



Cambridge International AS & A Level

BUSINESS

9609/23

Paper 2 Data Response

October/November 2021

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for teachers.

Cambridge international will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

This document consists of **25** printed pages.

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptors for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

GENERIC MARKING PRINCIPLE 5:

Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).

GENERIC MARKING PRINCIPLE 6:

Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require n reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

Question	Answer	Marks																																
1(a)(i)	<p>Define the term ‘sole trader’ (line 1).</p> <table border="1" data-bbox="304 315 1294 577"> <thead> <tr> <th data-bbox="304 315 1142 380">Knowledge</th> <th data-bbox="1142 315 1294 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 380 1142 448">A correct definition</td> <td data-bbox="1142 380 1294 448">2</td> </tr> <tr> <td data-bbox="304 448 1142 515">A partial, vague or unfocused definition</td> <td data-bbox="1142 448 1294 515">1</td> </tr> <tr> <td data-bbox="304 515 1142 577">No creditable content</td> <td data-bbox="1142 515 1294 577">0</td> </tr> </tbody> </table> <p><i>Must be distinct from other ownership types</i></p> <p>Indicative content</p> <p>AO1 Knowledge and understanding</p> <ul data-bbox="304 815 1326 954" style="list-style-type: none"> • A business in which one person provides the finance and in return has full control of the business and keeps all the profits. • An only trader has all the risk / unlimited liability. • An only trader pays income tax. <table border="1" data-bbox="304 987 1326 1675"> <thead> <tr> <th data-bbox="304 987 871 1052">Exemplar</th> <th data-bbox="871 987 1019 1052">Marks</th> <th data-bbox="1019 987 1326 1052">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 1052 871 1151">A person who invests all the capital and has unlimited liability</td> <td data-bbox="871 1052 1019 1151">2</td> <td data-bbox="1019 1052 1326 1151">Correct definition</td> </tr> <tr> <td data-bbox="304 1151 871 1249">The only owner of the business who invests all the capital</td> <td data-bbox="871 1151 1019 1249">2</td> <td data-bbox="1019 1151 1326 1249">Correct definition</td> </tr> <tr> <td data-bbox="304 1249 871 1348">The only owner of the business/owns a business by themselves</td> <td data-bbox="871 1249 1019 1348">1</td> <td data-bbox="1019 1249 1326 1348">Partial knowledge</td> </tr> <tr> <td data-bbox="304 1348 871 1413">A person who owns the business</td> <td data-bbox="871 1348 1019 1413">1</td> <td data-bbox="1019 1348 1326 1413">Partial definition</td> </tr> <tr> <td data-bbox="304 1413 871 1478">The owner of a business</td> <td data-bbox="871 1413 1019 1478">1</td> <td data-bbox="1019 1413 1326 1478">Implied ‘only’</td> </tr> <tr> <td data-bbox="304 1478 871 1576">An owner operator</td> <td data-bbox="871 1478 1019 1576">1</td> <td data-bbox="1019 1478 1326 1576">Implies a single person</td> </tr> <tr> <td data-bbox="304 1576 871 1675">Finance may be limited</td> <td data-bbox="871 1576 1019 1675">0</td> <td data-bbox="1019 1576 1326 1675">Limited for all business structures</td> </tr> </tbody> </table> <p>ARA</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	A person who invests all the capital and has unlimited liability	2	Correct definition	The only owner of the business who invests all the capital	2	Correct definition	The only owner of the business/owns a business by themselves	1	Partial knowledge	A person who owns the business	1	Partial definition	The owner of a business	1	Implied ‘only’	An owner operator	1	Implies a single person	Finance may be limited	0	Limited for all business structures	2
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1(a)(ii)	<p>Explain the difference, for a business, between price and cost.</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="308 383 1310 651"> <thead> <tr> <th data-bbox="308 383 1177 450">Rationale</th> <th data-bbox="1177 383 1310 450">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="308 450 1177 517">Understanding of the difference between a price and a cost</td> <td data-bbox="1177 450 1310 517">1</td> </tr> <tr> <td data-bbox="308 517 1177 584">Understanding of a cost</td> <td data-bbox="1177 517 1310 584">1</td> </tr> <tr> <td data-bbox="308 584 1177 651">Understanding of a price</td> <td data-bbox="1177 584 1310 651">1</td> </tr> </tbody> </table> <p>Indicative content</p> <p>AO1 Knowledge and understanding</p> <ul data-bbox="308 819 1225 958" style="list-style-type: none"> • A price is an amount paid by a customer / the amount a business sells/charges for its product/service. • A cost is an amount paid by a business / to a supplier. • A cost is the amount of money <i>used</i> to produce the goods/service. <p>AO2 Application</p> <p>Application of the difference between a price and a cost, such as:</p> <ul data-bbox="308 1099 1294 1200" style="list-style-type: none"> • Businesses receive the value of a price (from the customer) but pay the value of a cost (to a supplier). • The difference between price and cost is profit. 	Rationale	Marks	Understanding of the difference between a price and a cost	1	Understanding of a cost	1	Understanding of a price	1	3
Rationale	Marks									
Understanding of the difference between a price and a cost	1									
Understanding of a cost	1									
Understanding of a price	1									

