

# Past exam paper questions – Topic 1.1

Q1.

Look at Figures 4, 5 and 6, read the extract carefully, then answer the question.

Write your answers in the spaces provided.

Sally is a fitness instructor at a local sports centre (Figure 4). She is now considering setting up her own business as a personal trainer (Figure 5). Sally's research shows that people are more interested in health and fitness. Although there are a number of gyms in her local area, there are not many personal trainers.



Figure 4

Sally has conducted some research into who her main competitors will be. A summary of the research is shown in Figure 6.



Figure 5

	Price per hour session	Strength	Weakness
<b>Competitor 1:</b> 'Vitality' personal instructor	£22	Experienced personal trainer with good local reputation	Operates in only a small geographical area
<b>Competitor 2:</b> 'Bootcamp' personal trainer	£220 for an 11-session block	Ex-soldier using military training methods	Limited number of training methods used

Figure 6

Sally will charge £25 per hour. She is flexible in terms of the location of her customers and will travel within a 10-mile radius. She hopes to attract a younger market segment by using social media and online promotion. She aims to differentiate her service in a number of ways:

- Using social media to communicate directly with her customers, offering daily motivational reminders.
- Filming parts of the customer's training session and posting it online for them to evaluate their performance on their own device.

Sally is currently well paid and has saved up enough money to start up on her own. She is considering buying a franchise. There are a number of national franchise operators that she could use. However, she is concerned about the current economic climate. She has seen reports that unemployment is rising and that consumer incomes are falling.

State **one** risk that Sally faces in starting this business.

(1)

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(Total for question = 1 mark)

**Q2**

**Answer the question with a cross in the box you think is correct ☒ . If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒ .**

Which **one** of the following describes the role of an entrepreneur?

Select **one** answer:

(1)

- A** Being employed by a large organisation
- B** A willingness to take risks
- C** Having sufficient money to start a new business
- D** Being able to work alone

**(Total for question = 1 mark)**

**Q3.**

**Answer the question with a cross in the box you think is correct ☒ . If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒ .**

Which **two** of the following are examples of the role of entrepreneurship?

Select **two** answers.

- A** Make a profit
- B** Organise resources
- C** Adapt existing products
- D** Make business decisions
- E** Produce a business plan

**(Total for question = 2 marks)**

**Q4.**

**Answer the question with a cross in the boxes you think are correct ☒ . If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒ .**

Which **two** of the following are examples of services?

Select **two** answers:

(2)

- A** Train journey
- B** Magazine
- C** Headphones
- D** Haircut
- E** Mobile phone

**(Total for question = 2 marks)**

Q5.

Read the following extract carefully and then answer the question.



In 2012 Jerry and Shelley Lawson started a new business – *Frog Bikes*. The aim was to produce lightweight and affordable children's bikes. The company's bikes were designed for children using the latest technology. The bikes are produced in a Chinese factory and sold in the UK and other countries.

The business quickly became successful. By 2016 its bikes were sold in over 700 shops in the UK. It faces competitors such as JE James which sell similar bikes in the UK.

*Frog Bikes* uses social media to promote its bikes. Figure 2 shows a competition run on the *Frog Bikes* Twitter account. To enter the competition people needed to follow the business on Twitter.

As a manufacturer and retailer, *Frog Bikes* has to comply with a large amount of legislation. All bikes meet ISO (International Standards Office) standards. This ensures they are safe for children. Rules include the need for all bikes to be fitted with a chain guard, and for handlebars to be safety checked.

In 2016 Jerry and Shelley decided to increase production to meet the growing demand. They considered expanding the company's Chinese factory, or building a new factory in the UK.



Figure 2

(Source: adapted from <http://startups.co.uk/startups-100/2016/8-frog-bikes/>)

Outline **one** benefit to Jerry and Shelley of *Frog Bikes* being successful.

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**(Total for question = 2 marks)**

**Q6.**

Explain **one** risk an entrepreneur takes when starting a new business.

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**(Total for question = 3 marks)**

**Q7.**

Explain **one** way an entrepreneur might identify a new business idea.

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**(Total for question = 3 marks)**

**Q8.**

Explain **one** method a business could use to add value to its product.

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**(Total for question = 3 marks)**

**Q9.**

**Read the following extract carefully and then answer the question.**



Zoe Sugg, known to her fans as Zoella, is an entrepreneur and a star of YouTube. She has enjoyed success with her fashion and lifestyle vlog (video log) and has become a celebrity as well as an entrepreneur. After starting her lifestyle blog, 'Zoella', in 2009, she soon had thousands of followers. Zoe extended the blog to a YouTube channel and by 2015 had 7.5 million subscribers.

In September 2014 Zoe launched her own brand bath and beauty range, called *Zoella Beauty*. The brand logo is shown in Figure 2. *Zoella Beauty* products are stocked by major retailers, including Superdrug and Boots. The business also uses e-commerce to sell its product range.

In 2014 *Zoella Beauty* earned revenue of £400 000. However, the competitive environment for beauty products aimed at younger females is becoming more crowded. Rivals include retailers such as Lush.

(Source: adapted from <http://startups.co.uk/young-entrepreneurs-zoe-sugg-zoella/>)

*Zoella Beauty* adds value to its product range through branding.

Analyse the benefit to *Zoella Beauty* of adding value.

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**(Total for question = 6 marks)**

**Q10.**

**Read the following extract carefully and then answer the question.**

Analyse the impact on Zoella Beauty of changes in what consumers want.

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**(Total for question = 6 marks)**