
BUSINESS

9609/21

Paper 2 Data Response

May/June 2019

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.

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This document consists of **17** 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>Define the term 'break even' (line 24).</p> <table border="1" data-bbox="217 315 1418 577"> <thead> <tr> <th data-bbox="217 315 1283 380">Knowledge</th> <th data-bbox="1283 315 1418 380">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="217 380 1283 448">A correct definition</td> <td data-bbox="1283 380 1418 448">2</td> </tr> <tr> <td data-bbox="217 448 1283 515">A partial, vague or unfocused definition</td> <td data-bbox="1283 448 1418 515">1</td> </tr> <tr> <td data-bbox="217 515 1283 577">No creditable content</td> <td data-bbox="1283 515 1418 577">0</td> </tr> </tbody> </table> <p>Break-even can be defined in a number of ways:</p> <ul data-bbox="276 647 1026 748" style="list-style-type: none"> • expenditure (costs) and income (revenue) are equal • the level of sales/units where there is no profit or loss • $TR = TC$ <table border="1" data-bbox="217 786 1418 1473"> <thead> <tr> <th data-bbox="217 786 751 851">Exemplar</th> <th data-bbox="751 786 884 851">Marks</th> <th data-bbox="884 786 1418 851">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="217 851 751 981">When a business makes enough sales/revenue/income to cover all the costs.</td> <td data-bbox="751 851 884 981">2</td> <td data-bbox="884 851 1418 981">Both elements covered</td> </tr> <tr> <td data-bbox="217 981 751 1046">TC = TR</td> <td data-bbox="751 981 884 1046">2</td> <td data-bbox="884 981 1418 1046">Both elements covered</td> </tr> <tr> <td data-bbox="217 1046 751 1146">Cost of sales is equal to sales revenue.</td> <td data-bbox="751 1046 884 1146">1</td> <td data-bbox="884 1046 1418 1146">No understanding of total costs (CoS only covers direct costs)</td> </tr> <tr> <td data-bbox="217 1146 751 1247">The business makes no profit or loss</td> <td data-bbox="751 1146 884 1247">1</td> <td data-bbox="884 1146 1418 1247">No understanding of the level of sales/units</td> </tr> <tr> <td data-bbox="217 1247 751 1377">The point at which a business stops making a loss and can start to make a profit</td> <td data-bbox="751 1247 884 1377"></td> <td data-bbox="884 1247 1418 1377">No understanding of the level of sales/units</td> </tr> <tr> <td data-bbox="217 1377 751 1473">Where the business has made enough sales to have broken even.</td> <td data-bbox="751 1377 884 1473">0</td> <td data-bbox="884 1377 1418 1473">Tautological, no understanding</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	When a business makes enough sales/revenue/income to cover all the costs.	2	Both elements covered	TC = TR	2	Both elements covered	Cost of sales is equal to sales revenue.	1	No understanding of total costs (CoS only covers direct costs)	The business makes no profit or loss	1	No understanding of the level of sales/units	The point at which a business stops making a loss and can start to make a profit		No understanding of the level of sales/units	Where the business has made enough sales to have broken even.	0	Tautological, no understanding	2
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1(a)(ii)	<p>Explain the term ‘industrial markets’ (line 5).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="217 383 1414 678"> <thead> <tr> <th></th> <th>Rationale</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>Understanding that it is not the end user, i.e. used to produce, not to end user etc. – anything to do with manufacturing and production</td> <td>1</td> </tr> <tr> <td>A</td> <td>Understanding of business to business</td> <td>1</td> </tr> </tbody> </table> <p>Content When a business sells to another business, in contrast to selling to the end user. Industrial markets usually supply components for use in the production of products and services.</p> <p>ARA</p> <table border="1" data-bbox="217 913 1414 1406"> <thead> <tr> <th>Exemplar</th> <th>Marks</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>An industrial market is when a business sells components to another business who then sells it to another business or the end user</td> <td>3</td> <td>A clear understanding of all three elements</td> </tr> <tr> <td>When a business sells to another business who is not the end user</td> <td>2</td> <td>An understanding of B2B and not an end user but no C mark</td> </tr> <tr> <td>Selling business to business</td> <td>1</td> <td>Point A only</td> </tr> <tr> <td>When you sell to someone who is not the end user</td> <td>1</td> <td>Point B only</td> </tr> </tbody> </table>		Rationale	Marks	C	Example or some other way of showing good understanding	1	B	Understanding that it is not the end user, i.e. used to produce, not to end user etc. – anything to do with manufacturing and production	1	A	Understanding of business to business	1	Exemplar	Marks	Rationale	An industrial market is when a business sells components to another business who then sells it to another business or the end user	3	A clear understanding of all three elements	When a business sells to another business who is not the end user	2	An understanding of B2B and not an end user but no C mark	Selling business to business	1	Point A only	When you sell to someone who is not the end user	1	Point B only	3
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1(c)	Analyse <u>two</u> factors which may have affected the location of WL.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2b	Shows understanding of two (or more) factors which may have affected location of WL	4	Good analysis of two (or more) factors which may have affected location of WL	4	
2a	Shows understanding of one factor which may have affected location of WL	3	Good analysis of one factor which may have affected location of WL	3	
1b	Shows knowledge of two (or more) factors which may affect location	2	Limited analysis of two (or more) location factors	2	
1a	Shows knowledge of one factor which may affect location	1	Limited analysis of one location factor	1	
No creditable content				0	
<p>Content</p> <ul style="list-style-type: none"> • Geographic – Likely to need a relatively rural area to grow trees and process them. However, cannot be too rural as there is a need for a workforce (labour intensive). • Demographic – WL is a labour intensive business – will need to be close enough to a populated area to provide the workforce. Alternatively, may need to offer accommodation. • Legal – There are likely to be legal restrictions on how many and what type of trees can be felled. May have needed to locate in a country where the laws are more relaxed. • Political – Environmental concerns/leanings of the political party in charge (e.g. Green party) • Resources – Need to be near trees/raw materials for production • Infrastructure – Need to be near a road and rail network for deliveries. • Marketing – there may be types of wood/areas where certain trees grow which have a higher value than others. 					