Question	Answer			Marks
1(a)(ii)	<i>Knowledge of a price and a cost may be assumed from application.</i>			
	Exemplar	Mark	Rationale	
	Price is more than its cost	3	The simplest form of answer	
	The mark-up/the profit margin/profit	3	Simplest form of answer	
	A price is the amount paid by a customer, a cost is the amount paid for raw materials used in the manufacture and the difference is the profit made.	3	All three elements clear	
	A cost is the amount the raw materials cost, whereas the price is the amount a business charges its customers for the finished product.	3	All three elements clear	
	Cost is the expenses incurred in making a product, whereas price includes the profit set by the seller.	3	All three elements clear	
	Cost is the expenses incurred in making a product. Price is the amount a business charges its customers for the finished product.	2	No difference shown	
ARA				

Question	Answer	Marks																						
1(b)(i)	<p>Calculate the profit that Obi will make from a customer who hires two vans for three days.</p> <table border="1" data-bbox="304 349 1315 707"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Correct answer with or without correct working or \$</td> <td>3</td> </tr> <tr> <td>Correct calculation of TR and TC</td> <td>2</td> </tr> <tr> <td>Formula or correct calculation of TR or correct calculation of TC</td> <td>1</td> </tr> <tr> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p>Indicative content</p> <p>(Total) revenue – (Total) cost = profit</p> <p>Total revenue = $(\\$250 + \\$225 + \\$225) \times 2 = \mathbf{\\$1400}$</p> <p>Total cost = $(\\$170 + \\$170 + \\$170) \times 2 = \mathbf{\\$1020}$</p> <p>$\\$1400 - \\$1020 = \mathbf{\\$380}$</p> <p>Profit = $\mathbf{\\$380}$</p> <p>OFR</p> <p>If candidates continue to discount 10% beyond the second day, then award as a correct answer.</p> <p>Common incorrect answers</p> <table border="1" data-bbox="304 1384 1315 1798"> <thead> <tr> <th>Answer</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>\$330</td> <td>3</td> <td>Continued use of 10% discount</td> </tr> <tr> <td>\$190</td> <td>2</td> <td>Only calculated one van – incorrect final answer but correct formulae implied by use of figures</td> </tr> <tr> <td>\$165</td> <td>2</td> <td>Only calculated one van – incorrect final answer but correct formulae implied by use of figures</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer with or without correct working or \$	3	Correct calculation of TR and TC	2	Formula or correct calculation of TR or correct calculation of TC	1	No creditable content	0	Answer	Marks	Rationale	\$330	3	Continued use of 10% discount	\$190	2	Only calculated one van – incorrect final answer but correct formulae implied by use of figures	\$165	2	Only calculated one van – incorrect final answer but correct formulae implied by use of figures	3
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1(b)(ii)	<p data-bbox="304 248 1246 282">Explain <u>one</u> factor which may affect the demand for Obi's services.</p> <table border="1" data-bbox="304 315 1310 674"> <thead> <tr> <th data-bbox="304 315 509 376">Level</th> <th data-bbox="509 315 1177 376">Knowledge and Application</th> <th data-bbox="1177 315 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 376 509 479">2b (APP+APP)</td> <td data-bbox="509 376 1177 479">Explanation of one factor in context</td> <td data-bbox="1177 376 1310 479">3</td> </tr> <tr> <td data-bbox="304 479 509 539">2a (APP)</td> <td data-bbox="509 479 1177 539">Identification of one factor in context</td> <td data-bbox="1177 479 1310 539">2</td> </tr> <tr> <td data-bbox="304 539 509 607">1a (K)</td> <td data-bbox="509 539 1177 607">Identification of one factor</td> <td data-bbox="1177 539 1310 607">1</td> </tr> <tr> <td data-bbox="304 607 509 674">0</td> <td data-bbox="509 607 1177 674">No creditable content</td> <td data-bbox="1177 607 1310 674">0</td> </tr> </tbody> </table> <p data-bbox="304 707 560 741">Indicative content</p> <p data-bbox="304 775 807 808">AO1 Knowledge and understanding</p> <p data-bbox="304 842 999 875">Knowledge of a factor affecting demand may include:</p> <ul data-bbox="304 875 799 1122" style="list-style-type: none"> • (perceived) waiting/lead time • (perceived) price • population • income level • consumer tastes and preferences • level of competition • advertising <p data-bbox="304 1155 536 1189">AO2 Application</p> <ul data-bbox="304 1223 1326 1704" style="list-style-type: none"> • Price – Obi charges \$250 – how do Obi's prices compare with competition? • Population – direct correlation between number of people wanting to move and the population – Obi's service is likely to be required more often if it is located in an area with a high population. • Income levels – higher income likely to move household/bulky items more often – and use a service as opposed to doing it themselves. • Consumer tastes and preferences – service based so potential customers will look for reviews – Obi might have good reviews of his service from past customers. • Level of competition in the local/national market – Obi used to be employed by a similar business – therefore some competition. • Advertising – a service sector business and likely to be competitive – customers need to know about the service to book it. 	Level	Knowledge and Application	Marks	2b (APP+APP)	Explanation of one factor in context	3	2a (APP)	Identification of one factor in context	2	1a (K)	Identification of one factor	1	0	No creditable content	0	3
Level	Knowledge and Application	Marks															
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1a (K)	Identification of one factor	1															
0	No creditable content	0															

