

ADVANCED SUBSIDIARY GCE
BUSINESS STUDIES
An Introduction to Business

F291

Candidates answer on the question paper.

OCR supplied materials:

None

Other materials required:

- A calculator may be used

Monday 10 January 2011
Afternoon

Duration: 1 hour



Candidate forename		Candidate surname	
Centre number		Candidate number	

MODIFIED LANGUAGE

INSTRUCTIONS TO CANDIDATES

- Write your name, centre number and candidate number in the boxes above. Please write clearly and in capital letters.
- Use black ink. Pencil may be used for graphs and diagrams only.
- Read each question carefully. Make sure you know what you have to do before starting your answer.
- Write your answer to each question in the space provided. Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Answer **all** the questions.
- Do **not** write in the bar codes.

INFORMATION FOR CANDIDATES

- The number of marks is given in brackets [] at the end of each question or part question.
- The total number of marks for this paper is **60**.
- The quality of your written communication will be taken into account in marking your answer to the question labelled with an asterisk (*).
- This document consists of **12** pages. Any blank pages are indicated.



**A calculator may
be used for this
paper**

easyJet

easyJet is one of the largest low-fare airlines in Europe, operating flights on nearly 400 routes, mainly across Europe.

The air travel market is competitive and technological change can be rapid. Effective leadership, attention to customer needs, and clear business objectives are just a few of the factors determining whether a business can succeed in such an environment. 5

easyJet was established in 1995. It expanded rapidly, as a result of rising consumer demand for low-fare air travel. People saw its founder, Stelios Haji-loannou, as a real entrepreneur. Stelios still personally owns nearly 40% of easyJet shares.

However, in recent times the members of the easyJet board must have been worried. In late 2008, easyJet announced a steep drop in profit. Some journalists suggested that easyJet had grown too large, too fast and was suffering from diseconomies of scale. 10

There were also rumours of disagreement among the board of directors about the future direction of the business. One area of disagreement seems to be about whether to close some existing routes to reduce costs, or whether to open new routes to gain more revenue. In this industry, in the short term, it can be difficult to change the firm's business plan. Airport take-off and landing slots must be booked a long time in advance and may be hard to cancel without breaking contracts. New routes, however, take a long time to open as they require careful negotiation with the airports. 15

It has been suggested that easyJet will need to do a lot of market research if it is to return to its previous success. 20

Answer **all** questions.

- 1 (a) easyJet is a public limited company. State **two** characteristics of a public limited company.
- Characteristic 1
- Characteristic 2 [2]
- (b) 'The air travel market is competitive' (line 3). State **two** characteristics of a competitive market.
- Characteristic 1
- Characteristic 2 [2]
- (c) easyJet operates in the tertiary sector of the economy. Giving an example of each, identify the other **two** sectors of economic activity.
- Sector 1:
-
- Example:
-
- Sector 2:
-
- Example:
- [4]
- (d) Outline **two** reasons why easyJet's objectives may change over time.
- Reason 1
-
-
-
- Reason 2
-
-
- [4]

2 Analyse **one** reason why easyJet carries out market research.

..... [6]

3 Analyse **two** factors which influence the demand for easyJet flights.

[illegible]

4 Discuss how easyJet might be affected by technological change.

[illegible]

5* 'easyJet announced a steep drop in profit' (line 10).

Evaluate how easyJet's stakeholders might be affected by a steep drop in profit.

[illegible]

PLEASE DO NOT WRITE ON THIS PAGE



Copyright Information

OCR is committed to seeking permission to reproduce all third-party content that it uses in its assessment materials. OCR has attempted to identify and contact all copyright holders whose work is used in this paper. To avoid the issue of disclosure of answer-related information to candidates, all copyright acknowledgements are reproduced in the OCR Copyright Acknowledgements Booklet. This is produced for each series of examinations and is freely available to download from our public website (www.ocr.org.uk) after the live examination series.

If OCR has unwittingly failed to correctly acknowledge or clear any third-party content in this assessment material, OCR will be happy to correct its mistake at the earliest possible opportunity.

For queries or further information please contact the Copyright Team, First Floor, 9 Hills Road, Cambridge CB2 1GE.

OCR is part of the Cambridge Assessment Group; Cambridge Assessment is the brand name of University of Cambridge Local Examinations Syndicate (UCLES), which is itself a department of the University of Cambridge.