SIR ARTHUR LEWIS COMMUNITY COLLEGE

ACADEMIC YEAR (2024/2025) – SEMESTER TWO

END OF SEMESTER EXAMINATION

Alternate

COURSE CODE	**: BUS107**
COURSE TITLE	**: Fundamentals of Business Development**
LECTURER(S)	**: Jacqueline Charlemagne**
DATE	:
TIME	:
DURATION	**: 2 hrs**
STUDENT ID #	: ____________________

GENERAL INFORMATION AND INSTRUCTIONS

- Students must sign **IN** and **OUT** on the examination class list.
- Write your ID number on the question paper.
- Please number your responses accurately.
- This paper contains TWO (2) parts:

- **Part 1**: 40 **multiple choice questions**. 1 mark each. Weighting 25%. Circle the correct answer on the question paper.

- **Part 2: Data response questions.** Total: 25 marks; weighting 15%. Choose either question 1 or 2 to Answer in this section.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

Part 1: M**ultiple Choice Questions**.

Instructions: Answer ALL the questions in this section on the answer sheet provided.

1. What is the first section of a typical business plan?
   A) Financial projections
   B) Market analysis
   C) Executive summary
   D) Company description

2. What should a business plan's executive summary provide?
   A) A detailed account of the company's financial history
   B) A short overview of the business's mission, vision, and strategy
   C) A thorough market research report
   D) A timeline for product development

3. Which of the following is most likely to be included in the "Market Analysis" section of a business plan?
   A) Overview of company culture
   B) Analysis of competitors and customer needs
   C) Details about company staffing
   D) Budget for the business' marketing campaign

4. The role of a business plan is to identify potential customers within the target market. The process of dividing up the target market is called ____________.
   A. Market segmentation
   B. Industry Analysis
   C. Marketing plan
   D. Market analysis

5. What is the role of a business's mission statement in a business plan?
   A) To define the company's long-term financial goals
   B) To provide a brief summary of the company's purpose and values
   C) To outline the company's hiring policies
   D) To present the company's product pricing

6. Which of the following is an example of a financial statement that might be included in a business plan?
   A) Sales forecast
   B) Competitor analysis
   C) SWOT analysis
   D) Balance sheet

7. Why should a business plan be updated regularly?
   A) To reflect changes in the market environment or company strategy
   B) To ensure investors are constantly updated with financial data
   C) To meet legal requirements
   D) To track the company's hiring needs

8. Which of the following is NOT a part of the cost of production?
   A. Direct materials
   B. Administrative expenses
   C. Direct labour
   D. Direct expenses

9. The primary purpose of a business plan is to _______________.
   A. Secure funding from investors and employees
   B. Comply with legal requirements.
   C. Attract potential employees and competitors
   D. Outline the company's goals and strategies

10. Which of these business components help in understanding how the business plans to expand in the future?
    A. Competitors analysis
    B. Company description
    C. Growth strategy
    D. Revenue plan

11. The primary purpose of identifying a target audience is to ______________.
    A. Define the company's budget for marketing activities
    B. Ensure the company's product pricing strategy is effective.
    C. Tailor marketing messages to the needs and preferences of potential customers
    D. Determine the most appropriate growth strategy to rival the competitors.

12. Characteristics such as population size, ethnicity, race and age all relate to which one of the following factors.
    A. Cultural
    B. Natural
    C. Economic
    D. Demographic

13. What is the term for the stage of a product's life cycle where the product has reached its peak in the market?
    A. Growth
    B. Maturity
    C. Decline
    D. Introduction

14. Brand positioning is ______________.
    A. The way a product is marketed to a specific target audience
    B. The process of pricing a product is based on market trends.
    C. The number of customers a business has in a given period
    D. The cost of retaining a customer.

15. Which of the following is NOT regarded as a microenvironment factor?
    A. Competitors
    B. Market intermediaries
    C. Demographic factors
    D. Company's suppliers.

16. This strategy is one where the firm identifies a small segment of the market and creates a marketing plan to satisfy that segment. This best defines:
    A. Niche marketing
    B. Target marketing
    C. Marketing test
    D. Mass marketing

17. In which stage of the new product process would the firm check the financial viability and estimated cost of production for the product?
    A. Idea generation
    B. Screening of ideas
    C. Business analysis
    D. Developing prototype

18. Which of the following represents the correct order of the stages in the product life cycle?
    A. Introduction, maturity, growth, decline
    B. Introduction, decline, growth, maturity
    C. Introduction, maturity, growth, decline
    D. Introduction, growth, maturity, decline.

19. Which one of the following characteristics of services outlines that the service may be different from time to time?
    A. Variability
    B. Intangibility
    C. Inseparability
    D. Perishability

20. The pricing strategy which sets a low price in order to generate sales is referred to as:
    A. Price skimming
    B. Cost plus pricing
    C. Penetration pricing
    D. Competitors pricing

21. What is the primary goal of distribution management in marketing?
    A. To ensure the product is delivered at the lowest cost
    B. To make the product available to consumers at the right time and place
    C..To reduce the number of intermediaries involved in the supply chain
    D) To increase the price of the product

22. A company that sells athletic wear has been experiencing declining sales in the last few months. Their target audience, young adults aged 18-25, has shifted preferences towards more casual and comfortable clothing. What should the company do to address this challenge?

    A. Increase the prices of their products to reflect the premium quality.
    B. Rebrand their products and introduce a new line of athleisure wear.
    C. Discontinue all their athletic wear and focus only on formal clothing.
    D. Focus on increasing advertising spending without changing the product.

