
BUSINESS

9609/22

Paper 2 Data Response

March 2017

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 will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the March 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks																							
1(a)(i)	<p data-bbox="336 248 847 282">Define the term ‘partnership’ (line 1).</p> <table border="1" data-bbox="336 315 1294 517"> <thead> <tr> <th data-bbox="343 324 1139 365">Knowledge</th> <th data-bbox="1139 324 1287 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="343 365 1139 416">A correct definition</td> <td data-bbox="1139 365 1287 416">2</td> </tr> <tr> <td data-bbox="343 416 1139 468">A partial, vague or unfocused definition</td> <td data-bbox="1139 416 1287 468">1</td> </tr> <tr> <td data-bbox="343 468 1139 517">No creditable content</td> <td data-bbox="1139 468 1287 517">0</td> </tr> </tbody> </table> <p data-bbox="336 521 1294 584"><i>Note: A correct definition must distinguish between a partnership and any other form of business ownership.</i></p> <p data-bbox="336 622 448 651">Content</p> <p data-bbox="336 656 1241 786">A business formed by two or more people with shared responsibilities and shared capital investment. Unlimited liability, no continuity. Often partnerships will have a partnership agreement to separate out investment and responsibilities.</p> <table border="1" data-bbox="336 819 1294 1308"> <thead> <tr> <th data-bbox="343 828 874 869">Exemplar</th> <th data-bbox="874 828 986 869">Mark</th> <th data-bbox="986 828 1287 869">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="343 869 874 954">A partnership has two or more owners with unlimited liability.</td> <td data-bbox="874 869 986 954">2</td> <td data-bbox="986 869 1287 954">A correct definition</td> </tr> <tr> <td data-bbox="343 954 874 1039">An unincorporated business with more than one owner.</td> <td data-bbox="874 954 986 1039">2</td> <td data-bbox="986 954 1287 1039">A correct definition</td> </tr> <tr> <td data-bbox="343 1039 874 1189">A business formed by two or more people with shared responsibilities and shared capital investment</td> <td data-bbox="874 1039 986 1189">1</td> <td data-bbox="986 1039 1287 1189">This could be confused with a private limited company</td> </tr> <tr> <td data-bbox="343 1189 874 1308">An unincorporated business with unlimited liability and no continuity.</td> <td data-bbox="874 1189 986 1308">1</td> <td data-bbox="986 1189 1287 1308">This could be confused with a sole trader</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	A partnership has two or more owners with unlimited liability.	2	A correct definition	An unincorporated business with more than one owner.	2	A correct definition	A business formed by two or more people with shared responsibilities and shared capital investment	1	This could be confused with a private limited company	An unincorporated business with unlimited liability and no continuity.	1	This could be confused with a sole trader	2
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Question	Answer	Marks										
1(a)(ii)	<p>Briefly explain the term ‘crowd funding’ (line 16).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="341 349 1289 566"> <tr> <td data-bbox="341 349 400 432">C</td> <td data-bbox="400 349 1161 432">Example of some other way of showing good understanding, i.e. rewards, returns etc.</td> <td data-bbox="1161 349 1289 432">1 mark</td> </tr> <tr> <td data-bbox="341 432 400 515">B</td> <td data-bbox="400 432 1161 515">Each contributing a (relatively small) amount or from each individual</td> <td data-bbox="1161 432 1289 515">1 mark</td> </tr> <tr> <td data-bbox="341 515 400 566">A</td> <td data-bbox="400 515 1161 566">Large number of people</td> <td data-bbox="1161 515 1289 566">1 mark</td> </tr> </table> <p><i>Note: No credit for stating that crowd funding is a source of finance, as this is stated in the data.</i></p> <p>Content Crowd funding is the practice of funding a project or venture by raising monetary contributions from a large number of people, typically via the internet. Typically made up of the business who is looking for funding, the people who may wish to fund the business and an intermediary organisation/agent who link the two together.</p> <p>There are different types of crowd funding, such as debt crowd funding and equity crowd funding where the rewards may be advance products or services, visits to the factor, interest or shares/equity in the business.</p>	C	Example of some other way of showing good understanding, i.e. rewards, returns etc.	1 mark	B	Each contributing a (relatively small) amount or from each individual	1 mark	A	Large number of people	1 mark	3	
