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ST BENEDICT'S

SUBJECT	Business Studies	PAPER	One
GRADE	11	DATE	20 July 2017
EXAMINER	Ms. L. French	MARKS	200
MODERATOR	Mr. U. September	DURATION	2 Hours

INSTRUCTIONS

1. This test consists of fourteen pages.
3. It is in your own interest to write legibly and to present your work neatly.
4. Answer all questions in the answer booklet paper.
5. All questions must be answered.

	Section A	Section B			Total
Question	1	2	3	4	
Time Allocated	30 min	30 min	30 min	30 min	120 min
Possible Marks	50	50	50	50	200
Actual Marks					

SECTION A (SHORT QUESTION)

QUESTION 1 (MULTIPLE CHOICE)

50 MARKS

Indicate the most correct answer by drawing a cross (X) over the corresponding letter in the column on the provided Answer Booklet.

1.1 The key to a successful verbal presentation to a potential investor for your fast food franchise is:

- A. Being entertaining
- B. Having good, clear and colourful slides
- C. Never repeat yourself
- D. Preparation

1.2 Captain Nugget a fast food franchise used population characteristics such as the numbers in various age groups, gender balance, education level, skills and racial groups in society, for marketing purposes.

- A. Social statistics
- B. Philanthropic
- C. Social Studies
- D. Demographic

1.3 Captain Nugget outsources their transportation of their supplies to Marx Transports Service (MTS) and Human Resources function to FidgetHR, what sector does this relate to.

- A. Primary sector
- B. Secondary sector
- C. Tertiary sector
- D. Informal and primary sector

1.4 Captain Nugget identified that they are losing customers due to poor quality Beef Nuggets and decided to do an internal analysis of Captain Nuggets, what would be the best way to carry out an internal analysis.

- A. A PESTEL analysis
- B. A SWOT analysis
- C. Porters Five Forces analysis
- D. Porters Six Forces analysis

1.5 Captain Nugget will use the following in conducting Primary Market Research.

- A. By analysing statistics, gathered though determining currents sales volumes.
- B. Gathering data on agricultural products needed to produce a new healthy nugget salad.
- C. By interviewing possible consumers and using questionnaires to gather data about a possible new product to be introduced into the market.
- D. Analysis of Captain Nuggets sales for the past three years.

1.6 All Captain Nuggets' food is prepared freshly on the premises by the staff, Captain Nugget is known as a _____ business.

- A. Capital Intensive
- B. Automotive Intensive
- C. Labour Intensive
- D. Work intensive.

1.7 _____ management is the functional area of McDonalds that is concerned with planning and managing the McDonalds funds in order to achieve the businesses objectives.

- A. Logistics
- B. Marketing
- C. Human resources
- D. Financial

1.8 “_____ entails planning, organising, leading, motivating and controlling of McDonalds’ employees.”

- A. Operations Management
- B. Human Resources Management
- C. Marketing Management
- D. Financial Management

1.9 Burger Kings has decided to distribute some of their well know burgers sources through all available distributions options, namely cafes, restaurants, supermarkets, wholesalers, hypermarkets, spaza shops and petrol stations this is known as:

- A. Selective market coverage
- B. Double market coverage
- C. Intensive market coverage
- D. None of the above

1.10 Burger King is introducing a new burger to compete with the market leader, McDonalds. Burger King believes that if it reduces its initial price when launching the new burger by making them available at a cheaper price than McDonalds, customers will respond. This is called_____?

- A. Skimming pricing
- B. Market-penetration pricing
- C. Leader pricing
- D. Odd pricing

1.11 Skill shortage among employees of McDonalds is a challenge that emanates from the:

- A. Micro environment
- B. Market environment
- C. Macro environment
- D. Informal environment

1.12 Skills shortage among the general South African public is a challenge that emanates from the:

- A. Micro environment
- B. Market environment
- C. Macro environment
- D. Informal environment

1.13 You presented information to an audience. One member made the following comment: “the information about the McDonalds franchise is incorrect.” The best response to this comment is:

- A. You have a point, sir, I will look into the matter and come back to you.
- B. It is not possible. I don’t make mistakes.
- C. Please leave the room, sir. Your comment is unfair.
- D. You are absolutely right, sir. I am sorry.