23. A fashion brand is deciding between two marketing strategies for launching a new collection: a high-budget celebrity endorsement campaign or a grassroots social media campaign targeting influencers. Which approach would likely result in a higher return on investment (ROI) for this brand?

    A. The celebrity endorsement campaign will generate immediate, wide-reaching exposure.
    B. The social media campaign targeting influencers, as it allows for targeted engagement and higher conversion rates.
    C. The social media campaign targeting influencers, as it will generate more social media followers.
    D. The celebrity endorsement campaign will attract media coverage and press releases.

24. A company that sells luxury watches is considering launching a new product targeting young professionals aged 25-35. The brand is known for its high-end, premium offerings, but the marketing team is unsure whether to maintain the exclusivity of the brand or make the new watch more accessible to this younger demographic. What would be the best course of action?

    A. Maintain the exclusivity and price the new product at a premium level.
    B. Lower the price to appeal to a wider audience of young professionals.
    C. Launch the product as an affordable, mass-market item to maximize sales.
    D. Keep the price the same but offer substantial discounts to early buyers.

25. What is the key characteristic of a direct distribution channel?
    A. Involves intermediaries like wholesalers or retailers
    B. The product is sold directly from the manufacturer to the end customer
    C. The product passes through a third-party distributor
    D. It only involves selling via online platforms

26. Which of the following is NOT a benefit of efficient distribution management?
    A. Increased customer satisfaction
    B. Reduced inventory costs
    C. Enhanced market coverage
    D. Increased complexity in the supply chain

27. What role does a wholesaler play in the distribution channel?
    A They create promotional strategies for the product
    B. They buy products in bulk from manufacturers and sell them to retailers
    C. They distribute the product directly to consumers
    D. They only manage transportation logistics

28. What is a key factor in choosing an appropriate distribution strategy?
    A. The marketing budget
    B. The product's life cycle
    C. The number of competitors
    D The social media presence of the company

29. Which of the following pricing strategies is based on the perceived value of the product rather than the cost of its production?
    A. Competitive pricing
    B. Value-based pricing
    C. Cost-plus pricing
    D. Psychological pricing

30. Which pricing strategy is commonly used when a company sets its price in line with competitors?
    A. Penetration pricing
    B. Competitive pricing
    C. Skimming pricing
    D. Price discrimination

31. What is the purpose of psychological pricing?
    A. To set a price based on the cost of production
    B. To influence consumer perception of a product pricing
    C. To match the price with the competitor's price
    D. To determine the optimal price for luxury items

32. Which pricing method adds a standard markup to the cost of a product?
    A) Cost-plus pricing
    B) Penetration pricing
    C) Dynamic pricing
    D) Value-based pricing

33. Which of the following is NOT typically included in a personal budget?
    A. Housing expenses
    B. Savings and investments
    C. Taxes owed from past years
    D. Utilities and bills

34. In a business budget, which of the following would be considered a fixed cost?
    A. Advertising expenses
    B. Rent for office space
    C. Sales commissions
    D. Raw materials

35. What is the difference between a budget surplus and a budget deficit?
    A. A surplus occurs when expenses exceed income; a deficit occurs when income exceeds expenses
    B. A surplus occurs when income exceeds expenses; a deficit occurs when expenses exceed income
    C. A surplus is when the budget is balanced; a deficit is when savings are maximized
    D. A surplus occurs when income is equal to expenses; a deficit occurs when there is no savings

36. What is an example of a variable cost in a business budget?
    A. Insurance premiums
    B. Monthly rent
    C. Employee salaries
    D. Utility bills

37. Which of the following is the best approach to adjusting a budget if expenses are higher than planned?
    A. Cut fixed costs
    B. Increase income by getting a second job
    C. Reduce discretionary spending
    D. Ignore the difference and adjust next month

38. What is the primary benefit of tracking spending against a budget?
    A. To ensure that there is always a surplus
    B. To monitor and control financial behavior
    C. To predict future income
    D. To minimize savings

39. What is debt financing?
    A. raising capital by selling company shares
    B. raising capital through loans and issuing bonds
    C. investing company profits into long-term assets
    D. using the company's retained earnings to fund growth

40. Cash flow is significant in a business plan because
    A) it shows how much profit the business will make.
    B) it predicts when the business will reach its break-even point.
    C) it estimates the movement of money in and out of the business.
    D) it outlines the company's inventory management strategy

Part 2: Data response questions.

Instructions: <u>Choose either question 1 or 2</u> to answer in this section.

QUESTION 1.

a) Discuss TWO (2) methods of digital marketing for start-up businesses [8 marks]

b) Explain THREE (3) benefits of integrating the product and price decisions. [6 marks]

c) Explain the link between the 4Ps of marketing. [8 marks]

d) Explain what is meant by persuasive advertising. [3 marks]

Total: 25 marks

QUESTION 2.

a) Describe TWO (2) factors that influence a firm's distribution decision. [4 marks]

b) Discuss TWO (2) opportunities of shifting from traditional distribution to digital distribution. [8 marks]

c) Explain the role of a business plan in securing funding. [5 marks]

d) Explain TWO (2) reasons why an entrepreneur would adapt a business plan. [4 marks]

e) Explain TWO (2) external business environmental factors which should be considered in business planning. [4 marks]

Total: 25 marks

END OF EXAMINATION