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Cambridge Assessment International Education

# Cambridge International AS & A Level

**BUSINESS** **9609/43**

Paper 4 Business Strategy **October/November 2025**

**1 hour 15 minutes**

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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 40.
- The number of marks for each question or part question is shown in brackets [ ].

This document has **4** pages.


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## Sarah's Headsets (SH)

SH designs and manufactures a range of gaming headsets. SH is a private limited company based in country D. It employs leading technology specialists to develop innovative products. SH's gaming headsets are sold through specialist computer game stores across country D. SH's competitive advantage is innovation.

SH was set up by Sarah 20 years ago. She started the business with five employees. By 2017 SH employed over 520 people and had customers throughout country D.

### Timeline of SH

| | |
|---|---|
| 2017 | Sarah develops a marketing strategy to support SH's growth aim (see **Appendix 1**). The strategy focuses on technical innovation to offer customers a clear sound quality. There is rapid economic growth in country D. |
| 2019 | One of SH's products is voted the 'Best Gaming Headset in country D' in a leading consumer survey. SH gains much media coverage, which helps to boost its brand image. |
| 2021 | Annual revenue peaks (see **Appendix 2**).<br>SH has a 45% share of the gaming headset market in country D and is the market leader. |
| 2023 | NHT is a major international gaming headset manufacturer. NHT launches a range of gaming headsets in country D in competition with SH.<br>Sarah considers that SH's gaming headsets are more technologically advanced than NHT's.<br>Country D's economy goes into a recession. |
| 2025 | SH's market share in country D is falling and NHT is forecast to become the market leader. NHT's products are half the price of SH products.<br>Sarah produces an analysis of the financial data (see **Appendix 3**). |

### Developing a new business strategy

Sarah was concerned about the reduction in SH's profitability. She asked an external management consultant to produce a PEST analysis (see **Appendix 4**) that she could use to develop a new business strategy to enable SH to return to profitability.

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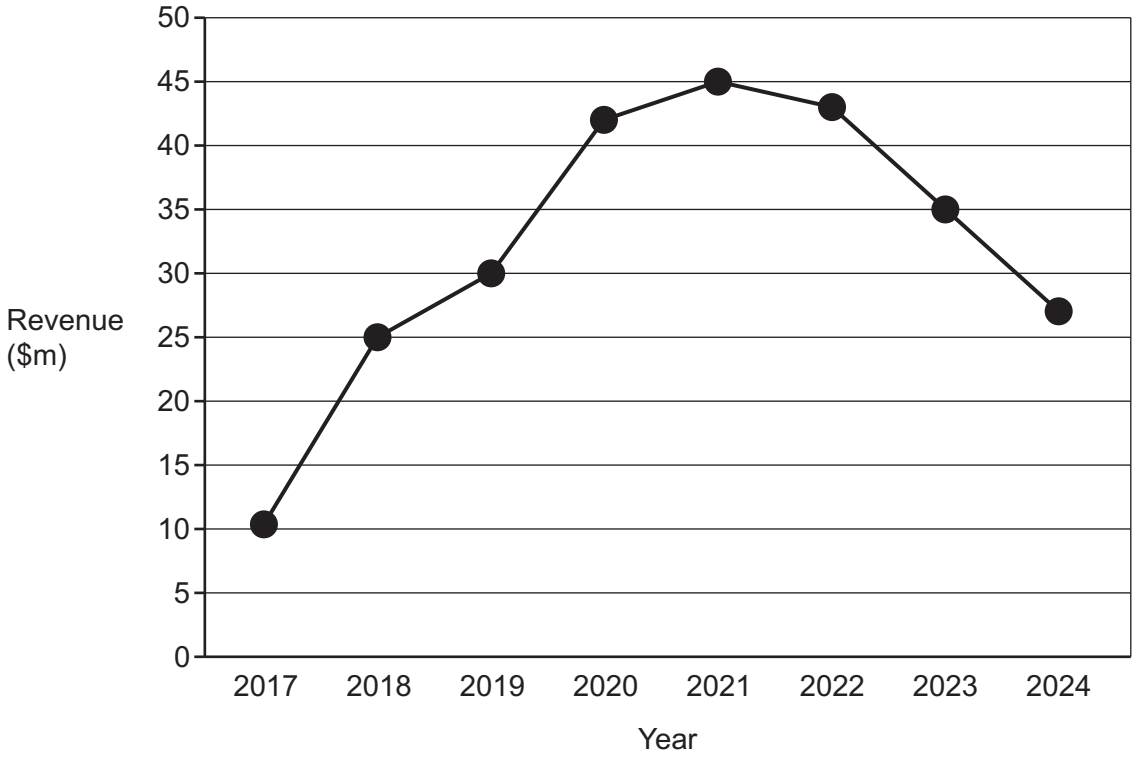
## Appendix 1: Summary of Sarah's 2017 marketing strategy for SH

Objective – to become market leader for gaming headsets in country D by 2025.

Primary market research:
- 70% of all gaming headsets sold in country D are purchased by consumers under 30 years old.
- 65% of people said that range of features was the most important consideration when buying a new gaming headset, with price coming second.

Planned marketing mix:
- Product – continual upgrading of gaming headsets to include the latest technological features.
- Price – price skimming for all headsets in the SH range.
- Promotion – extensive advertising on digital platforms and television/billboard campaigns. Product endorsement with a popular celebrity.
- Place – gaming headsets sold in specialist computer game stores throughout country D.

## Appendix 2: SH's annual revenue data between 2017 and 2024




## Appendix 3: Analysis of SH's financial data between 2017 and 2025

| | 2017 | 2019 | 2021 | 2023 | 2025 |
|---|---|---|---|---|---|
| Return on capital employed (%) | 7 | 10 | 8 | 5.5 | (4) |
| Gearing (%) | 50 | 55 | 58 | 49 | 41 |
| Operating profit ($m) | 2 | 18 | 15 | 10.5 | (8) |

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## Appendix 4: Summary of consultant's PEST analysis (2025)

| | |
|---|---|
| Political:<br>• Government agrees free trade arrangements with several low-income countries.<br>• Government is encouraging investment in country D from multinational businesses. | Economic:<br>• Economy recovering from recession.<br>• Rising inflation, which is increasing the cost of producing goods in country D. |
| Social:<br>• Consumers are increasingly price-sensitive and seek value for money.<br>• Consumers value the latest technology.<br>• Increased immigration by young people.<br>• Increased online shopping. | Technological:<br>• Increasing use by technology businesses of artificial intelligence in their market research.<br>• Potential for new production techniques using robots. |

Answer **both** questions.

**1** Evaluate the effectiveness of SH's marketing strategy between 2017 and 2025. [20]

**2** Advise Sarah on whether PEST analysis is the most useful approach for SH in developing a new business strategy. [20]

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