1.14 The information in the following table represents:

	Chocolate Milkshake	Big Mac Burger
February 2015	R26	R27
February 2016	R29	R30
February 2017	R35	R35

- A. income inequality
- B. inflation
- C. high interest rates
- D. food shortage

1.15 McDonalds employees may establish a _____ because they are more than a hundred workers.

- A. Workplace forum
- B. Trade Union
- C. Work relationship
- D. Work team

(15×2=30)

The underlined word(s) in each of the following makes the statements FALSE. Correct the statement by replacing the underlined word(s) with the correct word or phrase.

1.16 During the Storming stage of team development, members are polite and cautious as they get to know each other.

1.17 During the Performing stage team development, members establish their own norms of behaviour and begin to trust each other and reconciliation takes place.

1.18 During Mediation a third person gets involved to facilitate the discussion and both parties gets a chance to speak.

1.19 During Arbitration a third person gets involved by listening to both parties' sides, as well as gathering information but the decision of resolution is up to the original parties

1.20 Sensing refers to instinctive knowing that enables us to explore new ideas and uncover new opportunities.

1.21 The common good approach focuses on decisions that promote the most good or generate the greatest value for society, while harming as few as possible.

1.22 The focus approach focuses on individual rights where people are to be treated with respect and dignity. No person may be maltreated and the business will not impose its mission or products on people.

1.23 The consequences approach focuses on treating all humans equally, regardless of their race, class, position, religion, or culture. This approach respects people's right to be treated fairly.

1.24 External communication between employees on different levels outside the direct chain of command .This type of communication allows for vaster dissemination of information.

1.25 Private and public sector can be classified by the level of compliance with government's business laws.

(10×2=20)

SECTION B (LONGER TYPE QUESTIONS)**150 MARKS**

All questions in this section are compulsory.

QUESTION 2**50 MARKS**

2.1 The following table refers to a SWOT analysis performed in a fast food business. Complete the table by explaining the different problems or challenges and to give a different strategy to overcome each problem or challenge.

Problems or challenges for fast food business.	Why is it a problem or challenge?	Strategy to overcome the problem and challenge.
Personal income taxes are increased.	(2)	(2)
Increase in crime where fast food business is situated.	(2)	(2)
Fast food restaurant is situated in an area vastly populated by one specific religion.	(2)	(2)

2.2 Discuss the power that a buyer has over a fast food business. Do you think a business is able to overcome this power and if so, how? Give practical strategies.

(5)

2.3 Read the case study below to answer the questions that follows.

Vuyo, he's such a big, big dreamer! by LYNNE GADD-CLAXTON

"Vuyo, he's such a big, big dreamer!" Most know the South African Breweries advert for a popular beer. A Port Elizabeth business man is also a "big, big dreamer" and creating employment opportunities for unemployed residents.

Wayne Allen, has started Vuyo's Wors, a job creation project. The project sees the previously unemployed getting the opportunity to empower themselves. His initiative has created various employment opportunities. There are currently four Vuyo's Wors stands located in the Bay region: Nelson Mandela Metropolitan University's North Campus taxi rank, Norwich, outside The Herald offices and Russell Road College. Although this initiative is growing rapidly none of these stands are registered for VAT at the Receiver of Revenue. On a Saturday, Govan Mbeki Avenue shoppers can buy a wors roll at twice as many stands situated in the city's centre. Port Elizabethans can enjoy Vuyo's Wors' hotdogs at R5.00 each or a boerwors or russian roll at R12.00 each. Allen admits he found the inspiration for the job creation initiative from the Vuyo adverts.

The initiative was launched at the Bay's annual Splash Festival and has been seen at many other locally held events. Allen said, "We have had requests to be closer to NMMU's South Campus and would love to have a stand closer for South Campus students. To get a stand on the beach front has proved to be more difficult." "The municipality could be more accommodating. Allen hopes there will be more support from the municipality and government to improve employment initiatives such as this one. One of the people employed under the initiative, Mandy Stuurman, a 32-year old mother of four, said she was happy for the opportunity presented to her by Wayne Allen. She said she is able to assist her husband and can better support their four children. Tinash Chipoi, 21, has been working five months as a Vuyo's Wors' employee. He said, "I love this job. I get to talk to clients every day and it makes me feel like a celebrity."

