs

Answer: _____

5) A break even graph for Sarah's business is shown below:

What does line Z represent? (1) PO2



- a) Total revenue
- b) Variable costs
- c) Total costs
- d) Fixed cost

Answer: _____

6) Zakari has provided the following information:

	£
Fixed costs per year	20 000
Variable cost per unit	4
Selling price per unit	12

The break-even quantity is calculated using the following formula:

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

What is the number of units Zakari needs to sell to break even? (1) PO2

- a) 16 units
- b) 20 000 units
- c) 5 000 units
- d) 2 500 units

Answer: _____

Abigail runs a mobile hair dressing business. Last month Abigail had 200 customers.

	£
Fixed costs last month	1 200
Variable cost per customer	11.50
Selling price per customer	20.50

7) Calculate Abigail's profit for last month (4) PO1 (1) PO2 (3)

Show your workings:

Answer £ _____

John runs a dog walking business. Last year John had 900 dog walks

	£
Fixed costs last year	8 550
Variable cost per dog walk	2
Selling price per dog walk	15

8) Calculate John's profit per unit for last year (4) PO1 (1) PO2 (3)

Show your workings:

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Su and Tanisha both run separate businesses selling Jewellery. Below is financial information for both businesses:

	Su's business	Tanisha's business
Fixed costs per month	£10 000	
Selling price per unit		£22
Variable cost per unit	£8	£10
Break even quantity	1 000 units	1 200 units

The break-even quantity is calculated using the following formula

$$\frac{\text{Fixed costs}}{\text{Selling price per unit} - \text{variable cost per unit}}$$

9) Calculate the two missing figures in the table above (selling price for Su, Fixed costs for Tanisha) (6) PO1 (2) PO2 (4)

Show your workings

10. a) What is the difference between cash and profit? (2) PO1 (2)

10. b) Explain why managing cash is important to businesses? (2) PO3 (2)

Total marks: / 24 PO1 / 9 PO2 / 13 PO3 / 2 Grade:

Green Pen review – topic area 3

Nailed it (Easy)

So So (Medium)

Oh no! (Difficult)

On target:

Yes

No

Topic Area 4: Creating a marketing mix to support a product

1) Which is not an element of the marketing mix? (1) (PO1)

- a) Promotion
- b) Profit
- c) Place
- d) Price

Answer: _____

2) which of the following is a non-digital method of advertising? (1) (PO1)

- a) Websites
- b) Social media
- c) Radio
- d) SMS text message

Answer: _____

3) which of the following is a digital method of advertising? (1) (PO1)

- a) Leaflet
- b) Cinema
- c) Magazine
- d) Podcast

Answer: _____

4) Which is an example of a sales promotion technique? (1) (PO1)

- a) Competition
- b) Online banner / popup
- c) Press release
- d) Website

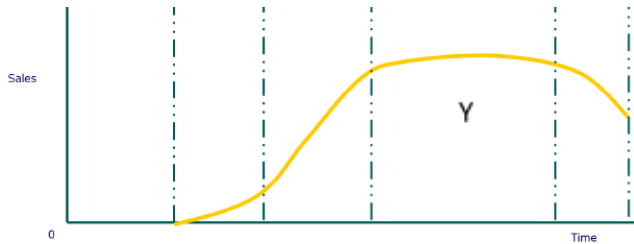
Answer: _____

5) which of the following is a public relations technique? (1) (PO1)

- a) Celebrity endorsement
- b) Point of sale advertising
- c) Discounts
- d) Vlog

Answer: _____

6) A product life cycle diagram is below, which stage is the one marked Y? (1) (PO1)



- a) Development
- b) Growth
- c) Maturity
- d) Decline

Answer: _____

7) Using the table below, what stage in the product life cycle is good TT in DURING 2022? (1) (PO2)

	2020	2021	2022
Sales of Good TT	£5m	£5m	£3m

- a) Introduction
- b) Growth
- c) Maturity
- d) Decline

Answer: _____

8) which of the following is an example of an extension strategy? (1) (PO1)

- a) Total revenue
- b) New packaging
- c) Risk-taker
- d) Secondary research

Answer: _____

9) which of the following is a pricing strategy where the business sets a really low price for a new product? (1) (PO1)

- a) Price penetration
- b) Price skimming
- c) Competitive pricing
- d) Psychological pricing

Answer: _____

10) which of the following is a pricing strategy where the business doesn't use whole numbers in its price for example £9.99, £99.99? (1) (PO1)

- a) Price penetration
- b) Price skimming
- c) Competitive pricing
- d) Psychological pricing

Answer: _____

11. Frederica runs a small travel agent from a small shop in the local town centre. Frederica sells a range of European holidays packages.

Frederica is worried that holidays to Italy is in the decline stage of her product life cycle as sales have been falling. She is considering implementing a 20% price discount sales promotion on all holidays to Italy as an extension strategy.

