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**BUSINESS**

**9609/23**

Paper 2 Data Response

**October/November 2018**

MARK SCHEME

Maximum Mark: 60

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**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 2018 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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This document consists of **16** 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.

Question	Answer	Marks																																			
1(a)(i)	<p data-bbox="316 248 874 282"><b>Define the term ‘limited liability’ (line 2).</b></p> <table border="1" data-bbox="316 315 1334 573"> <thead> <tr> <th data-bbox="316 315 1182 376">Knowledge</th> <th data-bbox="1182 315 1334 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 376 1182 443">A correct definition</td> <td data-bbox="1182 376 1334 443">2</td> </tr> <tr> <td data-bbox="316 443 1182 510">A partial, vague or unfocused definition</td> <td data-bbox="1182 443 1334 510">1</td> </tr> <tr> <td data-bbox="316 510 1182 573">No creditable content</td> <td data-bbox="1182 510 1334 573">0</td> </tr> </tbody> </table> <p data-bbox="316 611 432 645"><b>Content</b></p> <p data-bbox="316 645 1158 741">Any two of the following points: continuity, separate legal identity; shareholders; losses limited to investment/no personal risk.</p> <table border="1" data-bbox="316 779 1334 1664"> <thead> <tr> <th data-bbox="316 779 884 840">Exemplar</th> <th data-bbox="884 779 997 840">Marks</th> <th data-bbox="997 779 1334 840">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 840 884 974">A business whose shareholders/owners are not personally responsible for any business debts</td> <td data-bbox="884 840 997 974">2</td> <td data-bbox="997 840 1334 974">Both elements met</td> </tr> <tr> <td data-bbox="316 974 884 1108">A business whose owners personal assets will not be used to pay business debts</td> <td data-bbox="884 974 997 1108">2</td> <td data-bbox="997 974 1334 1108">Both elements met</td> </tr> <tr> <td data-bbox="316 1108 884 1205">A business whose owners have a separate legal identity to the business</td> <td data-bbox="884 1108 997 1205">2</td> <td data-bbox="997 1108 1334 1205">Both elements met</td> </tr> <tr> <td data-bbox="316 1205 884 1301">A shareholder can only lose the capital invested in the business</td> <td data-bbox="884 1205 997 1301">2</td> <td data-bbox="997 1205 1334 1301">Both elements met</td> </tr> <tr> <td data-bbox="316 1301 884 1397">Limited liability for business debts</td> <td data-bbox="884 1301 997 1397">2</td> <td data-bbox="997 1301 1334 1397">No reference to owners/ shareholders</td> </tr> <tr> <td data-bbox="316 1397 884 1494">When a business fails, the owners are not responsible for the debts</td> <td data-bbox="884 1397 997 1494">1</td> <td data-bbox="997 1397 1334 1494">Limited liability not explained clearly</td> </tr> <tr> <td data-bbox="316 1494 884 1590">A company is protected from financial loss</td> <td data-bbox="884 1494 997 1590">0</td> <td data-bbox="997 1494 1334 1590">Not a correct definition</td> </tr> <tr> <td data-bbox="316 1590 884 1664">No responsibility for business debts</td> <td data-bbox="884 1590 997 1664">0</td> <td data-bbox="997 1590 1334 1664">Too vague</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	A business whose shareholders/owners are not personally responsible for any business debts	2	Both elements met	A business whose owners personal assets will not be used to pay business debts	2	Both elements met	A business whose owners have a separate legal identity to the business	2	Both elements met	A shareholder can only lose the capital invested in the business	2	Both elements met	Limited liability for business debts	2	No reference to owners/ shareholders	When a business fails, the owners are not responsible for the debts	1	Limited liability not explained clearly	A company is protected from financial loss	0	Not a correct definition	No responsibility for business debts	0	Too vague	2
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1(a)(ii)	<p data-bbox="316 248 1174 282"><b>Briefly explain the term ‘competitive pricing strategy’ (line 3).</b></p> <p data-bbox="316 315 919 349">Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 349 1334 607"> <thead> <tr> <th data-bbox="316 349 400 414"></th> <th data-bbox="400 349 1214 414">Knowledge</th> <th data-bbox="1214 349 1334 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 414 400 479">C</td> <td data-bbox="400 414 1214 479">Example or some other way of showing good understanding</td> <td data-bbox="1214 414 1334 479">1</td> </tr> <tr> <td data-bbox="316 479 400 544">B</td> <td data-bbox="400 479 1214 544">Same price or lower or higher</td> <td data-bbox="1214 479 1334 544">1</td> </tr> <tr> <td data-bbox="316 544 400 607">A</td> <td data-bbox="400 544 1214 607">Price is based on what the competition charges</td> <td data-bbox="1214 544 1334 607">1</td> </tr> </tbody> </table> <ul data-bbox="316 613 991 647" style="list-style-type: none"> <li>• C mark is dependent on A and B being present</li> </ul> <p data-bbox="316 680 432 714"><b>Content</b></p> <p data-bbox="316 714 1321 815">Basing the price on what the competition is charging. This may be to set the same price as the competition or, in most cases, to set a lower price than the competition.