(Source: https://thesuckerpunch.co.za/2013/01/vuyos_vision/)

2.3.1 Choose any **TWO** entrepreneurial characteristics that you believe Vuyo exhibits and explain why you consider these characteristics as important. (4)

2.3.2 Identify what type of entrepreneurial business Vuyo's Wors is. (1)

2.3.3 Provide **TWO** characteristics for the business identified in 2.3.2. (2)

2.4

The two most relevant types of marketing communication Vuyo's Wors can use to promote his product successfully to his customers is **Web Site** and Advertising by using **Flyers**.

2.4.1 Discuss this statement above by referring to the advantages and disadvantages of these two methods of communication. (6)

2.4.2 Name the **FOUR** pricing methods Vuyo can use to determine his price of his product. (4)

2.4.3 Choose **TWO** of the four methods you have named in question 2.4.1, define and illustrate by using example of Vuyo's Wors. (4)

2.5 Name two types of non-verbal communication tools that are used on a daily basis in QSR (quick service restaurant). (2)

2.6 Why are personal sales an important component of marketing communication in a fast food franchise? Illustrate your answer by using practical real-life examples. (6)

2.7 What is the purpose of packaging for selling fast food products? Illustrate your answer by using relevant examples. (4)

QUESTION 3**50 MARKS**

3.1 Discuss how the following elements of teamwork can lead to improved success of a team in a fast food franchise:

3.1.1 Communication (4)

3.1.2 Synergy (4)

3.2 Benjamin Franklin was quoted saying, "Without continual growth and progress, such words as improvement, achievement, and success have no meaning." Discuss how this quote could be used in a business selling coffee on the go, such as Mug and Bean and Seattle Coffee. (4)

3.3 Differentiate between ethics and professionalism. (4)

3.4 Complete the table by using an example to explain the following unethical or unprofessional issues and provide strategies that can be used in the workplace by the employer to reduce the negative impact on the business.

Unethical issue	Explanation of example	Strategies used to address these issues in the working environment.
Sexual harassment	(2)	(2)
Making personal calls on company line and during working hours	(2)	(2)
Price-fixing	(2)	(2)
Unfair advertising	(2)	(2)

3.5 Read the following case study and answer the questions that follows.

Window of opportunity

Due to the economic recession, Peter lost his job as a manager at a fast foods franchise in Durban. He wants to invest his pension money in his own fast food franchise and he has a vision to enter the international market.

He asked his friend Fred who has a business in the central business area of Durban, for advice on the most suitable place to establish his fast food franchise. According to Fred, the CBD is not suitable because of the high level of unemployment and crime. His recommendation was to establish the franchise in a developing area in Pinetown, near Durban. Although the rent in Pinetown will be high, there are opportunities for expansion and the crime rate is lower than in Durban.

Peter realizes that his business will be influenced by different macro environmental factors. The residents of Pinetown and the neighbouring areas have a higher income than the residents of the CBD in Durban. If Peter is successful in extending his market to overseas countries, he may be able to use the international and global variables to the advantage of his business.

Peter wants to use an application where customers can pre-order instead of waiting in long lines to order food. However, he has no working experience with these applications and he has no computer training.

3.5.1 Give **THREE** reasons why you will support Peter to establish his factory in Pinetown and not the CBD of Durban.

(3)

