






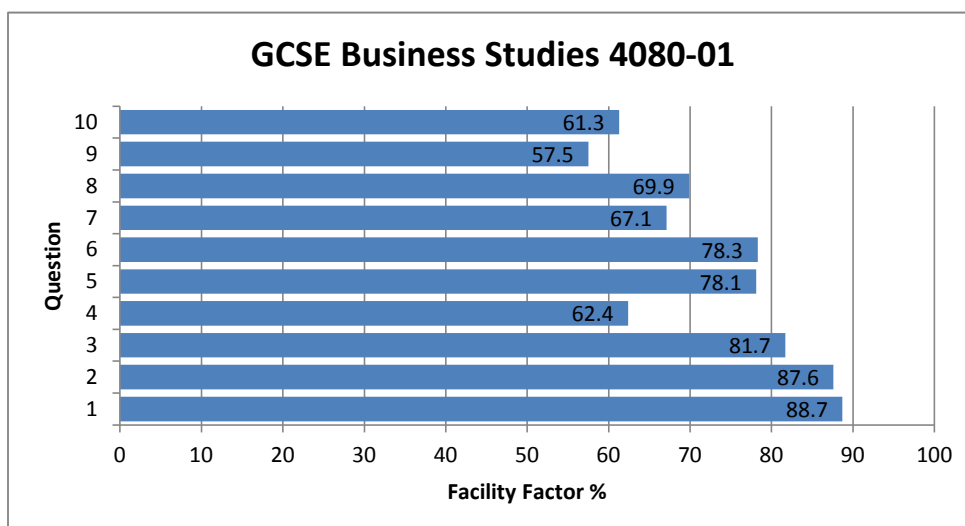


## GCSE Business Studies 4080-01

All Candidates' performance across questions

 Question Title	 N	 Mean	 S D	 Max Mark	 F F	 Attempt %
1	4999	1.8	0.5	2	88.7	99.9
2	4995	1.8	0.5	2	87.6	99.8
3	4981	3.3	1	4	81.7	99.6
4	4842	2.5	1.1	4	62.4	96.8
5	4966	3.1	1.1	4	78.1	99.3
6	5000	3.1	1	4	78.3	99.9
7	5002	13.4	3.4	20	67.1	100
8	5003	14	3.6	20	69.9	100
9	4992	11.5	4.5	20	57.5	99.8
10	4995	12.3	4.2	20	61.3	99.8



*Answer **all** the questions in the spaces provided.*

3. Suggest and explain **two** reasons why packaging is important to manufacturers of food products. [4]

(i) .....

.....

.....

.....

(ii) .....

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.....

.....



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- (i) packaging informs people on the amounts of ingredients and nutrients on the inside the food, packaging allows this to be displayed easily.
- (ii) ~~however~~ packaging promotes the food products, if the packaging is designed to attract its target market, then the sales will increase.

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(i) Packaging is important because it keeps the product fresh.

(ii) Packaging is also important because it ~~need~~ has useful information on the packaging e.g. calories, best before date.

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(i) ~~It~~ If it looks more appealing, the more people will buy it. People would rather buy something that looked good than something that didn't look good.

(ii) If it's colourful, it will catch the eye of more people so you ~~will~~ will more than likely get more sales.



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- (e) Hugh Lewis would like to improve his expected cash flow position. Evaluate ways in which businesses, such as Hugh's, may achieve an improved cash flow. [10 QWC]

There are various ways in which businesses, such as Hugh's, can improve their cash flow.

One way would be to reduce the amount he charges for his boat trips in order to encourage more people to go on a boat trip. This would help his cash flow by increasing sales.

He could also try to find a cheaper insurance company as this would reduce his costs and therefore improve his net cash flow.

Although it could be a risk, he could increase his prices during July as it is his busiest month and due to the extra customers, it would increase his net cash flow providing that the customers still pay his higher prices in July.

He could also let go of any unneeded staff. He has as this would reduce the amount of wages he has to pay, resulting in less costs and a better cash flow.

In conclusion, I would advise either to reduce prices or find cheaper insurance or fuel to improve cash flow as these are the safest options. Reducing staff may not be viable so I would not recommend it and

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- (e) Hugh Lewis would like to improve his expected cash flow position. Evaluate ways in which businesses, such as Hugh's, may achieve an improved cash flow. [10 QWC]

One way to improve his cash flow is to find a new supplier of fuel. This way Hugh can reduce his payments when he finds a supplier who sells fuel at a lower price. However, it is possible that a cheaper fuel would be of poorer quality. That would mean Hugh would need to use more fuel, which means his ~~costs~~ payment could increase instead.

Another option is for Hugh Lewis to put more capital towards advertising. Advertising through media such as television or radio could bring in more customers. If this happened then his turnover would increase and net cashflow would increase. The problem with this is that his payments would also increase, therefore increase in net cashflow may not be as high as expected.

A third option for Hugh is to decrease the wages paid to his employees. This would mean his payments decrease, which would increase net cashflow ~~therefore~~. Unfortunately, this could reduce employee motivation. If his employees are de-motivated then they are less likely to work ~~effectively~~ effectively ~~or~~ or put effort into their ~~jobs~~ work. This could result in poorer service to customers, which would decrease turnover as customers would stop going on boat trips. It could also build a bad reputation for the business. Overall, this is not a good solution.

Something different Hugh could try is to increase

the price of boat trips. This would increase his turnover per customer. However, it ~~could~~ also result in a lower demand because customers are not willing to pay the higher prices. ~~That~~ Therefore, it is unlikely that this would increase total turnover very much.

Therefore, I believe that the best option for Hugh is to spend more on advertising. Although this will be costly ~~initially~~ at first, in the long run it will result in higher turnover as there will be more customers.