</p> <table border="1" data-bbox="316 848 1334 1471"> <thead> <tr> <th data-bbox="316 848 884 913">Exemplar</th> <th data-bbox="884 848 999 913">Marks</th> <th data-bbox="999 848 1334 913">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 913 884 1043">Basing the selling price in relation to the prices of competitors; e.g. a lower price to attract customers</td> <td data-bbox="884 913 999 1043">3</td> <td data-bbox="999 913 1334 1043">All elements met</td> </tr> <tr> <td data-bbox="316 1043 884 1144">To identify competitors prices and then pricing lower to achieve more sales</td> <td data-bbox="884 1043 999 1144">3</td> <td data-bbox="999 1043 1334 1144">All elements met</td> </tr> <tr> <td data-bbox="316 1144 884 1245">To set your prices lower than competitor businesses</td> <td data-bbox="884 1144 999 1245">2</td> <td data-bbox="999 1144 1334 1245">A and B</td> </tr> <tr> <td data-bbox="316 1245 884 1375">To set your prices in relation to competitor businesses</td> <td data-bbox="884 1245 999 1375">1</td> <td data-bbox="999 1245 1334 1375">No example or extended understanding</td> </tr> <tr> <td data-bbox="316 1375 884 1471">A way of pricing your good to make it more attractive to purchase</td> <td data-bbox="884 1375 999 1471">0</td> <td data-bbox="999 1375 1334 1471">Too vague</td> </tr> </tbody> </table>		Knowledge	Marks	C	Example or some other way of showing good understanding	1	B	Same price or lower or higher	1	A	Price is based on what the competition charges	1	Exemplar	Marks	Rationale	Basing the selling price in relation to the prices of competitors; e.g. a lower price to attract customers	3	All elements met	To identify competitors prices and then pricing lower to achieve more sales	3	All elements met	To set your prices lower than competitor businesses	2	A and B	To set your prices in relation to competitor businesses	1	No example or extended understanding	A way of pricing your good to make it more attractive to purchase	0	Too vague	3
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<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="316 353 491 409">Level</th> <th data-bbox="499 353 1185 409">Knowledge and Application</th> <th data-bbox="1193 353 1337 409">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 421 491 510">2b APP</td> <td data-bbox="499 421 1185 510">Explanation of a limitation of break-even analysis in context</td> <td data-bbox="1193 421 1337 510" style="text-align: center;">3</td> </tr> <tr> <td data-bbox="316 521 491 611">2a(K + K)</td> <td data-bbox="499 521 1185 611">Explanation of a limitation of break-even analysis out of context</td> <td data-bbox="1193 521 1337 611" style="text-align: center;">2</td> </tr> <tr> <td data-bbox="316 622 491 678">1(K)</td> <td data-bbox="499 622 1185 678">Identification of a limitation of break-even analysis</td> <td data-bbox="1193 622 1337 678" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="316 689 491 741">0</td> <td data-bbox="499 689 1185 741">No creditable content</td> <td data-bbox="1193 689 1337 741" style="text-align: center;">0</td> </tr> </tbody> </table>					Level	Knowledge and Application	Marks	2b APP	Explanation of a limitation of break-even analysis in context	3	2a(K + K)	Explanation of a limitation of break-even analysis out of context	2	1(K)	Identification of a limitation of break-even analysis	1	0	No creditable content	0	
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<p><b>Content:</b></p> <ul style="list-style-type: none"> <li>• Costs could change, especially with a new car which could have accidents, etc.</li> <li>• Not just about the costs – quality/safety may be more important</li> <li>• How long will each car last – what is the maximum mileage?</li> <li>• Does not take into account profitability – If many miles above breakeven are completed then Car Y might be far more profitable</li> </ul>																				
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Question	Answer				Marks
1(c)	<b>Analyse <u>two</u> external sources of finance OT could use for the new taxi.</b>				<b>8</b>
<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>	
2b	Shows understanding of two external sources of finance in context	4	Developed analysis of two external sources of finance in context	4	
2a	Shows understanding of one external source of finance in context	3	Developed analysis of one external source of finance in context	3	
1b	Shows knowledge of two external sources of finance	2	Limited analysis of two external sources of finance	2	
1a	Shows knowledge of one external source of finance	1	Limited analysis of one external source of finance	1	
0	No creditable content				
<b>Content</b>					
<ul style="list-style-type: none"> <li>• New shareholders – OT is a private limited company (LTD/LLC) so can sell shares but not to the general public. Loss of control of business.</li> <li>• Bank loan – can be secured or not on the car</li> <li>• Leasing – good option for a car as lower maintenance costs, etc.</li> <li>• Debt factoring</li> <li>• Hire purchase</li> <li>• Grant/government finance</li> </ul>					
ARA					
Only award out of context answers (e.g. mortgage with L1 marks) Do not accept 'buy the new taxi' for app as in the question					