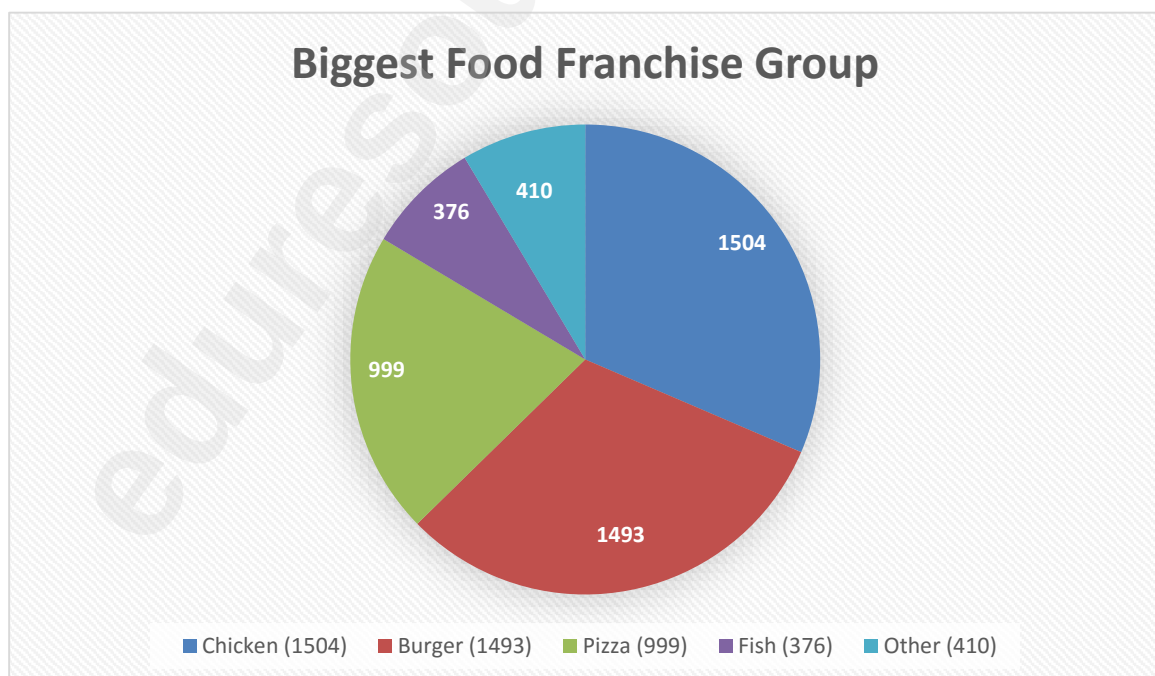
3.5.2 Identify variables in the macro environment as indicated in the case study, which will influence Peter's fast food franchise. Give an example of challenges with each variable from the case study, as well as a strategy to help Peter to overcome the challenge.

(15)

QUESTION 4

50 MARKS

4.1



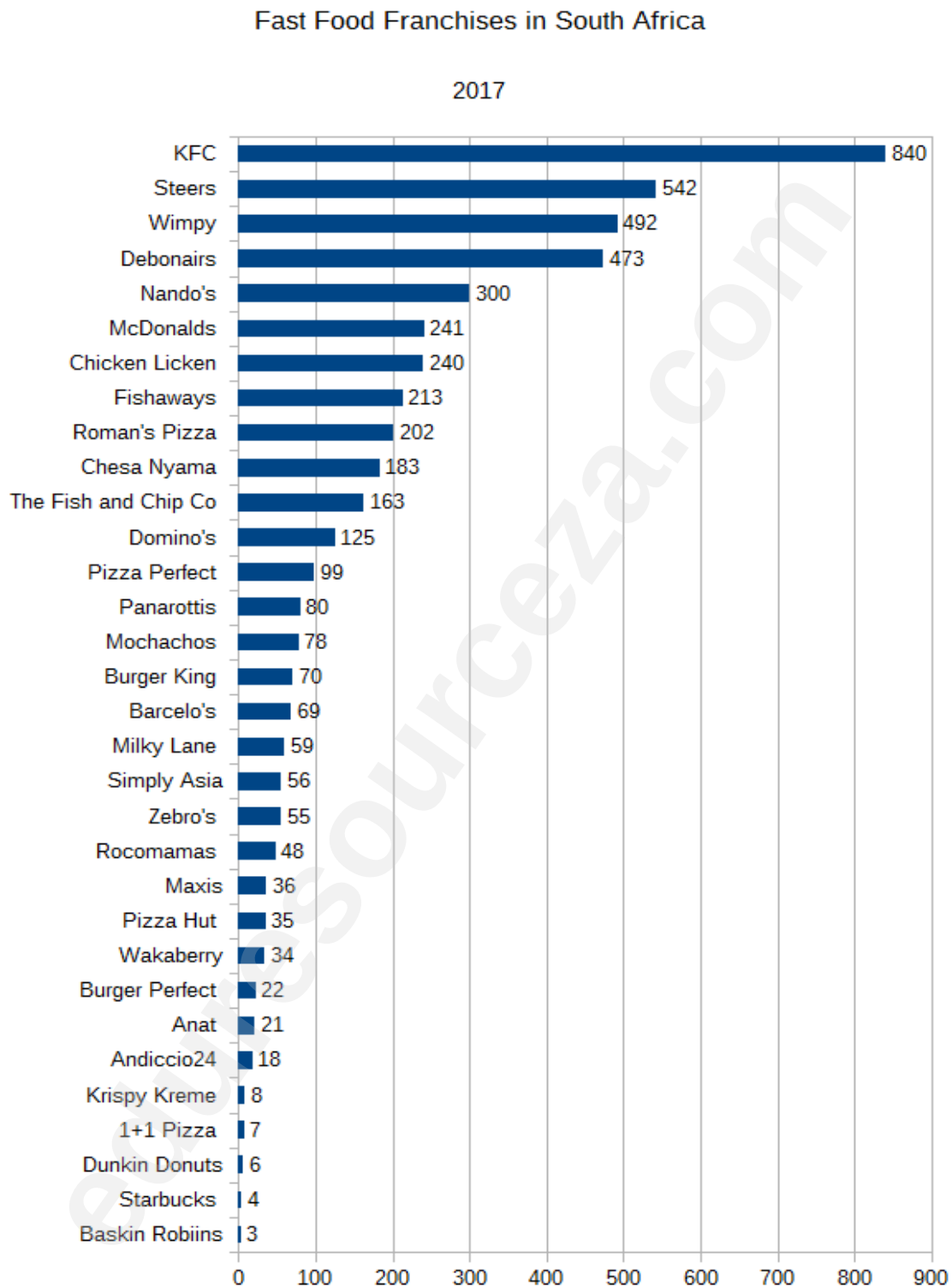
(Source: <https://businesstech.co.za/news/lifestyle/173585/the-biggest-fast-food-franchises-in-south-africa-in-2017/>)