Question	Answer			Marks
1(b)(ii)	<p><i>Application (APP) is likely to come from the context, with developed application (APP+APP) from further use of that context.</i></p> <p>Example of how responses should be marked.</p>			
	<p>Identification of a way (K – 1 mark)</p>	<p>Application (APP – 2 marks)</p>	<p>Developed application (APP + APP – 3 marks)</p>	
	<p>Competition</p>	<p>from the other business he was employed by</p>	<p>who may reduce prices to attract Obi's customers</p>	
	<p>Income level</p>	<p>is \$250 per day</p>	<p>too expensive</p>	
	<p>ARA</p>			

Question	Answer				Marks	
1(c)	Recommend whether Obi should purchase Van A or Van B. Justify your recommendation.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified recommendation based on argument(s) in context			7
			Developed recommendation based on argument(s) in context			6
			An evaluative statement/recommendation based on argument(s) in context			5
Shows understanding of factor(s) affecting Van A AND Van B in context		4	Argument based on Van A AND Van B in context			4
Shows understanding of factor(s) affecting Van A OR Van B in context		3	Argument based on Van A AND Van B in context			3
Shows knowledge of two or more factors affecting decision making		2	Limited analysis of Van A AND Van B			2
Shows knowledge of one factor affecting decision making		1	Limited analysis of Van A OR Van B			1
No creditable content						
<i>Arguments for Van A on one side and Van B on the other to show arguments for each</i>						
Indicative content						
AO1 Knowledge and understanding						
Knowledge of factors affecting decision making, including:						
<ul style="list-style-type: none"> • cost(s) • timescale • revenue • utility 						

Question	Answer	Marks
1(c)	<p>AO2 Application</p> <p>Application may include:</p> <ul style="list-style-type: none"> • sole trader • main business is based on the use of vans • already owns three vans • eight full-time employees • demand is growing fast • use of Table 1.2 <p>AO3 Analysis</p> <p>Analysis of Van A may include:</p> <ul style="list-style-type: none"> • lower purchase cost • higher maintenance costs • shorter lifespan • lower (slightly) insurance costs • high level of reliability • are other qualitative elements relevant? <p>Analysis of Van B may include:</p> <ul style="list-style-type: none"> • higher purchase cost • lower maintenance costs • longer lifespan • higher (slightly) insurance costs • possibly less reliable based on customer review • use of colours may provide an advertising benefit • speed of manufacturer response to break down is good • faster – may allow a speedier service (but could also have legal issues) • are other qualitative factors relevant? <p>AO4 Evaluation</p> <ul style="list-style-type: none"> • A recommendation about whether Ralph should choose Van A or Van B. • A judgement over the relative suitability of the vans. • Elements that the recommendation/judgement could depend upon, including availability of finance/amount of finance, how long Obi keeps his vans for on average, length of warranty, past reviews, whether he trusts his employees not to speed, fuel economy as a factor. • Weighing up of the relative impacts on Obi of the vans. 	11