Question	Answer				Marks
1(c)	<b>Examples of external sources</b>	<b>Examples of application/ context</b>	<b>Examples of possible analysis</b>	<b>Examples of possible developed analysis</b>	
	New shareholders	In addition to the two brothers	Less future profits	Means they have to work harder	
	Bank loan	For \$30 000	Fixed monthly repayments	Help with budgeting	
	Leasing	saves \$30 000 up front costs	Don't need up-front investment	No loss on control	
	HP	Don't need the full \$30 k up front	Don't need up-front investment	Own the car at the end of the period	



Question	Answer				Marks
1(d)	<b>Using Table 2 and any other relevant information, recommend the market segment OT should target. Justify your recommendation.</b>				<b>11</b>
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>		<b>Marks</b>
			A justified recommendation based on a developed argument of the suitability of one market segment in Table 1		7
			A developed recommendation based on a developed argument of the suitability of one market segment in Table 1		6
			A basic recommendation based on a developed argument of the suitability of one market segment in Table 1		5
Shows understanding of two market segments in context		4	Argument of targeting two market segments in context		4
Shows understanding of one market segment in context		3	Argument of targeting one market segment in context		3
Knowledge of two or more market segments		2	Limited analysis of targeting two market segments*		2
Knowledge of one market segment		1	Limited analysis of targeting one market segment		1
No creditable content					0
<b>Using Table 1 and any other relevant information, recommend the market segment OT should target. Justify your recommendation.</b>					
* If only one segment has been identified, any repeat AN's should be marked as repeat so the counters show the correct analysis level					
<b>Contents</b>					
Shoppers:					
<ul style="list-style-type: none"> <li>• Short journeys – low revenue</li> <li>• Long time period for journeys – could be higher number of customers</li> <li>• No brand loyalty – taxis will need to be conveniently placed</li> <li>• Taxis will need to be driving around to pick up customers – will increase variable costs</li> </ul>					

Question	Answer	Marks
1(d)	<p>Commuters</p> <ul style="list-style-type: none"> <li>• Longer journey than shoppers– more revenue</li> <li>• Shorter journeys than night time</li> <li>• Two relatively short periods for travel – could be too busy to cover with 5 taxis (or 1 taxi if only new taxi is used)</li> <li>• High brand loyalty – quality of service will be important</li> <li>• Booked in advance – so can plan other work (airports etc..) around pre-booked journeys</li> </ul> <p>Night-time</p> <ul style="list-style-type: none"> <li>• Longest journeys – highest potential revenue</li> <li>• Anti-social hours (and possibly anti-social behaviour)</li> <li>• Longer period for travel than commuters</li> <li>• Some brand loyalty – could build up a good reputation and perhaps lead to telephone bookings</li> </ul>	