4.1.1 What type of graph is depicted above?

(1)

4.1.2 Use the information given in the above graph to draw a histogram.

(10)



(source: <https://businesstech.co.za/news/lifestyle/173585/the-biggest-fast-food-franchises-in-south-africa-in-2017/>)

4.2. What type of graph is used to depict the information above?

(1)

4.3

According to the graph in question 4.1 chicken is the most popular franchise by consumer preference.

The graph above indicates that Steers, Wimpy and Debonaires are rated in the top five of the most popular franchises in South Africa for 2017 and is rated above Nando's, but below KFC, both specialising in chicken, contradicting the graph in question 4.1.

4.3.1 In your opinion why would two fast food franchises specialising in beef burgers and pizza be so successful in South Africa? (4)

4.3.2 Pizza Hut has been in the South African market longer than Domino's. Taking that fact into consideration why is Dominos more popular than Pizza Hut? (3)

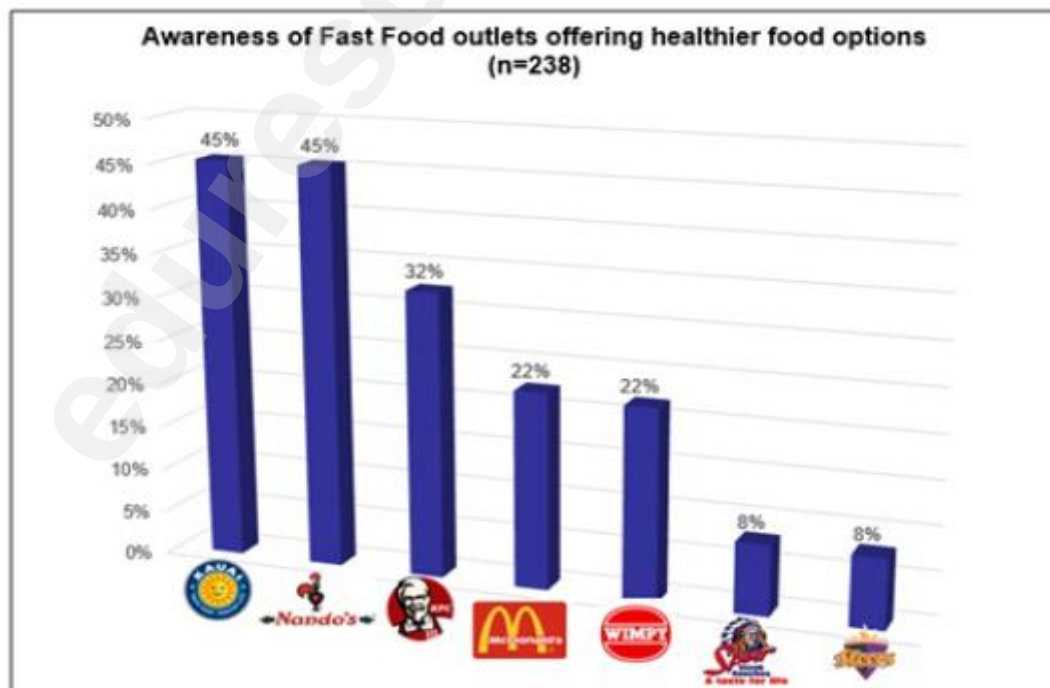
4.4 What is the difference between decision making and problem solving? (6)

