

IGCSE Edexcel Business Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. A niche market is best described as?**
 - A. A very large market with broad appeal**
 - B. A smaller market within a larger market**
 - C. A market with no competition**
 - D. A global mass-market sector**

- 2. Which item is a PR approach commonly used for publicity?**
 - A. Sponsorship**
 - B. Direct mail**
 - C. Television advertising**
 - D. Magazine ads**

- 3. Which stage occurs when customer needs change and the product is withdrawn from the market?**
 - A. Growth**
 - B. Introduction**
 - C. Decline**
 - D. Development**

- 4. Location (geographical) segmentation describes which?**
 - A. It divides markets by income only**
 - B. It divides markets by where people live**
 - C. It divides markets by age only**
 - D. It divides markets by brand loyalty**

- 5. Which promotional technique is commonly used to build brand awareness?**
 - A. Advertising**
 - B. Sponsorship**
 - C. Product trials**
 - D. Special offers**

- 6. During the development stage, which statement is true?**
 - A. Sales are zero and costs are high**
 - B. Sales are rising and profits are high**
 - C. Sales are high and costs are low**
 - D. Sales are zero and costs are low**

- 7. Why is monitoring competition important for a business?**
- A. Competition always drives prices down.**
 - B. Monitoring competition is illegal.**
 - C. There is no reason to watch competitors.**
 - D. It is rare for businesses to operate in a market with no competitors.**
- 8. What is the final step in the recruitment process described?**
- A. Advertise the job using appropriate media**
 - B. Carry out interviews**
 - C. Evaluate applicants and select a shortlist for an interview**
 - D. Give feedback to unsuccessful applicants**
- 9. Which statement best describes a limited partnership?**
- A. A partnership where all partners run the business**
 - B. A partnership that has unlimited liability for all partners**
 - C. A partnership that is registered as a limited company**
 - D. A partnership where some partners contribute capital and enjoy a share of the profit but do not take part in the running of the business**
- 10. Cinema promotion can be used to target which group?**
- A. Specific age groups**
 - B. Rural farmers**
 - C. Large corporate audiences**
 - D. Only one gender**

Answers

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1. B
2. B
3. C
4. B
5. A
6. A
7. D
8. D
9. D
10. A

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Explanations

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1. A niche market is best described as?

- A. A very large market with broad appeal**
- B. A smaller market within a larger market**
- C. A market with no competition**
- D. A global mass-market sector**

A niche market means a small, specific slice of a larger market with particular needs. The business targets that group with tailored products or services and focused marketing. That makes the correct description a smaller market within a larger market. The other options describe broader or unrealistic scenarios: a very large market with broad appeal is a mass market, not niche; a market with no competition isn't what defines a niche and many niches still have rivals; a global mass-market sector is too broad to be a niche. Targeting a niche can build strong expertise and loyalty, though it usually means a smaller potential customer base.

2. Which item is a PR approach commonly used for publicity?

- A. Sponsorship**
- B. Direct mail**
- C. Television advertising**
- D. Magazine ads**

Publicity in PR is about getting free attention from the media and the public by sharing newsworthy information. Direct mail fits as a PR tool because it lets a company send targeted, newsworthy messages—such as press releases, event invites, or announcements—directly to journalists, stakeholders, or customers. This targeted approach can spark media interest and public chatter, helping to generate publicity without paying for ad space. It also offers control over the message and can be tracked for response. By contrast, sponsorship is another PR tactic but it relies on being associated with an event or cause to gain exposure, while TV and magazine ads are paid promotions aimed at consumers rather than generating earned publicity.

3. Which stage occurs when customer needs change and the product is withdrawn from the market?

- A. Growth**
- B. Introduction**
- C. Decline**
- D. Development**

This question tests understanding of the product life cycle and what happens when demand shrinks. When customer needs change and a product is withdrawn from the market, it signals the decline stage. In this stage, demand for the product falls as tastes, technology, or substitutes shift consumer priorities, and sales and profits drop. Companies may decide to pull the product from the market or discontinue it in some markets to release resources for newer offerings. The other stages don't fit this scenario. Introduction is when a product is first launched and sales are building. Growth is when sales accelerate after launch. Development refers to the research and development phase before a product hits the market.

4. Location (geographical) segmentation describes which?

- A. It divides markets by income only
- B. It divides markets by where people live**
- C. It divides markets by age only
- D. It divides markets by brand loyalty

Geographical segmentation divides markets by where people live, such as country, region, city, urban vs rural areas, or even climate. Location influences needs, tastes, and how products are distributed or promoted, so grouping customers by place allows tailored marketing for each area. This is exactly what location-based segmentation describes. The other bases describe different approaches—dividing by income is socioeconomic/demographic, by age is demographic, and by brand loyalty is behavioral—so they're not about geography.