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1(b)(i)	<p>Refer to Table 1. Calculate the break-even level of production <u>with</u> CAM.</p> <table border="1" data-bbox="341 1137 1289 1422"> <thead> <tr> <th data-bbox="341 1137 493 1189">Mark</th> <th data-bbox="493 1137 1289 1189">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="341 1189 493 1272">3 marks</td> <td data-bbox="493 1189 1289 1272">Correct calculation of break-even level of production with CAM (with or without working)</td> </tr> <tr> <td data-bbox="341 1272 493 1323">2 marks</td> <td data-bbox="493 1272 1289 1323">Attempt with correct use of figures</td> </tr> <tr> <td data-bbox="341 1323 493 1375">1 mark</td> <td data-bbox="493 1323 1289 1375">Correct formula</td> </tr> <tr> <td data-bbox="341 1375 493 1422">0 marks</td> <td data-bbox="493 1375 1289 1422">No creditable content</td> </tr> </tbody> </table> <p>Content Formula: $\frac{FC}{\text{Contribution}}$ (1) or $TR=TC$ (1) Contribution = \$2.50 – \$1.00 = \$1.50 (1) $\frac{15\,000}{1.50} = 10\,000$ (1) Answer = 10 000 (3) <i>Correct answer with no working should be awarded 3 marks.</i> OFR</p>	Mark	Rationale	3 marks	Correct calculation of break-even level of production with CAM (with or without working)	2 marks	Attempt with correct use of figures	1 mark	Correct formula	0 marks	No creditable content	3
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1(b)(ii)	<p>Explain <u>one</u> benefit to GI of using break-even analysis</p> <table border="1" data-bbox="339 315 1291 701"> <thead> <tr> <th data-bbox="339 315 475 365">Level</th> <th data-bbox="475 315 1158 365">Knowledge and Application</th> <th data-bbox="1158 315 1291 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 365 475 483">2b (APP +APP)</td> <td data-bbox="475 365 1158 483">Explanation of a benefit of using break-even analysis in context</td> <td data-bbox="1158 365 1291 483">3</td> </tr> <tr> <td data-bbox="339 483 475 566">2a (APP)</td> <td data-bbox="475 483 1158 566">Identification of a benefit of using break-even analysis in context</td> <td data-bbox="1158 483 1291 566">2</td> </tr> <tr> <td data-bbox="339 566 475 649">1 (K)</td> <td data-bbox="475 566 1158 649">Shows understanding of the use of break-even analysis</td> <td data-bbox="1158 566 1291 649">1</td> </tr> <tr> <td data-bbox="339 649 475 701">0</td> <td data-bbox="475 649 1158 701">No creditable content</td> <td data-bbox="1158 649 1291 701">0</td> </tr> </tbody> </table> <p><i>Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule – OFR)</i> <i>No credit for knowledge of BE or formula – already awarded in previous question.</i></p> <p>Content Answers may include:</p> <ul style="list-style-type: none"> • decisions over how many to make/sell • to plan production • to monitor costs • to model pricing options • to target/forecast a profit level • to target/forecast a margin of safety. <p>Context may include:</p> <ul style="list-style-type: none"> • BE is higher with CAM • probably due to extra machinery • however output is significantly higher • as is the profit margin • batch production • expansion throughout country • quality ice cream – not about quantity. 	Level	Knowledge and Application	Marks	2b (APP +APP)	Explanation of a benefit of using break-even analysis in context	3	2a (APP)	Identification of a benefit of using break-even analysis in context	2	1 (K)	Shows understanding of the use of break-even analysis	1	0	No creditable content	0	3
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0	No creditable content	0															

Question	Answer				Marks
1(c)	Analyse <u>two</u> possible disadvantages to GI of introducing CAM to produce ice cream.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2	Shows understanding of CAM in context	4	Good analysis of two (or more) disadvantages of introducing/using CAM in context	4
			3	Good analysis of one disadvantage of introducing/using CAM in context	3
	1	Shows knowledge of CAM	1–2	Limited analysis of two (or more) disadvantages of introducing/using CAM	2
				Limited analysis of one disadvantage of introducing/using CAM	1
	0	No creditable content			
	<i>A non-contextual answer can only be awarded a maximum of 2 + 2 = 4</i>				
	Content				
	Answers could include:				
	<ul style="list-style-type: none"> • Possible loss of quality in the production of the ice cream – could lead to poor customer satisfaction (<i>GI makes and sells high quality ice cream</i>). • Possible loss of perceived quality as <i>the business loses its 'handmade' badge</i>. • Cost of introducing the technology (<i>\$10 000 extra FC costs per month</i>). • Damage to the relationship with the <i>five skilled workers</i>. • Loss of skills (<i>GI employs five skilled workers</i>). • Reliability of the machinery (<i>GI do not have the money to repair it – as seen in their need to raise \$50 000 from venture capitalists</i>). • Need for training/retraining as <i>the employees are already trained in handmaking ice-cream</i>. 				