4.5 By using a diagram draw the decision-making cycle. (3)

4.6 List the **SEVEN** steps in the problem-solving cycle in the correct order. (7)

The trend towards healthy eating (see graphs below) is another factor which is forcing stakeholders in the fast food industry to make reactive product differentiation strategies. For instance, such responses have manifested in McDonalds' recent partnership with Weight Watchers, KFC launching muesli breakfast cups, and Wimpy adding a selection of low-fat salads to their menus.

(Source: www.insightsurvey.co.za.)



Source: [Gopaul](http://www.insightsurvey.co.za); Graphics by Insight Survey

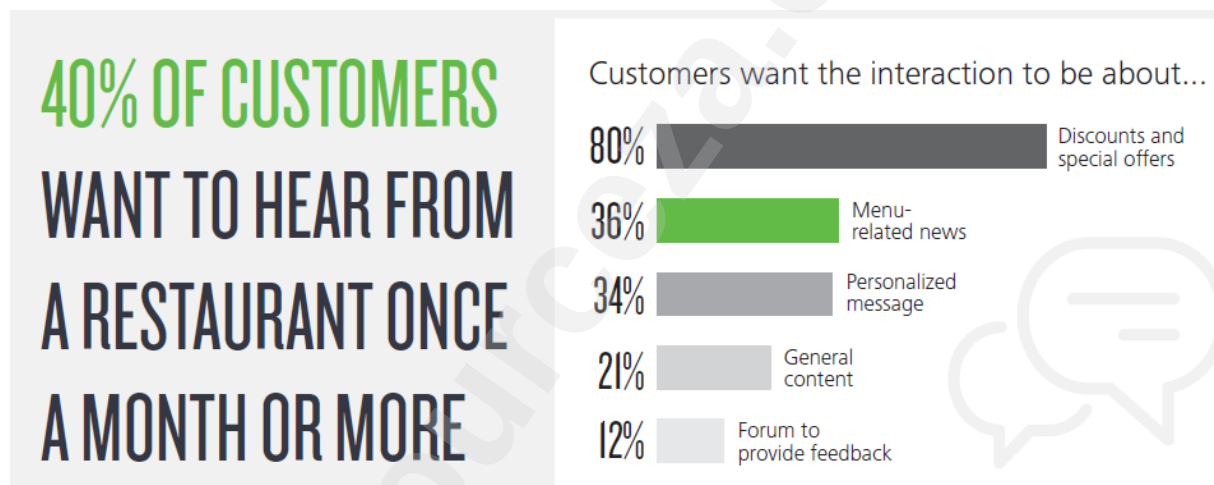
4.7

After Mr Bombela read the above report, he decided to become the “go to” option for healthy fast food for the South African as well as the American market. He enlisted expert advice from the top Dieticians and Chefs in South Africa and America to help him design a balanced menu

4.7.1 What creative thinking technique should Mr. Bombela use that will be effective and efficient in gathering the data for designing the menu? (1)

4.7.2 Explain steps in implementing this technique identified in 4.6.1. (6)

4.8 List the **THREE** economical business sectors and discuss them by using an example from the fast food industry. (6)



(Source: www.deloitte.com/us/restaurant-of-the-future)

4.9. What would be the necessity of the above information for a fast food franchise? (2)