A) Explain one advantage and one disadvantage to Frederica of having a 20% price discount on holidays to Italy (6) PO1 (2) PO2 (2) PO3 (2)

Advantage: _____

Disadvantage: _____

Frederica is also considering moving her business online (e-commerce). Selling via a website rather than from her physical store in the local town centre.

Bi) Explain one advantage to Frederica of moving her business online (e-commerce), selling through a website. (3) PO1 (1) PO2 (1) PO3 (1)

Advantage: _____

Bii) Explain one advantage to Frederica of keeping her physical store for her holiday selling business (3) PO1 (1) PO2 (1) PO3 (1)

Advantage: _____

Frederica is now thinking about what prices to charge for her most popular holiday destinations to Spain and Turkey. She is considering using either penetration or competitive prices.

c) Discuss whether Frederica should use a Penetration price or a competitive price for holidays to Spain and Turkey. Your recommendation should include:

- An advantage and a disadvantage of using a Penetration price
- An advantage and a disadvantage of using a Competitive price
- A justification for your decision.

(8) PO1 (3) PO2 (3) PO3 (2)

Topic Area 5: Factors to consider when starting up and running an enterprise

1) which of the following describes the term 'unlimited liability'? (1) (PO1)

- a) The business and owner have separate legal identity, if the business goes bust, the entrepreneur's personal belongings are safe and will not get taken from them.
- b) When the business allows any entrepreneur to set up a store in return for a fee.
- c) The business and owner have the same legal identity, if the business goes bust, the entrepreneur can lose their personal belongings to pay the business debts.
- d) Where the business owner takes full control.

Answer: _____

2) what is a Limited Liability Partnership? (1) (PO1)

- a) When two or more people set up a business and have unlimited liability.
- b) When the business allows any entrepreneur to set up a store in return for a fee.
- c) When the business is run and owned by one individual.
- d) When two or more people set up a business and have limited liability.

Answer: _____

3) what is a Private Limited Company? (1) (PO1)

- a) When the business can sell shares to family and friends and is not listed on the stock market.
- b) When the business allows any entrepreneur to set up a store in return for a fee.
- c) When the business can sell shares to anyone else on the stock market.
- d) When a business is run and controlled by one entrepreneur with unlimited liability

Answer: _____

4) what is a Franchise? (1) (PO1)

- a) Is a business that only sells food.
- b) When the business is owned by one person who has unlimited liability.
- c) When the business is owned by its members (usually employees) who each have a say in how the business is run.
- d) When the business allows any entrepreneur to set up a store in return for a fee.

Answer: _____

5) what is crowdfunding? (1) (PO1)

- a) Being gifted or loaned money from friends and family.
- b) Asking a large number of people to donate a small amount of money to help them start a business.
- c) Being given free money by the government.
- d) Using the entrepreneur's own money to start a business.

Answer: _____

6) Match the following 4 descriptions to its correct definition (those that can support enterprises) (4) (PO1)

- a) They provide help and advice to enterprises within their local area they oversee.
- b) An organisation that provides legal advice to enterprises.
- c) Qualified experts that help create financial documents for .
- d) An organisation where local businesses can become members of and network with other businesses.

Solicitors:

Crowdfunding:

Local councils:

Accountants:

Subway is a well-known franchise with over 2,500 locations in the UK. Successful entrepreneurs that apply to run their own Subway will have to pay £8,500 plus a share of the set-up costs to gain the Subway brand, marketing and be able to sell Subway products under the name 'Subway'. Also the entrepreneur gets to keep a percentage of the profits made.

7) Analyse one benefit to Subway in operating as a Franchise (3) (PO1 -1, PO2 1, PO3 1)

Sophie is an **entrepreneur**, she developed and started a business called Cup Mats. Sophie found that hot drinks didn't stay hot for long and cold drinks didn't stay cold for long so she developed place mats that kept drinks at their right temperature when the drink was placed on the mat. Sophie had to convince supermarkets to stock her product and after a few unsuccessful meetings she stayed determined and eventually got one well known supermarket to stock her products. Sophie is deciding whether to operate her business as a **Sole Trader** or a **Private Limited Company (ltd)**.

8) Explain one advantage and one disadvantage to Sophie setting up as a Sole Trader or a Private Limited Company (ltd) (8) (PO1 2, PO2 3, PO3 3)

Sole trader Advantage:

Sole trader Disadvantage:

Private limited company (Ltd) Advantage:

Private limited company (Ltd) Disadvantage:

Sophie has had a successful few month and is looking to expand her factory so that she can produce more of her drink mats. Sophie is considering choosing between a bank loan or business angel to raise the money needed.

9) Explain one advantage and one disadvantage to Sophie using either a bank loan or business angel to raise the money needed for her business (8) (PO1 2, PO2 3, PO3 3)

Bank Loan Advantage:

Bank Loan Disadvantage:

Business Angel Advantage:

Business Angel Disadvantage:

Total marks: / 28 PO1 / 14 PO2 / 7 PO3 / 7 Grade:

Green Pen review – topic area 5

Nailed it (Easy)

So So (Medium)

Oh no! (Difficult)

On target:

Yes

No