	ARA				

Question	Answer				Marks																										
1(d)	<p>Recommend which of the two venture capital offers Tom and Amy should accept. Justify your answer.</p> <table border="1" data-bbox="339 349 1291 1305"> <thead> <tr> <th data-bbox="339 349 683 432">Knowledge and Application (4 marks)</th> <th data-bbox="683 349 794 432">Marks</th> <th data-bbox="794 349 1177 432">Analysis and Evaluation (7 marks)</th> <th data-bbox="1177 349 1291 432">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 432 683 651"></td> <td data-bbox="683 432 794 651"></td> <td data-bbox="794 432 1177 651">A justified recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.</td> <td data-bbox="1177 432 1291 651">7</td> </tr> <tr> <td data-bbox="339 651 683 835"></td> <td data-bbox="683 651 794 835"></td> <td data-bbox="794 651 1177 835">A recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.</td> <td data-bbox="1177 651 1291 835">6</td> </tr> <tr> <td data-bbox="339 835 683 987"></td> <td data-bbox="683 835 794 987"></td> <td data-bbox="794 835 1177 987">A balanced argument based on one or both venture capital offers with evaluative comments</td> <td data-bbox="1177 835 1291 987">5</td> </tr> <tr> <td data-bbox="339 987 683 1223" rowspan="2">Shows understanding of one or both venture capital offers</td> <td data-bbox="683 987 794 1223" rowspan="2">3–4</td> <td data-bbox="794 987 1177 1104">Two sided argument(s) based on one or both venture capital offers</td> <td data-bbox="1177 987 1291 1104">4</td> </tr> <tr> <td data-bbox="794 1104 1177 1223">One sided argument based on one venture capital offer</td> <td data-bbox="1177 1104 1291 1223">3</td> </tr> <tr> <td data-bbox="339 1223 683 1305">Shows knowledge of venture capital</td> <td data-bbox="683 1223 794 1305">1–2</td> <td data-bbox="794 1223 1177 1305">Limited analysis of venture capital</td> <td data-bbox="1177 1223 1291 1305">1–2</td> </tr> </tbody> </table> <p data-bbox="339 1305 1291 1406"><i>Justification can come from looking at the advantages and/or disadvantages of BOTH offers, or from the advantages and disadvantages of the recommended offer.</i></p> <p data-bbox="339 1440 1291 1473">Answers could include:</p> <p data-bbox="339 1507 1291 1541">Offer 1</p> <ul data-bbox="339 1541 1291 1709" style="list-style-type: none"> • Loss of control – 51% equity given away – are Tom and Amy willing to give up so much? • Ease of distribution – should allow easier national expansion • Marketing knowledge and expertise – again should allow easier expansion <p data-bbox="339 1709 1291 1742">Offer 2</p> <ul data-bbox="339 1742 1291 1955" style="list-style-type: none"> • Lower equity stake required – Tom and Amy would keep overall control of the business • Use of CAM will reduce costs of expansion – may further lower BE point and increase profit margin • Experience of Rebecca in project management and ops man – very important for expansion. <p data-bbox="339 1989 1291 2022">ARA</p>				Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks			A justified recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.	7			A recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.	6			A balanced argument based on one or both venture capital offers with evaluative comments	5	Shows understanding of one or both venture capital offers	3–4	Two sided argument(s) based on one or both venture capital offers	4	One sided argument based on one venture capital offer	3	Shows knowledge of venture capital	1–2	Limited analysis of venture capital	1–2	11