Question	Answer					Marks	
1(c)	Examples of how an answer could develop and how it should be annotated.						
	K	APP	AN	DEV	EVAL		
	Cost	VAN A – boring but fuel efficient	Reduces direct costs of petrol	Increases profit margins	Should buy Van A		
Lifespan1	VAN B – lasts 9 years	Capital cost spread over a longer time	Helps long-term budgeting	Because lower direct costs more important than long-term budgeting Even though the image may be impacted			
ARA							

Question	Answer				Marks
1(d)	Analyse <u>two</u> factors which may influence the source of finance that Obi chooses for the new van.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2b	Shows understanding of two factors which may influence the source of finance in context	4	Good analysis of two factors which may influence the source of finance in context	4	
2a	Shows understanding of one factor which may influence the source of finance in context	3	Good analysis of one factor which may influence the source of finance in context	3	
1b	Shows knowledge of two factors which may influence the source of finance	2	Limited analysis of two factors which may influence the source of finance	2	
1a	Shows knowledge of one factor which may influence the source of finance	1	Limited analysis of one factor which may influence the source of finance	1	
0	No creditable content				
<p>Indicative content</p> <p>AO1 Knowledge and understanding</p> <p>Knowledge factors affecting sources of finance, including:</p> <ul style="list-style-type: none"> • size/structure of business • cost of finance • costs of the business • flexibility • need to retain control • use of the finance • level of existing debt 					

Question	Answer	Marks												
	<p>AO2 Application</p> <ul style="list-style-type: none"> • Sole trader • Main business is based on the use of vans • Already owns three vans • Eight full-time employees • Demand is growing fast • Use of Table 1.2 – may be based on recommendation made in Q.1(c) <p>AO3 Analysis</p> <ul style="list-style-type: none"> • Speed of acceptance – requires a source of finance that will allow immediate purchase – capitalise on the increased demand – • Running costs – some sources of finance may allow this to be included (such as leasing or hire purchase) – reduces variable outgoings • Flexibility – Obi may need to repay over the lifetime of the van, or he may be able to reduce the cost of finance and repay earlier if demand remains high – can manage cashflow • Need to retain control – Obi likes to be in control so is unlikely to want a source of finance that means he loses control (such as taking a partner or selling shares) – • The use of the finance – acquiring a van – some sources of finance are more suited to longer term options (such as bank loans) or the acquisition of a capital item that loses value (such as leasing or hire-purchase) • Level of existing debt – Obi used his savings to set up VM so he has no debt – has to use external sources <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="304 1245 1279 1576"> <thead> <tr> <th data-bbox="304 1245 539 1312">K</th> <th data-bbox="539 1245 767 1312">APP</th> <th data-bbox="767 1245 1031 1312">AN</th> <th data-bbox="1031 1245 1279 1312">DEV</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 1312 539 1442">Cost of finance</td> <td data-bbox="539 1312 767 1442">\$30/40k loan</td> <td data-bbox="767 1312 1031 1442">Higher loan = larger repayments</td> <td data-bbox="1031 1312 1279 1442">Reduces cashflow/profits</td> </tr> <tr> <td data-bbox="304 1442 539 1576">Level of existing debt</td> <td data-bbox="539 1442 767 1576">Savings used so no debt</td> <td data-bbox="767 1442 1031 1576">Means has to use external sources</td> <td data-bbox="1031 1442 1279 1576">Which may involve loss of control</td> </tr> </tbody> </table> <p>ARA</p>	K	APP	AN	DEV	Cost of finance	\$30/40k loan	Higher loan = larger repayments	Reduces cashflow/profits	Level of existing debt	Savings used so no debt	Means has to use external sources	Which may involve loss of control	
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Level of existing debt	Savings used so no debt	Means has to use external sources	Which may involve loss of control											

