CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2026**

1 hour 30 minutes

7844432985

You must answer on the enclosed answer booklet.

You will need: Answer booklet (enclosed)

INSTRUCTIONS

- Answer **all** questions.
- Follow the instructions on the front cover of the answer booklet. If you need additional answer paper, ask the invigilator for a continuation booklet.

INFORMATION

- The total mark for this paper is 60.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages. Any blank pages are indicated.

DC (WW) 360435/2

1 Chilled Cola (CC)

CC manufactures a range of cola drinks aimed at the mass market. The company is the market leader for cola drinks in country N.

CC produces four variants of its cola drink:

- Original cola
- Sugar-free cola
- Caffeine-free cola
- Cherry cola

The company uses market segmentation to plan the marketing of each of the four variants.

CC uses cost-based pricing by adding 80% to the cost when calculating the price of all products. CC sells 50 000 bottles of Sugar-free cola each month. Table 1.1 shows the cost information for one bottle of Sugar-free cola.

Table 1.1 Cost information for one bottle of Sugar-free cola

share of fixed costs	$0.20
ingredients	$0.35
packaging	$0.10

CC's sales of Cherry cola have decreased by 12% over the past year. The marketing manager is planning to carry out market research to investigate the reason for this decrease. The research will collect qualitative data. The marketing manager will use this data to make decisions about a marketing campaign to increase sales.

CC has 4 factories in country N and employs 1750 employees. All employees are paid using a time-based payment method and the work is repetitive. Operations are capital intensive. The human resource manager is concerned that employees lack motivation, leading to high labour turnover. Labour turnover has increased by 8% over the past year. The human resource manager is considering changing the employee payment method from time-based to piece rate.

(a) **(i)** Identify **one** feature of a mass market. [1]

(ii) Explain the term 'market segmentation'. [3]

(b) **(i)** Refer to Table 1.1 and other information. Calculate the price of **one** bottle of Sugar-free cola. [3]

(ii) Explain **one** limitation for CC of using qualitative data to make marketing decisions. [3]

(c) Analyse **two** benefits to CC of capital intensive operations. [8]

(d) Evaluate whether CC should change the employee payment method from time-based to piece rate. [12]

2 Drive Wise (DW)

DW operates a franchise as a franchisor. Driving instructors can become a franchisee and sell driving lessons under the DW brand. DW has grown very quickly, gaining a 25% share of the market in three years.

Driving instructors must prepare a business plan when applying to become a DW franchisee. To prepare the business plan, the driving instructor must carry out primary market research to assess potential customer demand for driving lessons in their area.

DW sets budgets each year. The budget for advertising was $25 500 in 2025. However, DW actually spent $31 800 on advertising in 2025.

The prices for DW driving lessons are set by DW's finance manager, who uses break-even analysis to make pricing decisions.

In addition to driving lessons, DW sells a 'learn to drive' book which customers can buy from its website with next day delivery. The book is very popular, and the business uses JIC (Just in Case) inventory management.

DW's website generates over $28 000 of revenue each year from sales of the 'learn to drive' book. The website is updated by the website manager and an IT assistant. The website manager designs the website and resolves any technical problems. The IT assistant helps the manager with simple programming and administrative tasks.

The website manager will retire in two months' time. A new website manager will need to be recruited. The human resource manager needs to decide whether the new website manager should be recruited internally or externally.

(a) **(i)** Identify **one** feature of JIC (Just in Case) inventory management. [1]

(ii) Explain the term 'primary market research'. [3]

(b) **(i)** Calculate the budget variance for advertising in 2025. State whether it is favourable or adverse. [3]

(ii) Explain **one** limitation to DW of using break-even analysis to make pricing decisions. [3]

(c) Analyse **two** advantages to DW of operating as a franchisor. [8]

(d) Evaluate whether external recruitment would be the best method for DW to use to recruit the new website manager. [12]

BLANK PAGE