You must have:
Multiple choice answer sheet
Black pen

Instructions
- Use **black** ink or ball-point pen.
- Answer **all** questions.
- Encircle your answers on the separate answer sheet.

Information
- The total mark for this paper is 30.
- The marks for **each** question are shown in brackets.

Advice
- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.
1 Which of these describes an oligopoly?

Select one option.

A A market dominated by few sellers
B A market where products sold are identical
C A market where there is no competition
D A market where the buyer dictates terms

2 A car manufacturer is working in a market of imperfect competition and attempts to differentiate itself from its competitors.
Which of these organisational goals would help it achieve this?

Select one option.

A Profit maximisation
B Publishing accounts
C Satisfying stakeholders
D Reducing costs

3 What is business innovation?

Select one option.

A A statutory requirement
B An assessment of financial viability
C A new idea that improves profitability
D A contractual obligation

4 An organisation has asked customers for their reaction to a new product it is introducing.
Under which part of the process of product development does this fall?

Select one option.

A Concept testing
B Technical implementation
C Commercial activity
D Review of performance

5 Which of these is a risk associated with innovation?

Select one option.

A Fewer quality issues
B Lack of project management skills
C Lack of management support
D Fewer staff promotions
6 A limited company has recently identified instances of poor financial management. What will be a consequence of this? (1)

Select one option.
A Damage to products
B Damage to reputation
C Uninterested customers
D Unsupportive systems

7 Why do organisations use budgeting? (1)

Select one option.
A To inform management decisions
B To highlight capital purchases
C To identify staffing issues
D To implement spending cuts

8 Which principle of marketing relates to how customers view the product? (1)

Select one option.
A Pricing strategy
B Promotion
C Process
D Physical presence

9 Which of these is an example of qualitative primary market research? (1)

Select one option.
A Reports in trade journals
B Analysis of sales figures
C Scrutiny of competitor accounts
D Analysis of customer comment cards

10 What is a positive outcome of a good relationship between sales and marketing? (1)

Select one option.
A Higher prices are created
B Common goals are achieved
C A balanced cash flow
D Greater creativity
11 A business is operating in a market of perfect competition. Which of these is a characteristic of this market?

Select one option.

A Consumers influence price
B There are differentiated products
C Suppliers influence price
D There are no barriers to entry

12 An organisation is aiming to be one of the few sellers of a specific product. What is the organisational goal associated with this?

Select one option.

A To increase customer satisfaction levels
B To achieve a state of monopoly
C To achieve a state of imperfect competition
D To increase consumer choice

13 An organisation is looking to increase its revenue through innovation. Which of these is the most appropriate model to use?

Select one option.

A The industry model
B The pricing model
C The enterprise model
D The marketing model

14 An organisation is developing a new product. Why is there a need to produce a prototype?

Select one option.

A To test the product on the market
B To identify the best price
C To launch the product to market
D To finalise supplier agreements

15 An organisation is trying to become more innovative and is raising its profile within the local community as a result. Which of these is an implication of this strategy?

Select one option.

A Poor cash flow
B Poor customer feedback
C Stakeholder collaboration
D Competitive pricing strategies
16 Which of these describes cash flow accurately?

Select one option.

A The amount the business owes to creditors
B The amount of money the business has in the bank
C The profit and loss a business has made
D The movement of money into and out of a business

17 An organisation has recently set budgets for key areas of the business. How will this help the organisation?

Select one option.

A It will give it financial stability
B It will allow large sums to be spent
C It will provide financial direction
D It will allow financial information to be published

18 An organisation devises an advertising slogan for one of its products. What are they trying to create?

Select one option.

A Brand recognition
B Customer satisfaction
C Motivated staff
D Supplier loyalty

19 A business is considering the viability of diversifying into the mobile technology market. Which of these research activities will it do first?

Select one option.

A Conduct a telephone survey
B Develop a product prototype
C Create promotional material
D Analyse competitor activity

20 A large supermarket determines the price it pays its suppliers. Which term defines this market?

Select one option.

A Monopsony
B Monopoly
C Perfect competition
D Imperfect competition
21 Which of these is a legal requirement for a limited company?

Select one option.
A To employ a company Financial Director
B To create new products each year
C To employ at least five staff
D To submit accounts to Companies House

22 An organisation is implementing an innovative strategy to generate more local business. Which of these external sources of support is helpful for this strategy?

Select one option.
A An enterprise partnership
B A national bank
C A stockbroker
D A financial consultant

23 Which of these is a benefit associated with technological innovation?

Select one option.
A Improvements to staff welfare
B Improvements to processes
C Increased customer base
D Increased staffing costs

24 Why is it important for an organisation to monitor the returns from its investments?

Select one option.
A To ensure open communications
B To establish brand recognition
C To achieve customer loyalty
D To maintain financial viability

25 An organisation has purchased new machinery. What term describes this purchased item?

Select one option.
A Fixed cost
B Turnover
C A liability
D An asset
26 A team has been assigned to a project and has discovered that there is a financial deficit against planned spending. What actions need to be taken to manage this situation?

Select two options.

A Record project expenditure accurately  
B Negotiate a revision to the budget  
C Submit a formal report  
D Redraft staff contracts  
E Revise project milestones

27 An organisation has developed a new product and is prospecting for sales. Which of these is included in this stage of the sales process?

Select one option.

A Arranging the sales meeting  
B Identifying the target market  
C Review of after sales service  
D Fine tuning the product

28 What value is a well-recognised brand likely to bring to a business?

Select one option.

A Increased cost  
B Consumer loyalty  
C Legal status  
D Customer satisfaction

29 An organisation has recently merged its sales and marketing departments. What problems might this lead to?

Select one option.

A Conflicting cultures  
B Increased staff bonuses  
C Loss of customers  
D Higher production costs

TOTAL FOR PAPER = 30 MARKS