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2(a)(i)	<p data-bbox="304 241 879 282">Define the term ‘flow production’ (line 2).</p> <table border="1" data-bbox="304 315 1310 577"> <thead> <tr> <th data-bbox="304 315 1139 378">Knowledge</th> <th data-bbox="1139 315 1310 378">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 378 1139 441">A correct definition</td> <td data-bbox="1139 378 1310 441">2</td> </tr> <tr> <td data-bbox="304 441 1139 504">A partial, vague or unfocused definition</td> <td data-bbox="1139 441 1310 504">1</td> </tr> <tr> <td data-bbox="304 504 1139 577">No creditable content</td> <td data-bbox="1139 504 1310 577">0</td> </tr> </tbody> </table> <p data-bbox="304 611 560 645">Indicative content</p> <p data-bbox="304 678 807 712">AO1 Knowledge and understanding</p> <ul data-bbox="304 745 1286 891" style="list-style-type: none"> • The continuous movement of products through the production process. • When one task is finished, the next task starts immediately. • The creation of a product in a series of stages on a production line. • Identical/standardised products are created on an assembly line. <table border="1" data-bbox="304 925 1326 1283"> <thead> <tr> <th data-bbox="304 925 871 987">Exemplar</th> <th data-bbox="871 925 1023 987">Marks</th> <th data-bbox="1023 925 1326 987">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 987 871 1088">Continuous production for non-customised products</td> <td data-bbox="871 987 1023 1088">2</td> <td data-bbox="1023 987 1326 1088">Clear flow production</td> </tr> <tr> <td data-bbox="304 1088 871 1151">Continuous making of products</td> <td data-bbox="871 1088 1023 1151">1</td> <td data-bbox="1023 1088 1326 1151">Only one element</td> </tr> <tr> <td data-bbox="304 1151 871 1283">Continuous line/automated</td> <td data-bbox="871 1151 1023 1283">1</td> <td data-bbox="1023 1151 1326 1283">No expansion of a process or standardisation</td> </tr> </tbody> </table> <p data-bbox="304 1317 371 1350">ARA</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Continuous production for non-customised products	2	Clear flow production	Continuous making of products	1	Only one element	Continuous line/automated	1	No expansion of a process or standardisation	2
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2(a)(ii)	<p>Explain the term ‘psychographic market segmentation’ (line 3).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="304 367 1326 629"> <thead> <tr> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>*Example or some other way of showing good understanding</td> <td>1</td> </tr> <tr> <td>Understanding of psychographic</td> <td>1</td> </tr> <tr> <td>Understanding of market segmentation</td> <td>1</td> </tr> </tbody> </table> <p>*No application without both pieces of knowledge</p> <p>Indicative content</p> <p>AO1 Knowledge and understanding</p> <p>Market segmentation</p> <ul style="list-style-type: none"> Selecting the most likely buyers Select groups of consumers based on similar characteristics <p>Psychographic</p> <ul style="list-style-type: none"> Based on their interests, activities and lifestyle choices Qualitative method of studying consumers based on psychological characteristics and traits Such as: beliefs, values, lifestyle, social status, opinions and activities Beyond general demographic data such as age, gender or race <p>AO2 Application</p> <p>Application of an example or some other way of showing good understanding, such as:</p> <ul style="list-style-type: none"> a business selling holidays to people based on the sports they enjoy such as golf/cycling holidays any examples from case allowable <table border="1" data-bbox="304 1520 1310 1883"> <thead> <tr> <th>Exemplar</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Selecting the most likely buyers based on beliefs and values instead of geographic factors</td> <td>3</td> <td>All three elements met</td> </tr> <tr> <td>Selecting the most likely buyers based on beliefs and values</td> <td>2</td> <td>No understanding</td> </tr> <tr> <td>Breaking up/separating the market</td> <td>1</td> <td>No psychological</td> </tr> </tbody> </table> <p>ARA</p>	Rationale	Marks	*Example or some other way of showing good understanding	1	Understanding of psychographic	1	Understanding of market segmentation	1	Exemplar	Marks	Rationale	Selecting the most likely buyers based on beliefs and values instead of geographic factors	3	All three elements met	Selecting the most likely buyers based on beliefs and values	2	No understanding	Breaking up/separating the market	1	No psychological	3
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2(b)(i)	<p data-bbox="304 241 1070 282">Refer to Table 2.1. Calculate SC's revenue (X) for 2020.</p> <p data-bbox="304 315 919 349"><i>*Formula can be implied through use of figures</i></p> <table border="1" data-bbox="304 383 1315 707"> <thead> <tr> <th data-bbox="304 383 1142 448">Rationale</th> <th data-bbox="1142 383 1315 448">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 448 1142 512">Correct answer with or without correct working or \$ or m</td> <td data-bbox="1142 448 1315 512">3</td> </tr> <tr> <td data-bbox="304 512 1142 577">Calculation of total market revenue</td> <td data-bbox="1142 512 1315 577">2</td> </tr> <tr> <td data-bbox="304 577 1142 642">Formula*</td> <td data-bbox="1142 577 1315 642">1</td> </tr> <tr> <td data-bbox="304 642 1142 707">No creditable content</td> <td data-bbox="1142 642 1315 707">0</td> </tr> </tbody> </table> <p data-bbox="304 741 419 775">Content</p> <p data-bbox="304 808 780 842">Market share × total market revenue</p> <p data-bbox="304 875 775 909">Total market = \$60m × 2.5 = \$150m</p> <p data-bbox="304 943 608 976">34% of \$150m = \$51m</p> <p data-bbox="304 1010 671 1043">SC's sales revenue = \$51m</p> <p data-bbox="304 1077 368 1111">OFR</p> <p data-bbox="304 1144 667 1178">Common incorrect answers</p> <table border="1" data-bbox="304 1211 1315 1413"> <thead> <tr> <th data-bbox="304 1211 703 1276">Answer</th> <th data-bbox="703 1211 836 1276">Marks</th> <th data-bbox="836 1211 1315 1276">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 1276 703 1344">60m * 0.4 = 20.4m</td> <td data-bbox="703 1276 836 1344">1</td> <td data-bbox="836 1276 1315 1344">OFR – final; mark only</td> </tr> <tr> <td data-bbox="304 1344 703 1413">60m – (60*0.34) = 39.6</td> <td data-bbox="703 1344 836 1413">0</td> <td data-bbox="836 1344 1315 1413">Incorrect formula and figures</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer with or without correct working or \$ or m	3	Calculation of total market revenue	2	Formula*	1	No creditable content	0	Answer	Marks	Rationale	60m * 0.4 = 20.4m	1	OFR – final; mark only	60m – (60*0.34) = 39.6	0	Incorrect formula and figures	3
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0	No creditable content	0															

