**GRADE 10**

**BUSINESS STUDIES**

**PAPER I**

 **Time: 2 hour**

 **Marks: 200**

**PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY**

1. This Question Paper consists of 14 pages and an Answer Booklet is separate. Please check that your question paper is complete.

1. Write your name in the space provided on the Answer Booklet.

1. Read the questions carefully.

1. All questions are compulsory.

1. Refer to the case study when required.

1. Demonstrate insight, where applicable, when answering questions.

1. Candidates are advised to pay particular attention to the use of language and the **allocation of marks**. Please check!

1. It is in your own interest to write legibly and present your work neatly.

**Section A (50)**

**Question 1 (20)**

Read each question and select the most suitable answer from the list of alternatives provided.

**Mark the appropriate answer on your answer sheet**.

Note: if more than one answer is chosen, no mark will be allocated.

* 1. **A business has the most control over which environment?**

A Macro environment

B Micro environment

C Market environment

D None of the above

* 1. **A PESTLE analysis is used to focus on which environment?**

A Macro environment

B Micro environment

C Market environment

D All of the above

* 1. **Kevin Hedderwick is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of Famous Brands**

A Non-executive Director

B CEO

C Group Chief Executive

D Independent Chairman

**1.4 Famous Brands latest acquisition was \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

A Smooch

B Wakabery

C Thrupps

D Java Lava

**1.5 Mugg and Bean is an example of a \_\_\_\_\_\_\_\_\_\_\_\_\_**

A sole agencies

B wholesalers

C franchises

D outsourcing companies



**1.6 Thor is unemployed and sells pens at the robot for R5 each. This is an example of \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

A a formal business

B a close corporation

C a franchise

D an informal business

**1.7 A lower level manager makes the following leadership decisions**

A strategic decisions concerning the future of the business

B operational decisions concerning the front line of the business

C tactical decisions aimed at achieving business goals

D None of the above

**1.8 Taste Holdings first franchise was \_\_\_\_\_\_**

A Fish and Chips Co.

B Maxi’s

C Scooters

D Zebro’s

**1.9 In a PESTLE analysis, Technological factors refers to \_\_\_\_\_\_\_\_\_**

A equipment used to buy or make product or service

B Automation of the production process

C Developments in social media

D All of the above

**1.10 Porters Five Force model is used to analysis on which environment?**

A Macro environment

B Micro environment

C Market environment

D None of the above

**Question 2 (20)**

State which of the following statements are **TRUE** or **FALSE**, if false correct the statement.

2.1 In a limited liability company the owner’s possessions are liable for the debt

the company may incur.

2.2 Every business needs to be registered on the JSE Ltd.

2.3 A full SWOT analysis is utilized on the market environment.

2.4 Training forms part of the eight business functions.

2.5 Famous Brands owns a fruit and veg, coffee, and bread franchise.

2.6 Marketing involves choosing, selecting and encouraging the channels of distribution.

2.7 The shareholders concept traditionally involves satisfying the customer.

2.8 The sixth force in the Porters model in complementary products.

2.9 A sole trader finds it challenging to attract highly skilled and knowledgeable

employees.

2.10 Creative problem solving is reliant on left brain thinking only.

**Question 3 (10)**

Give the correct TERM for each of the following by matching column A and B. Write only the **TERM** next to the relevant question number in your answer book.

|  |  |  |
| --- | --- | --- |
|  | **Column A** | **Column B** |
| 1 | \_\_\_\_\_\_\_ founded Famous Brands | A | Carlo Gonzaga |
| 2 | Basic Conditions of Employment Act | B | Dividends |
| 3 | Money that is used to start a company. | C | Finance |
| 4 | Profit distributed to shareholders is known as \_\_\_\_\_\_\_\_\_\_\_. | D | Interest shares |
| 5 | Eight Business Functions | E | Aimed at ensuring employees are treated in a fair manner |
|  |  | F | Kevin Hedderwick |
|  |  | G | BCOEA |
|  |  | H | Capital |
|  |  | I | SWOT |



**Section B**

**Question 4 (50)**

**Below is a summary of community project involvements for Famous Brands**

|  |  |
| --- | --- |
| **Project** | **Rand Value** |
| **Sport Sponsorships** | **3 306 400** |
| **Donation of product** | **211 316** |
| **CSI** | **1 037 328** |

**An employee-driven initiative, KIDS, resulted in employees making donations of gifts to children in need during the Christmas season.**

4.1 Should a company like Famous Brands be involved in community projects? Justify your answer by motivating the benefits or lack thereof for Famous Brands. (5)

**Use the following table to help you answer the questions that follow**

|  |  |  |
| --- | --- | --- |
| **Internal Factors and External Factors** | **Strengths (S)** | **Weaknesses (W)** |
| **Opportunities (O)** | **SO Strategies**- strategies that use strengths to take advantage of opportunities | **WO Strategies**- strategies that take advantage of opportunities by overcoming weaknesses |
| **Threats (T)** | **ST Strategies**- strategies that use strengths to avoid threats | **WT Strategies**- strategies that will minimize weaknesses and will also avoid threats |

4.2.1 You have been asked to complete a SWOT analysis on Famous Brands.

This will be used to aid both the marketing and advertising departments in evaluating Famous Brands current position and adjusting long term goals. (6)

4.2.2 Famous Brands have asked you to suggest strategies for the marketing and advertising departments to deal with the weaknesses and threats outlined in your SWOT.