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only

Businesses, like Hugh's, may achieve an improved cash flow by cutting down on expenditures such as fuel and wages. He could also cut down on his electricity bill as this would save him money to put back into the business. He could try and maximise his profits. He could also expand as this would ~~increase his~~ decrease his money at first but if it was going well then he would make more profit.

He could also do a little more on advertisement which would bring more customers in to the shop and hopefully increase his profits.

- could expand.
- cutting down on wages
- electricity bills
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10 (e) Discuss whether or not Judith should expand as a franchisor. [10 QWC]

[illegible]

Judith wants to further expand the business by becoming a franchisor and allowing others to use her CookerClean name and business model.

(e) Discuss whether or not Judith should expand as a franchisor.

[10 QWC]

A franchisor is someone who allows other people to use the brand and products that they have already established.

An advantage of this is that ~~they~~<sup>she</sup> would receive a percentage of the profit obtained by the franchisee. If Judith was to expand as a franchisor then despite not working at the franchise she still receives some profit which would increase revenue.

As a franchisor, Judith would be expanding her brand making more possible customers aware of her products. This would mean more sales and so turnover would increase.

Another advantage is that Judith makes the decisions for the franchise. By ~~remaining~~<sup>expanding</sup> as a franchisor, she remains as the main decision maker and so decisions about products or branding would be ~~made~~<sup>made</sup> quickly saving the business time.

However, Judith would be responsible for monitoring the franchise which would need to be done regularly. If she were to become a franchisor, then monitoring would need to be done regularly so taking up time.

Another disadvantage is that Judith would

need to train the franchisees about how her business runs. If she took time to train them then this would be costly and time consuming <sup>to her</sup> ~~she~~ costs could possibly increase.

Overall, I think that Judith should become a franchiser because she would be expanding her business but without putting as much work into the <sup>franchises</sup> ~~other businesses~~. She would ~~she~~ still obtain a percentage of the profit and also be ~~expa~~ increasing the base of her brand while doing so.

**END OF PAPER**

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Judith wants to further expand the business by becoming a franchisor and allowing others to use her CookerClean name and business model.

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[10 QWC]

The advantages of Judith becoming a franchisor are that her business will become more well known this means she will have more business. Another advantage of Judith becoming a franchisor is that she will receive a percentage of the profit that the franchisee earns, ~~meaning~~ meaning she will be making more profit.

However the disadvantages of becoming a franchisor are that the franchisee could give you a bad reputation meaning that ~~her~~ business could decrease. It could also be a risk now Judith doesn't like it. The franchisee could also lose money for the company as it might not make enough money to pay for the expenses.

I believe John should expand as  
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END OF PAPER

also more money

more money  
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- 2 pros 2 cons - concl.

(e) Discuss whether or not Judith should expand as a franchisor.

[10 QWC]

A reason why Judith should expand as a franchisor is that she will gain brand recognition as franchises like potentially CockerClean. Having brand recognition, future ~~CockerClean~~ <sup>cleaning, catering</sup> businesses will aspire to be as successful as Judith would be as a franchisor. Another reason why Judith should expand as a franchisor is that she will gain royalty payments for the aspiring entrepreneurs who want to join CockerClean. Royalty payments would improve the cash flow of Judith's business as royalty payments would be very expensive for the potential franchisees. They may have to get funding for Royalty payments from a loan.

However, a reason why Judith should not expand as a franchisor is that she will have to provide financial help, training and support to the workers. This is because the franchisee may be inexperienced in cleaning cookers.

Although she may be gaining royalty payments from the franchisee, she will have a variable cost to pay depending on the amount of training the franchisee's need in <sup>the</sup> cleaning overs process. Judith may have her set ways. Another possible impact for Judith letting franchisees using the CookClean name is that if the franchisees do not meet ~~her~~ ~~the~~ customers needs - for example by leaving fingerprints on the stove and the positioning of the trays need have been altered. This could result in slightly tarnishing her reputation as a CookClean industry.

[continued]

## END OF PAPER

Reasons Why

Brand recognition.

Gross royalties.

Reasons Not

Has to provide financial help support.

Lose her original identity

Could damage reputation if not up to scratch.

her CookerClean name and business model.

(e) Discuss whether or not Judith should expand as a franchisor.

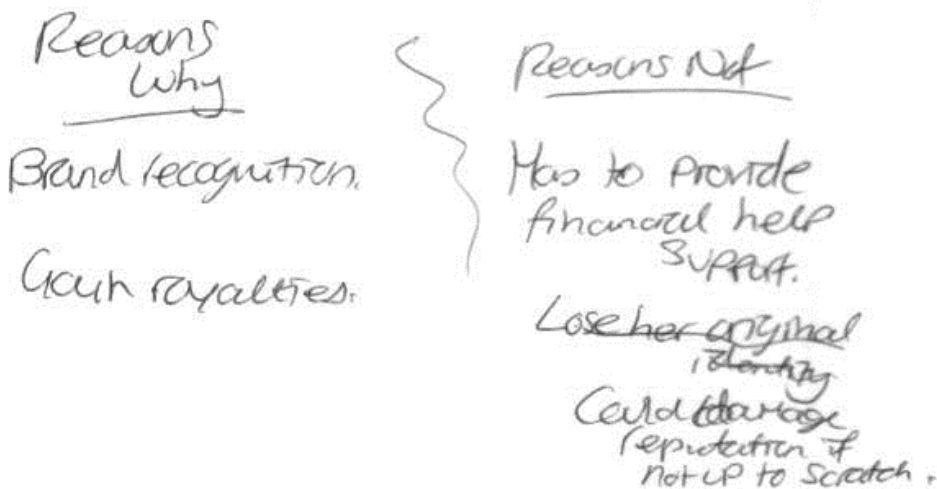
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7/10