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Practice exam questions

Tony's Choccolonely

Mark Hage

Check your answer to the question on pp. 12–14 of the magazine. This question relates to the Edexcel specification.

Sample answer

Sophie Kim has shown the characteristic of being confident because although she worked in banking and management consultancy, she was confident to take a risk in starting up a business related to another field: food. By taking risks without fear of failure, there is potential for high reward – as can be seen in this case, as Kim's online grocery app has helped her to be worth 1 billion dollars. However, such confidence may have been misjudged as Kim did not have any experience in the grocery business. The grocery app may not have had a wide market appeal, which may have meant that she invested in creating software that failed to attract customers. With grocery products such as tomatoes having a very short shelf life, a lack of demand may have resulted in significant wastage and ultimately a significant loss of money in stock for Kim's start up.

Another characteristic is being a visionary. Her love for food resulted in the idea and vision of starting Market Kurly and this is the basis of her success. By having a vision, Kim was potentially able to plan a way of increasing revenue by partnering with award-winning chefs and restaurants to develop her brand image through exclusivity. However, Kim's decision to expand into cosmetics is a move away from her ready-to-eat meals, and she appears to have had no partnership with experts in the field. As Kim has no experience in the cosmetics market, this carries many more risks than her established business venture. With a large competitor in the market, Kim may have underestimated her ability to break into the market due to high barriers to entry. This may then have required a greater investment in the launching of the cosmetics brand, ultimately meaning much higher start-up costs and lower profit margins. If Kim's cosmetics were perceived to be struggling to launch in the market, this could have had a knock-on negative effect for her brand, possibly leading to a reduction in customer loyalty.

Sample examiner comment

Mark: 8/8 (level 3 – an excellent response, fully focused on the question)

Thorough knowledge and understanding are shown of entrepreneurial characteristics. Application is shown through the use of appropriate context applied to the question.

Coherent and logical analysis are linked together, giving cause and effect of the positive and negative effects of entrepreneurial characteristics on Kim's start up, using context-based quantitative and qualitative data for competing arguments.

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