Use the table above to help you answer this question. (6)

**Use the following information sheet on Taste Holdings to answer the questions that follow**.

**TASTE HOLDINGS**

**In 2008 Taste Holdings**

* Acquired NWJ jewellers with 58 outlets and built the company to become the second largest jewellery group in RSA
* Acquired strategic BJ’s sites and converted them into Maxi’s

**In 2012 Taste Holdings**

* Acquired The Fish and Chips Co.
* Launched NWJ credit card facility

Adapted from taste holding annual report 2014

4.3.1 Name one competitor of NWJ. (1)

4.3.2 Would you say that acquiring NWJ has strengthened or weakened Taste Holdings over the last 6 years? Justify your answer giving reference to the information sheet above. (3)

4.3.3 With the use of a PESTLE analysis tool evaluate the impact the Political, Technological and Environmental factors could have on future sales at NWJ. (6)

4.3.4 Identify **four** Social factors that forms part of the PESTLE analysis and comment on how each of these elements could impact on the business if not dealt with. (8)

4.3.5 Rank the challenges you have identified in Question 4.3.4 from most to least critical. Give a short explanation justifying your number **one** most critical problem that needs to be managed. (5)

4.4.1 How does the tasks of management, affect managements effectiveness. (2)

4.4.2 You have been asked to help Taste Holdings increase profits in their food sector moving forward. Discuss how the tasks of management could be used to help increase the profits of Taste Holdings. (8)

**Question 5 (50)**

**Use the diagram below to help answer the following questions**

Opportunity

Entrepreneur

 A

Fits & Gaps

Business plan

Uncertainty

Uncertainty

Uncertainty

B

5.1 Complete the label for “A”. (2)

5.2 Explain the link “B” and its role in ensuring sustainable business practice within a business like Famous Brands. (4)

5.3 Why does each element of the Timmons model involve uncertainty? (3)

**Use the following information on Taste Holdings to help you answer the**

**questions that follow**

**Offering the lowest cost food franchises**

The Fish & Chip Co. provides franchisees with the opportunity to purchase a franchise for R500 000, and the Zebro’s Chicken franchise is the lowest-priced chicken franchise in South Africa at R700 000. Taste Holdings has assisted 29 of our The Fish & Chips Co. franchisees who could not raise the full purchase price for their franchise with interest-free loans amounting to over R6 million since we bought the business in 2012. During 2014, the percentage of our franchises owned by historically disadvantaged franchisees increased to 62%. We understand that these franchisees often require more frequent support, especially in respect of financial and people management. We do not always get this level of support perfectly right, but I know that our teams are committed to becoming the franchisor of choice in this segment.

Adapted from Taste holdings annual report 2014



5.4 List five qualities of an entrepreneur. (5)

5.5 How does an intrapreneur differ from an entrepreneur? (2)

5.6 Taste Holdings has recently given interest free loans to entrepreneurs who would like to open a Fish And Chips franchise, but could not come up with the capital required.

 As a consultant for Famous Brands, would you advise them to also start giving interest free loans to entrepreneurs? Refer to the Timmons model to justify your answer. (6)

5.7 One of the key factors to Taste Holdings making a success of the interest free loans to franchise owners is management training. Without the correct level of management training and support, the brand of Taste Holdings may be damaged.

5.7.1 Identify three areas of training that would be crucial for new franchise owners in Taste Holdings. (3)

**Use the following information to help you answer the questions that follow**.



**The Zebro’s brand has been acquired by Taste Holdings, effective 1 March 2014**

**Zebro’s is a South African chicken franchise with a 15 year pedigree. It unique preparation method of cooking on open coals, along with its unique basting sauce makes it a genuinely unique consumer proposition. Its low set up costs and simplified operations, along with the fact that it targets consumers in the lower LSM segment, make it a unique investor proposition.**

**Adapted from www.tasteholdings.co.za**

5.7.2 Explain how an entrepreneur would see Zebro’s as a “unique investor proposition” (3)

5.7.3 Taste Holdings are disappointed with the Zebro’s developments thus far. The Zebro’s franchise has not been able to grow at the rate that other franchises have in this market and are under preforming.