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2(a)(ii)	<p><b>Briefly explain ‘Herzberg’s motivation theory’ (line 18).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="316 383 1332 741"> <thead> <tr> <th></th> <th>Knowledge</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C*</td> <td>Example or some other way of showing good understanding</td> <td>1</td> </tr> <tr> <td>B</td> <td>Explaining hygiene and motivating: e.g. may motivate but will not demotivate <b>and</b> e.g. do not motivate but may demotivate</td> <td>1</td> </tr> <tr> <td>A</td> <td>Identifying ‘Hygiene factors’ <b>and</b> ‘motivating factors’</td> <td>1</td> </tr> </tbody> </table> <p>*C is dependent on A and B being identified</p> <p><b>Content</b> Herzberg’s two factor theory; Motivating factors – may motivate but will not demotivate, e.g. unexpected bonuses, praise, etc. Hygiene factors – do not motivate but may demotivate, basic pay, health and safety, etc.</p> <table border="1" data-bbox="316 1048 1332 1738"> <thead> <tr> <th>Exemplar</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>Hygiene factors which may demotivate and motivation which does not demotivate but motivates e.g. a bonus (is a motivator)</td> <td>3</td> <td>A, B and C covered</td> </tr> <tr> <td>Hygiene factors which may demotivate and motivation which does not demotivate but motivates</td> <td>2</td> <td>A and B only</td> </tr> <tr> <td>Motivating factors and hygiene factors</td> <td>1</td> <td>Identification not explanation</td> </tr> <tr> <td>Keeping your staff happy and motivated</td> <td>0</td> <td>Too vague / one only</td> </tr> <tr> <td>Bonuses are a motivating factor</td> <td>0</td> <td>No A or B</td> </tr> <tr> <td>Herzbergs theory is about motivation/ two factor theory</td> <td>0</td> <td>TV</td> </tr> </tbody> </table>		Knowledge	Marks	C*	Example or some other way of showing good understanding	1	B	Explaining hygiene and motivating: e.g. may motivate but will not demotivate <b>and</b> e.g. do not motivate but may demotivate	1	A	Identifying ‘Hygiene factors’ <b>and</b> ‘motivating factors’	1	Exemplar	Mark	Rationale	Hygiene factors which may demotivate and motivation which does not demotivate but motivates e.g. a bonus (is a motivator)	3	A, B and C covered	Hygiene factors which may demotivate and motivation which does not demotivate but motivates	2	A and B only	Motivating factors and hygiene factors	1	Identification not explanation	Keeping your staff happy and motivated	0	Too vague / one only	Bonuses are a motivating factor	0	No A or B	Herzbergs theory is about motivation/ two factor theory	0	TV	3
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2(b)(ii)	<b>Explain <u>one</u> problem that Min might have in allocating costs.</b>		<b>3</b>									
	<b>Level</b>	<b>Knowledge and Application</b>		<b>Marks</b>								
	2b APP	Explanation of a problem of allocating costs in context		3								
	2a (APP)	Explanation of a problem of allocating costs no context		2								
	1 (K)	Identification of a problem of allocating costs		1								
	0	No creditable content		0								
<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• May make one aspect of the business seems unprofitable – however all interdependent</li> <li>• If a fish is bad/inedible – which part of the business should have the waste as a cost?</li> <li>• The restaurant and kitchen are part of the same building – how can costs be separated (utilities, rent etc.)</li> <li>• The kitchen staff could easily be seen as restaurant staff</li> <li>• Min makes the decision – what qualifies her as able to allocate the costs?</li> </ul> <p>ARA</p>												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="316 1126 627 1216" style="width: 33%;">Problem (K)</th> <th data-bbox="635 1126 986 1216" style="width: 33%;">Possible context (APP)</th> <th data-bbox="994 1126 1337 1216" style="width: 33%;">Explanation (APP APP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="316 1227 627 1317">Separating similar costs</td> <td data-bbox="635 1227 986 1317">How would which costs apply to each area</td> <td data-bbox="994 1227 1337 1317">E.g. kitchen or restaurant</td> </tr> <tr> <td data-bbox="316 1328 627 1451">May not have appropriate skills</td> <td data-bbox="635 1328 986 1451">To be able to know which costs are in which area</td> <td data-bbox="994 1328 1337 1451">E.g. is the chef secondary or tertiary</td> </tr> </tbody> </table>				Problem (K)	Possible context (APP)	Explanation (APP APP)	Separating similar costs	How would which costs apply to each area	E.g. kitchen or restaurant	May not have appropriate skills	To be able to know which costs are in which area	E.g. is the chef secondary or tertiary
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Question	Answer				Marks
2(c)	<b>Analyse <u>two</u> appropriate ways that could be used to measure the size of FC.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis (4 marks)</b>	<b>Marks</b>
	2b	Shows understanding of two ways to measure the size of FC	4	Developed analysis of two ways to measure the size of FC	4
	2a	Shows understanding of one way to measure the size of FC	3	Developed analysis of one way to measure the size of FC	3
	1b	Shows knowledge of two ways to measure the size of a business	2	Limited analysis of two ways to measure the size of a business	2
	1a	Shows knowledge of one way to measure the size of a business	1	Limited analysis of one way to measure the size of a business	1
	0	No creditable content			
<p><i>Note profit is NOT an acceptable measurement of size – 0 marks</i>  <i>FC is a sole trader so share price is a non-contextual answer</i></p>					
<p><b>Content</b></p> <ul style="list-style-type: none"> <li>• Revenue – whole business or individual part. What to compare it to?</li> <li>• Number of customers – only applicable to the restaurant</li> <li>• Number of employees</li> <li>• Capital employed – kitchen, restaurant, boat, etc.</li> <li>• Market share</li> </ul>					