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1(d)	<p>Content</p> <ul style="list-style-type: none"> • Interpersonal – is related to anything a manager does which relates to relationships with staff (use examples from below) • Informational – is related to providing information • Decisional – is related to making decisions • Figurehead – Robert has been the MD for 50 years and is well liked as the figurehead. New MD will have to replace him but may be unknown. • Leader/to lead – Over 100 employees – labour intensive – important to lead well to maintain/improve efficiency • Liaison/ to liaise – Workforce is demotivated, new MD will need to liaise with them • Monitor/to monitor/receiver – Demand and profit is falling – therefore the need to monitor this to avoid any more loss is important. • Disseminator/to disseminate – Over 100 workers – need to get information to them quickly and efficiently, especially with poor motivation • Spokesperson – May need to represent the company to governments, environmentalist and the workforce • Entrepreneur – demand/profits have been falling – need to diversify, find an environmental solution. Need to take risks and bring business back into profit. • Disturbance Handler/to handle disturbances – demotivated work force, may start industrial action. Seasonal business – a poor winter may disturb both supply and demand. • Resource Allocator/to allocate resources – Inventory management important – storage costs – also trees cannot be easily replaced, or replaced the short term – need to efficiently manage resources. • Negotiator/to negotiate – May need to negotiate with customers (businesses) as well as the demotivated workforce. <p>ARA</p> <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="231 1355 1404 1915"> <thead> <tr> <th data-bbox="231 1355 438 1422">K</th> <th data-bbox="438 1355 646 1422">APP</th> <th data-bbox="646 1355 853 1422">AN</th> <th data-bbox="853 1355 1061 1422">DEV</th> <th data-bbox="1061 1355 1404 1422">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 1422 438 1680">The new MD needs to be a figurehead</td> <td data-bbox="438 1422 646 1680">Robert was a good figurehead because he was well liked for over 50 years</td> <td data-bbox="646 1422 853 1680">A good figurehead will have the trust and loyalty of the workforce</td> <td data-bbox="853 1422 1061 1680">To improve the morale of the demotivated workforce</td> <td data-bbox="1061 1422 1404 1680">The entrepreneur role is the most important as without new ideas the business will not have enough demand</td> </tr> <tr> <td data-bbox="231 1680 438 1915">Entrepreneur</td> <td data-bbox="438 1680 646 1915">to diversify as demand is falling</td> <td data-bbox="646 1680 853 1915">Which will find new ways to boost demand</td> <td data-bbox="853 1680 1061 1915">To increase profits/ revenue</td> <td data-bbox="1061 1680 1404 1915">And this is the most immediate concern for WL However this depends upon the MD being able to have some interpersonal skills</td> </tr> </tbody> </table>	K	APP	AN	DEV	EVAL	The new MD needs to be a figurehead	Robert was a good figurehead because he was well liked for over 50 years	A good figurehead will have the trust and loyalty of the workforce	To improve the morale of the demotivated workforce	The entrepreneur role is the most important as without new ideas the business will not have enough demand	Entrepreneur	to diversify as demand is falling	Which will find new ways to boost demand	To increase profits/ revenue	And this is the most immediate concern for WL However this depends upon the MD being able to have some interpersonal skills	
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	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2b	Shows understanding of above and below the line promotion in context	4	Good analysis of one method of above and one method of below the line promotion in context	4
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	No creditable content				0
	Content				
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	<ul style="list-style-type: none"> • Advertising – market is the whole of country X so although advertising is expensive it may be suitable. <ul style="list-style-type: none"> • Television advertising • Radio advertising • Newspaper advertising • Social media advertising • ARA 				