5. Which promotional technique is commonly used to build brand awareness?

- A. Advertising**
- B. Sponsorship
- C. Product trials
- D. Special offers

Brand awareness is about making the brand known and recognizable to a broad audience. Advertising directly aims messages at a wide group through media like TV, radio, online, and print, with repeated exposure that builds recognition over time. Because it reaches many people with consistent branding, advertising is the most effective way to make the brand familiar and easy to recall when a purchase decision occurs. Sponsorship can help raise awareness, but it often targets a more specific audience tied to the event or cause. Product trials focus on getting people to test the product, which is great for encouraging use but doesn't automatically build broad recognition. Special offers are aimed at driving immediate purchases rather than establishing long-term brand familiarity.

6. During the development stage, which statement is true?

- A. Sales are zero and costs are high**
- B. Sales are rising and profits are high
- C. Sales are high and costs are low
- D. Sales are zero and costs are low

In the development stage, the focus is on creating and refining the product, not selling it yet. That means there are no sales to speak of, while spending is high due to research and development, design, testing, and initial marketing investments. So the statement that sales are zero and costs are high best describes this phase. The other scenarios don't fit development: the idea of rising sales and high profits belongs to later stages when the product is on the market and earning revenue; high sales with low costs would imply a mature, highly profitable situation unlikely during development; zero sales with low costs would suggest minimal spend, which doesn't align with the substantial investment typical of development.

7. Why is monitoring competition important for a business?

- A. Competition always drives prices down.
- B. Monitoring competition is illegal.
- C. There is no reason to watch competitors.
- D. It is rare for businesses to operate in a market with no competitors.**

Understanding the competitive environment is essential because markets usually have rivals, and few businesses operate in a market with no competition. By watching what competitors do, a business can respond to price moves, new products, promotions, and service levels, and it can benchmark its own performance. This awareness helps identify opportunities to differentiate, spot threats, and plan strategic actions rather than reacting after the fact. If a rival cuts prices or launches a new feature, you can decide whether to adjust pricing, improve quality, or add value through better service. It also helps reveal gaps in the market you might exploit. The other statements don't fit because prices aren't always driven down by competition—competitive moves can also push improvements and innovation. Monitoring rivals is not illegal; it's a normal part of strategic planning. And there is generally a reason to watch competitors, since staying informed helps you stay competitive and responsive.

8. What is the final step in the recruitment process described?

- A. Advertise the job using appropriate media
- B. Carry out interviews
- C. Evaluate applicants and select a shortlist for an interview
- D. Give feedback to unsuccessful applicants**

Giving feedback to unsuccessful applicants is the final step. After you've advertised the job, interviewed candidates, and evaluated and shortlisted applicants, the process closes by informing those not offered the position and explaining how they performed or why they weren't selected. This helps maintain a positive employer image, supports candidates' learning for future opportunities, and reduces potential misunderstandings or complaints. The earlier steps—advertising, interviewing, and shortlisting—all happen before this wrap-up stage, so they aren't the final action in the process.

9. Which statement best describes a limited partnership?

- A. A partnership where all partners run the business**
- B. A partnership that has unlimited liability for all partners**
- C. A partnership that is registered as a limited company**
- D. A partnership where some partners contribute capital and enjoy a share of the profit but do not take part in the running of the business**

In a limited partnership there are two kinds of partners: those who run the business and have unlimited liability, and those who contribute capital, share in the profits, but do not take part in management. The statement describing partners who contribute capital and enjoy a share of the profit but do not take part in running the business matches exactly what limited partners do. They invest and receive a portion of profits, yet they don't participate in day-to-day management, and their liability is limited to their investment. This is different from a general partnership, where everyone typically manages and has unlimited liability, and from a company, which is a separate legal entity rather than a partnership.

10. Cinema promotion can be used to target which group?

- A. Specific age groups**
- B. Rural farmers**
- C. Large corporate audiences**
- D. Only one gender**

Promotions in cinema work best when they are tailored to specific age groups, because cinema audiences can be divided into meaningful demographic segments and respond differently to genres, trailers, and messaging. For example, films designed for families use family-friendly trailers and promotions during weekends and holidays to appeal to both parents and children, while teen or young-adult films target younger viewers with different styles and platforms. This age-focused approach helps marketers choose the right timings, cinemas, and promotional ideas to maximize interest and attendance. Rural farmers aren't the typical cinema-going audience, and large corporate audiences aren't a natural fit for film promotions, which aim at consumer segments rather than business groups. While some campaigns may consider gender, cinema promotions generally target broader age-based segments to reach the people most likely to want and enjoy the film.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://igcseedexcelbusiness.examzify.com>

We wish you the very best on your exam journey. You've got this!

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