Question	Answer			Marks
2(b)(ii)	Example of how responses should be marked.			
	Identification of a way (K – 1 mark)	Application (APP – 2 marks)	Developed application (APP+APP – 3 marks)	
	Out of date	Published accounts	Due to window dressing	
	May be out of date	Two years old	Elements may have changed	
	ARA			

Question	Answer				Marks	
2(c)	Analyse <u>two</u> primary market research methods that SC could use.				8	
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)		Marks
2b	Shows knowledge of two primary market research methods in context	4	Good analysis of two primary market research methods in context	4		
2a	Shows knowledge of one primary market research method in context	3	Good analysis of one primary market research method in context	3		
1b	Shows knowledge of two primary market research methods	2	Limited analysis of two primary market research methods	2		
1a	Shows knowledge of one primary market research method	1	Limited analysis of one primary market research method	1		
0	No creditable content					
Content						
Indicative content						
AO1 Knowledge and understanding						
Knowledge of primary market research methods include:						
<ul style="list-style-type: none"> • questionnaires (if q's and surveys in one element, then should be counted as one method) • surveys • focus groups • observation • trial/test marketing 						
AO2 Application						
<ul style="list-style-type: none"> • PLC • Low sugar candy • Natural flavourings/flavours • Flow production • Psychographic segmentation • Corporate Social responsibility • Plastic/plastic in packaging • CSR as a new business objective 						