Use any creative problem solving tool **except a SWOT analysis** to help Taste Holdings develop Zebro’s market share moving forward. (5)

**Use the following information to help you answer the questions that follow**.

**Waste not Want not**

South Africa produces just over nine million tonnes of food waste a year. There are organisations that feed the hungry, one of which is Foodbank SA. It saves about 6 000 tonnes of food every year, which adds up to between 18 and 20 million meals a year.

Some reasons for this excessive waist this related to sell-by dates that are unreasonable to meet; storage and the transportation of foods that is not adequate; too much food being bought and then going to waste; or too much food being cooked and then spoiling.

Another big problem is that we tend to want a perfect-looking product, so a lot of bruised and badly packaged foods are wasted. Not to mention that from an agricultural perspective, farming practices are perhaps not always up to scratch and poor produce is delivered to wholesalers and retailers.

Adapted from Harvest SA June 11th, 2013



5.8.1 Give three reasons for the high levels of food waste in South Africa. (3)

5.8.2 What is ironic about the high levels of food wasted in South Africa? (2)

5.8.3 Would Taste Holdings or Famous Brands contribute more to food waste in South Africa?

Support your answer with at least one facts. (2)

5.8.4 How could this high levels of waste affect Famous Brands sustainability in the fast food sector? (2)

5.8.5 Identify two strategies that Famous Brands could implement at Wimpy to minimize their contribution to food waste. (4)

5.8.6 Comment on what role the distribution sector within Famous Brands plays in food waste? (3)



**Question 6**

**Use the following information to answer the questions that follow (50)**

|  |
| --- |
| Food outlets compete for a piece of the pie |

|  |
| --- |
| South Africa’s fast food market is an extremely competitive one, as leading players fight it out for their share of the consumer market. Kentucky Fried Chicken (KFC) remains South Africa's leading fast food brand.Shereen Tuff, senior research analyst at Euromonitor International, indicated that fast food restaurant sales reached over 24 billion rand in 2013, and that in conjunction with outlet expansion into new markets, foodservice outlets experienced favourable growth. |

|  |
| --- |
| INTERNATIONAL BRAND EXPANSION IN SOUTH AFRICA |

|  |
| --- |
| SOUTH AFRICA’S LOVE FOR CHICKEN |

|  |
| --- |
| **“It is popular with all population demographics with the upper LSM groups, including the rising black middle class, choosing the more expensive Nando’s brand, as well as the variety of mid-priced products from KFC such as wraps. However, other brands such as Chicken Licken target the lower income groups with their lower prices,”** |

|  |
| --- |
| **“In 2013, Burger King entered into South Africa, opening up in Cape Town in May. Burger King entered into a joint venture with Cape-based Grand Parade Investments, a JSE-listed company. The brand has been well-received and there are plans to roll out outlets throughout South Africa,”** |



***Source adapted from: By: C Naidoo 20 October 2014***

6.1 Define what is meant by the term **Marketing.** (2)

6.2 Why is it important that a business like Famous Brands focus’s it’s attention on building a strong Brand? (4)

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6.3 The Giramundo Brand was born in 2007, and later taken over by Famous Brands, today the brand has 20 outlets under its banner.

With the growing fast food market, and particularly the fast food chicken market, Famous Brands have decided to invest the necessary resources in Giramundo to ensure that this brand is in the position to compete for a piece of the fast food pie.

Critically assess how the following marketing mix elements could be used to assist Giramundo in competing for a share in the ever-growing and highly competitive fast food market.

* **Promotion**
* **Place** (8)

6.4 Explain what is meant by the term “Consumer Behaviour” and suggest why it is important that a business is always monitoring this behaviour. (4)



6.5 Name and explain **two** different pricing strategies that could be used by Giramundo to take hold of a share of the market. Also identify the type of behaviour Famous Brands could expect from the customers with the implementation of each strategy. (10)

6.6 South Africa is currently seeing the expansion of international brands into South Africa, for example Burger King and Pizza Hut.



Discuss how Famous Brands, could strengthen their product policy to help over-come the threat of these new entrants in the South African market. (4)



6.7 Identify the type of packaging that would predominately be used by a fast food franchise. (1)

6.8 Assess how Giramundo could use packaging as part of a marketing strategy to gain competitive advantage in the fast food market . (3)

6.9 What does the acronym LSM stand for? (2)

6.10 Explain how the LSM indicators are able to assist Famous Brands in understanding their target market through different segments of the fast food market. (3)

6.11 Name three principles of advertising, and suggest how each of these principles could be used by Famous Brands to ensure that their promotional strategy is ethical. (9)



**[Total Section B: 150 Marks]**