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2(a)(ii)	<p>Briefly explain the term ‘above the line promotion’ (line 12).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="339 853 1291 1070"> <tbody> <tr> <td data-bbox="339 853 395 936">C</td> <td data-bbox="395 853 1158 936">Example or some other way of showing good understanding</td> <td data-bbox="1158 853 1291 936">1 mark</td> </tr> <tr> <td data-bbox="339 936 395 987">B</td> <td data-bbox="395 936 1158 987">Through a media</td> <td data-bbox="1158 936 1291 987">1 mark</td> </tr> <tr> <td data-bbox="339 987 395 1070">A</td> <td data-bbox="395 987 1158 1070">Communication/advertising/creating awareness to consumers/customers</td> <td data-bbox="1158 987 1291 1070">1 mark</td> </tr> </tbody> </table> <p>Content</p> <p>Above The Line promotion is the use of media to promote a business and reach out to the target consumers. These include conventional media, television and radio advertising, print as well as internet. This is communication that is targeted to a wider spread of audience, and is not specific to individual consumers.</p>	C	Example or some other way of showing good understanding	1 mark	B	Through a media	1 mark	A	Communication/advertising/creating awareness to consumers/customers	1 mark	3
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2(b)(i)	<p>Refer to Table 2. Calculate the price elasticity of demand for a change in price from \$8 to \$6 per hour.</p> <table border="1" data-bbox="339 349 1291 600"> <thead> <tr> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>3 marks</td> <td>Correct answer with or without working</td> </tr> <tr> <td>2 marks</td> <td>Attempt with correct use of figures</td> </tr> <tr> <td>1 mark</td> <td>Formula</td> </tr> <tr> <td>0 marks</td> <td>No creditable content</td> </tr> </tbody> </table> <p>Formula: $\frac{\% \text{ Change in QD}}{\% \text{ Change in P}}$ </p> <p>% change in QD $5/50 \times 100 = 10\%$ % change in P $2/8 \times 100 = 25\%$</p> <p>Answer = (-)0.4</p> <p>Note: Minus sign not required.</p> <p>Common incorrect answers</p> <table border="1" data-bbox="339 1055 1291 1821"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>$\frac{25\%}{10\%} = 2.5$</td> <td>2</td> <td>Formula wrong way round</td> </tr> <tr> <td>$\frac{10\%}{25\%}$</td> <td>2</td> <td>Obvious (implied) knowledge of formula but no attempt to calculate answer (or the attempt is wrong)</td> </tr> <tr> <td>$\frac{10\%}{25\%} = \text{Inelastic}$</td> <td>2</td> <td>As above</td> </tr> <tr> <td>$\frac{5}{2} = 2.5$</td> <td>1</td> <td>Candidate missed the % out of the formula (twice)</td> </tr> <tr> <td>10% and/or 25%</td> <td>1</td> <td>No formula or attempt to put % changes in a formula</td> </tr> <tr> <td>Inelastic</td> <td>1</td> <td>Some understanding but no calculation</td> </tr> <tr> <td>$\frac{\text{Change in QD}}{\text{Change in P}}$</td> <td>0</td> <td>Formula is wrong – no %</td> </tr> <tr> <td>2.5</td> <td>0</td> <td>No working</td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct answer with or without working	2 marks	Attempt with correct use of figures	1 mark	Formula	0 marks	No creditable content	Answer	Mark	Rationale	$\frac{25\%}{10\%} = 2.5$	2	Formula wrong way round	$\frac{10\%}{25\%}$	2	Obvious (implied) knowledge of formula but no attempt to calculate answer (or the attempt is wrong)	$\frac{10\%}{25\%} = \text{Inelastic}$	2	As above	$\frac{5}{2} = 2.5$	1	Candidate missed the % out of the formula (twice)	10% and/or 25%	1	No formula or attempt to put % changes in a formula	Inelastic	1	Some understanding but no calculation	$\frac{\text{Change in QD}}{\text{Change in P}}$	0	Formula is wrong – no %	2.5	0	No working	3
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2(b)(ii)	<p>Explain <u>one</u> way in which CT could make use of price elasticity of demand calculations.</p> <table border="1" data-bbox="339 349 1292 667"> <thead> <tr> <th data-bbox="339 349 531 398">Level</th> <th data-bbox="531 349 1139 398">Knowledge and Application</th> <th data-bbox="1139 349 1292 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 398 531 483">2b (APPAPP)</td> <td data-bbox="531 398 1139 483">Explanation of a way PED could be used in context</td> <td data-bbox="1139 398 1292 483">3</td> </tr> <tr> <td data-bbox="339 483 531 568">2a (APP)</td> <td data-bbox="531 483 1139 568">Identification of a way PED could be used in context</td> <td data-bbox="1139 483 1292 568">2</td> </tr> <tr> <td data-bbox="339 568 531 618">1a (K)</td> <td data-bbox="531 568 1139 618">Shows understanding of the use of PED</td> <td data-bbox="1139 568 1292 618">1</td> </tr> <tr> <td data-bbox="339 618 531 667">0</td> <td data-bbox="531 618 1139 667">No creditable content</td> <td data-bbox="1139 618 1292 667">0</td> </tr> </tbody> </table> <p><i>Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule –OFR).