OXFORD

INTERNATIONAL
AQA EXAMINATIONS

Please write clearly in block capitals.

Centre number | | | | | | Candidate number | | | | |

Surname _____

Forename(s) _____

Candidate signature _____

INTERNATIONAL AS
BUSINESS

Unit 1: Business and Markets

Wednesday 8 May 2019 07:00 GMT Time allowed: 1 hour 30 minutes

Materials

For this paper you must have:
- a calculator, which you are expected to use where appropriate.

Instructions
- Use black ink or black ball-point pen.
- Fill in the boxes at the top of the page.
- Answer **all** questions.
- You must answer the questions in the spaces provided.
  Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- All working must be shown.
- Do all rough work in this book. Cross through any work you do not want to be marked.
- You may **not** use an English dictionary.

Information
- The marks for questions are shown in brackets.
- The maximum mark for this paper is 80.

Advice
- You may use a bilingual dictionary.

For Examiner's Use	
Question	Mark
1	
2	
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11	
12	
13	
14	
TOTAL	

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Section A

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

Only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD  WRONG METHODS 

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1 When making an economic choice, the cost of the next best alternative given up is called:

A Expected value ⬭

B Fixed cost ⬭

C Opportunity cost ⬭

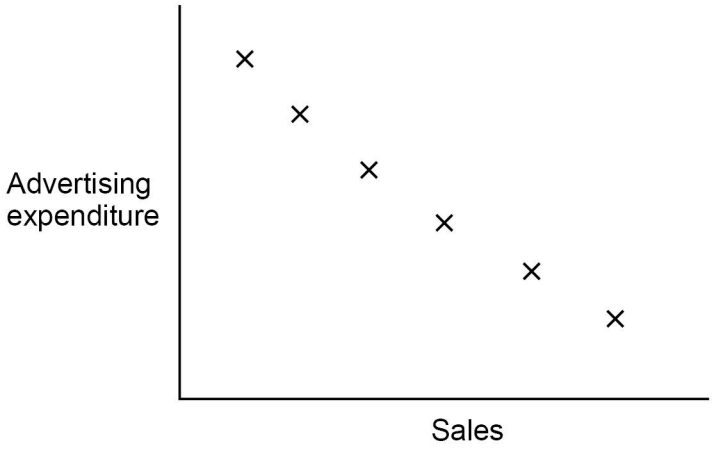
D Average rate of return ⬭

[1 mark]

1

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0 2 The chart shows the correlation between advertising expenditure and sales for a business. What type of correlation does it show?



A Strong positive ⬭

B Strong negative ⬭

C Weak positive ⬭

D Weak negative ⬭

[1 mark]

1

Turn over for the next question

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0 3 The exchange rate of US dollars ($) to EU euros (€) moves from $1 = €0.82 to $1 = €0.85. Assuming there are no other changes, choose which of the following effects would happen.

A The price of US exports to the EU will rise ⬭

B The price of US exports to the EU will fall ⬭

C The price of US imports from the EU will rise ⬭

D The volume of EU imports into the US will fall ⬭

[1 mark]

1

0 4 Dewdrop brand bottled water has sales of $120 million in its own country. In that country, the total domestic market value for bottled water is $500 million.

Calculate Dewdrop's market share. Show your working.

[2 marks]

2

0 5 The managers of a manufacturing business are considering introducing Key Performance Indicators (KPI).

Explain **one** reason why they might wish to do so.

[3 marks]

3

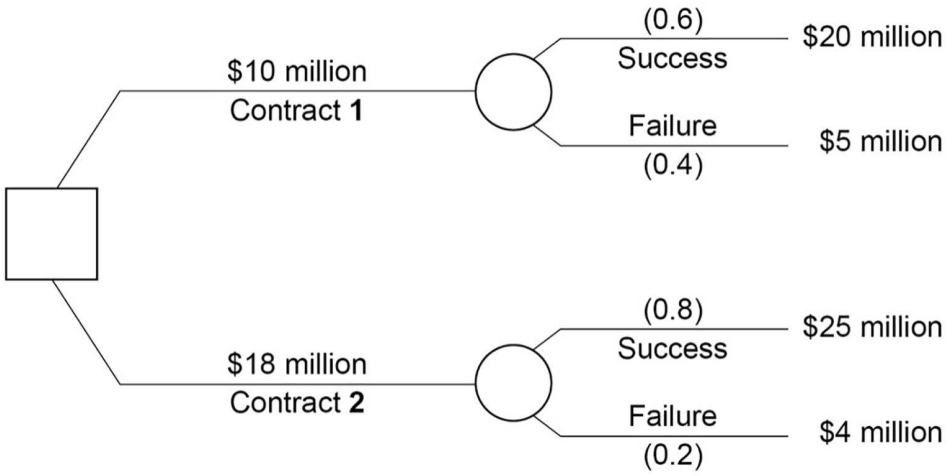
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0 6 Explain **one** reason why a person may want to start a business.

[3 marks]

3

0 7 The decision tree diagram shows the choice between two contracts for which a business can bid. The cost of Contract **1** is $10 million. The cost of Contract **2** is $18 million. The net gain of Contract **1** is $4 million.



Calculate the net gain of Contract **2**. Show your working.

[3 marks]

3

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0 8 Rosewood Hotels is a luxury hotel brand. Recently its managers have considered targeting a new market segment.

Explain **one** benefit to Rosewood Hotels of targeting a new market segment.

[3 marks]

3

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Section B

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

0 9 Bonbon's is a chocolate manufacturer that produces three different chocolate bars. Management has recognised that, in Boston Matrix terms, one is a problem child (question mark), one is a star, and one is a cash cow.

Analyse the marketing decisions that the business might make to improve its portfolio.

[9 marks]

Extra space

9

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1 0 A particular market has been dominated by a few businesses for a number of years. Recently the barriers to entry for their market have reduced.

Analyse how the **existing** dominant businesses might respond to this change.

[9 marks]

Extra space

9

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1 1 Analyse how a decrease in interest rates might impact on the decisions of a manufacturing business.

[9 marks]

Extra space

9

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Section C

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

1 2 Marco has enjoyed learning new woodwork skills at college and wants to set up a business making children's toys to take advantage of these skills. He has decided to set up as a private limited company rather than another form of business.

Assess the arguments for and against this decision to set up a private limited company rather than a different form of business, and make a judgement on whether he is right to do it.

[12 marks]

Extra space

12

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1 3 Qing has an established electrical goods business and wants it to grow. Before the expansion she decided to carry out primary market research, rather than secondary market research.

Assess the arguments for and against this decision to use primary market research rather than secondary, and make a judgement on whether she was right to do it.

[12 marks]

Extra space

12

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1 4 Hair Today is a high street retailer of hair products such as shampoos, gels and conditioners. Its managers are considering closing down all of its physical shops and moving all of its sales online.

Assess the arguments for and against the change and make a judgement on whether to do it.

[12 marks]

Extra space

12

END OF QUESTIONS

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ANSWER IN THE SPACES PROVIDED

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Question number	**Additional page, if required.** **Write the question numbers in the left-hand margin.**

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