Question	Answer	Marks												
2(c)	<p>AO3 Analysis</p> <ul style="list-style-type: none"> • Questionnaires and surveys – depend on people being willing to answer and give honest answers • Focus groups – can ask qualitative opinions on factors and discuss potential solutions • Observation – if some customers prefer products which actively promote the reduction in plastic packaging, can focus on these; however, limited scope • Trial/test marketing – see if the sales/revenue are affected by altering factors, which is more likely to be a response than asking questions <p>Examples of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="304 725 1278 1189"> <thead> <tr> <th data-bbox="304 725 539 790">K</th> <th data-bbox="539 725 766 790">APP</th> <th data-bbox="766 725 1031 790">AN</th> <th data-bbox="1031 725 1278 790">DEV</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 790 539 958">Questionnaires</td> <td data-bbox="539 790 766 958">Target market, e.g. nature and sports</td> <td data-bbox="766 790 1031 958">Via ecommerce will provide quick results</td> <td data-bbox="1031 790 1278 958">Depends, however, on the honesty of respondents</td> </tr> <tr> <td data-bbox="304 958 539 1189">Focus groups</td> <td data-bbox="539 958 766 1189">Ask specific questions about low sugar candy</td> <td data-bbox="766 958 1031 1189">To understand customer opinion</td> <td data-bbox="1031 958 1278 1189">And make a decision on whether to change business objectives</td> </tr> </tbody> </table> <p>ARA</p>	K	APP	AN	DEV	Questionnaires	Target market, e.g. nature and sports	Via ecommerce will provide quick results	Depends, however, on the honesty of respondents	Focus groups	Ask specific questions about low sugar candy	To understand customer opinion	And make a decision on whether to change business objectives	
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Question	Answer				Marks	
2(d)	Evaluate the benefits to SC of having corporate social responsibility (CSR) as a business objective.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on argument in context			7
			Developed evaluation based on argument in context			6
			An evaluative statement based on argument in context			5
Shows understanding of CSR as a business objective in context		4	Argument based on two or more benefits of CSR as a business objective in context			4
Shows understanding of CSR in context		3	Argument based on one benefit of CSR as a business objective in context			3
Shows knowledge of CSR and business objectives		2	Limited analysis of two or more benefits of CSR as a business objective			2
Shows knowledge of CSR or business objectives		1	Limited analysis of one benefit of CSR as a business objective			1
No creditable content						
Content						
Indicative content						
AO1 Knowledge and understanding						
Knowledge of corporate social responsibility:						
<ul style="list-style-type: none"> • triple bottom line • social, environmental and profit objectives 						
Knowledge of business objectives:						
<ul style="list-style-type: none"> • SMART • analysing, assessing and understanding where you are now and where you want to be in the future 						

Question	Answer	Marks
2(d)	<p>AO2 Application</p> <p>Application may include:</p> <ul style="list-style-type: none"> • PLC • low sugar candy • natural flavourings • flow production • psychographic segmentation • food manufacturing business lost customers • use of plastic packaging • use of Table 2.1 <p>AO3 Analysis</p> <p>Analysis of benefits may include:</p> <ul style="list-style-type: none"> • increased reputation – customers may choose SC because of its reputation of focusing on CSR increasing revenue from \$51m – increases revenue/profits • long term cost savings – CSR may lead to long term cost savings, especially if the loss of plastic leads to a recyclable alternative – which may reduce unit costs (but may increase short term costs) • could lead to growth – SC may be able to increase their market share (currently 43%) – overtake OK as market leader • increased sales – media reports suggest this is becoming a big issue for customers – SC may align with customers’ preferences • decreased price elasticity of demand – customers may be happier to pay higher prices for candy which is more in line with their beliefs, especially parents – increases revenues • better staff retention and employment – may align with employees’ beliefs – may improve motivation and/or retention • easier access to capital – may attract investment from ethical sources due to focus on TBL – may reduce cost of investment in new packaging materials and processes <p>AO4 Evaluation</p> <ul style="list-style-type: none"> • A recommendation about whether SC should have CSR as a business objective. • A judgement over the relative benefits of CSR as a business objective. • Elements that the recommendation/judgement could depend upon, including cost, competitor actions, customer requirements and purchasing habits, market research. • Weighing up of the relative impacts on SC of CSR as a business objective for SC. 	

Question	Answer					Marks	
2(d)	Examples of how an answer could develop and how it should be annotated.						
	K	APP	AN	DEV	EVAL		
	Triple bottom line	Reducing use of plastic	Improves reputation	Increases number of customers	CSR is very beneficial As the reduction of plastic is likely to increase profits overall Even though the cost may be high initially		
SMART	Psycho-graphic segmentation	Customers may be happier to pay higher prices for candy which is more in line with their beliefs	Increases revenues				
ARA							