</i> <i>No credit for knowledge of PED or formula – already awarded in previous question.</i></p> <p>Content Answers could include:</p> <ul style="list-style-type: none"> • Can see that cleaning services are price inelastic (OFR). • CT should not reduce their price – they should increase their price back to the original level (or increase it further). • Price is obviously not the most important factor when customers purchase cleaning services. • PED can be used to calculate revenue based on price changes. 	Level	Knowledge and Application	Marks	2b (APPAPP)	Explanation of a way PED could be used in context	3	2a (APP)	Identification of a way PED could be used in context	2	1a (K)	Shows understanding of the use of PED	1	0	No creditable content	0	4
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0	No creditable content	0															

Question	Answer				Marks
2(c)	Analyse <u>one</u> advantage and <u>one</u> disadvantage to CT of being an employee-owned business.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2	Shows understanding of employee owned businesses in context	3–4	Good analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of being an employee-owned business in context	4	
			Good analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of being an employee-owned business in context	3	
1	Shows knowledge of employee owned businesses	1–2	Limited analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of being an employee-owned business	2	
			Limited analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of being an employee-owned business	1	
<p>Answers could include:</p> <p>Context:</p> <ul style="list-style-type: none"> • equal ownership • different skills in cleaning • each owner may have different personal contacts – cleaning homes • each owner may have different business contacts to expand into the industrial market. <p>Advantages:</p> <ul style="list-style-type: none"> • working together to solve problems • economies of scale • motivation from being owners/sharing profits. <p>Disadvantages:</p> <ul style="list-style-type: none"> • disagreements – who is in control? • if there is a manager do they have authority • do the workers have the management skills? • could be a lack of capital investment • could lead to slow decision making. 					

Question	Answer				Marks	
2(d)	Discuss how CT's marketing mix might need to change to target customers in the industrial market.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation that follows on from a balanced argument of change(s) to the marketing mix in context			7
			Evaluation that follows on from a balanced argument of change(s) to the marketing mix in context			6
			A balanced argument based on change(s) to the marketing mix in context			5
Shows understanding of the marketing mix in context		3–4	Argument based on change(s) to the marketing mix in context			3–4
Shows knowledge of the marketing mix		1–2	Limited analysis of how the marketing mix might change/be changed			1–2
No creditable content						
<p>Content: Answers could include:</p> <ul style="list-style-type: none"> • Product – the businesses will expect evening/night-time cleaning – will CT have employees who are willing to do this? Will they expect higher remuneration for anti-social hours? However the essence the service on offer is the same. • Price – need to find out how sensitive the industrial market is to price? Likely to be more price elastic due to being a cost of business. Therefore CT may find themselves in a more competitive market and need to charge lower prices/have lower margin. • May need to move towards below the line promotion – above the line likely to be expensive to target industrial market (except trade magazines). May need to employ sales people to target businesses directly. • Industrial customers are unlikely to come to them (i.e. phone or book on internet) so CT will need to be more proactive in finding customers. 						