Question	Answer				Marks
2(c)	<b>Examples of ways</b>	<b>Examples of application/ context</b>	<b>Examples of possible analysis</b>	<b>Examples of possible developed analysis</b>	
	Revenue	31 700	Can compare with other businesses	So that Min/potential investors can judge the success of the business	
	Number of customers	Who buy fish and chips	Will tell Min the size of her market	However is only applicable to the restaurant	
	Number of employees	E.g. 3 chefs	Shows Min how much growth year on year	However does not take into account productivity/ automation	
	Capital employed	Kitchen, boat and restaurant	Can show growth over years	Which may attract future investors/ allow bank loan	
	Market share	Met growth objective	Satisfied initial objectives	However the market may have shrunk	

Question	Answer				Marks
2(d)	<b>Evaluate which stakeholders might be most affected by the change in FC's business objective from growth to profit maximisation.</b>				<b>11</b>
<b>Knowledge and Application (4 marks)</b>		<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>		<b>Marks</b>
			A justified judgement based on a developed argument of at least two stakeholders		7
			A developed judgement based on a developed argument of at least two stakeholders		6
			A basic judgement based on a developed argument of at least two stakeholders		5
Shows understanding of how two or more stakeholders in context		4	Arguments based on how two or more stakeholders may be affected by the change in business objectives in context		4
Shows understanding of how one stakeholder in context		3	Argument based on how one stakeholder may be affected by the change in business objectives in context		3
Shows knowledge of two stakeholders		2	Limited analysis of how two stakeholders may be affected by the change in business objectives		2
Shows knowledge of one stakeholder		1	Limited analysis of how one stakeholder may be affected by the change in business objectives		1
No creditable content				0	
<b>Content</b>					
<ul style="list-style-type: none"> <li>• Min – as owner this may increase her personal income – better lifestyle, etc.</li> <li>• Employees – may see a reduction in costs as a way of increasing profits, so may lead to redundancies or cut in wages, longer hours, etc.</li> <li>• Customers – may be lower quality standards (costs cutting) and prices may increase</li> <li>• Government – increase in taxation revenue</li> <li>• Local community – increased trade, noise, etc.</li> <li>• Competitors – May see a chance to compete with lower prices, attracted by higher profit margins.</li> </ul>					
ARA					