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2(c)	<p>Below the line methods:</p> <ul style="list-style-type: none"> • Direct mail – relatively cheap way to target specific areas in country X. PI can target the areas where they have coverage, not waste money on areas without coverage. • Trade shows/roadshows – stalls at shows/markets can be used to ‘sign up’ customers – effective because the service can be personalised to customer needs – employees could be paid on commission keeping costs low • Leaflets – relatively cheap way to target specific areas in country X. PI can target the areas where they have coverage, not waste money on areas without coverage. • Point of sale information – could be placed near computer sales in appropriate shops • Social media – relatively cheap and targets people who like the internet. However, data suggests that households do not change provider, so if they already have the internet they are unlikely to swap. • Putting together a package of existing services <p>ARA</p> <table border="1" data-bbox="229 831 1409 1494"> <thead> <tr> <th data-bbox="229 831 533 931">Example of a below the line method (K)</th> <th data-bbox="533 831 970 931">Examples of application/context (APP)</th> <th data-bbox="970 831 1409 931">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="229 931 533 1099">Direct mail</td> <td data-bbox="533 931 970 1099">To the 95% of households they cover</td> <td data-bbox="970 931 1409 1099">So do not waste money in areas without coverage (AN) where they could not fulfill orders (DEV)</td> </tr> <tr> <td data-bbox="229 1099 533 1229">Trade shows</td> <td data-bbox="533 1099 970 1229">Can offer 3 free months service</td> <td data-bbox="970 1099 1409 1229">As direct contact can tailor orders (AN) to meet customer needs (DEV)</td> </tr> <tr> <td data-bbox="229 1229 533 1359">Leaflets</td> <td data-bbox="533 1229 970 1359">Can highlight offers e.g. 3 months free service</td> <td data-bbox="970 1229 1409 1359">Can stimulate interest (AN) and meet the requirements of new customers (DEV)</td> </tr> <tr> <td data-bbox="229 1359 533 1494">PoS info</td> <td data-bbox="533 1359 970 1494">Placed in computer sales shops</td> <td data-bbox="970 1359 1409 1494">Allows for upselling (AN) which can attract new customers (DEV)</td> </tr> </tbody> </table> <table border="1" data-bbox="229 1529 1409 1995"> <thead> <tr> <th data-bbox="229 1529 533 1659">Example of an above the line method (K)</th> <th data-bbox="533 1529 970 1659">Examples of application/context (APP)</th> <th data-bbox="970 1529 1409 1659">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="229 1659 533 1827">Advertising</td> <td data-bbox="533 1659 970 1827">Can advertise internet services to the whole country e.g. tv/radio</td> <td data-bbox="970 1659 1409 1827">It might be expensive (AN)but as the service is generic the price per customer is low (DEV)</td> </tr> <tr> <td data-bbox="229 1827 533 1995">Social media</td> <td data-bbox="533 1827 970 1995">People who are interested in new internet deals may follow the company</td> <td data-bbox="970 1827 1409 1995">But research suggests few people switch providers (AN) so uptake may be low (DEV)nope,</td> </tr> </tbody> </table>	Example of a below the line method (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	Direct mail	To the 95% of households they cover	So do not waste money in areas without coverage (AN) where they could not fulfill orders (DEV)	Trade shows	Can offer 3 free months service	As direct contact can tailor orders (AN) to meet customer needs (DEV)	Leaflets	Can highlight offers e.g. 3 months free service	Can stimulate interest (AN) and meet the requirements of new customers (DEV)	PoS info	Placed in computer sales shops	Allows for upselling (AN) which can attract new customers (DEV)	Example of an above the line method (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	Advertising	Can advertise internet services to the whole country e.g. tv/radio	It might be expensive (AN)but as the service is generic the price per customer is low (DEV)	Social media	People who are interested in new internet deals may follow the company	But research suggests few people switch providers (AN) so uptake may be low (DEV)nope,	
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Question	Answer				Marks	
2(d)	Refer to Table 2.1 Evaluate the financial performance of PI compared to its competitors.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation based on arguments in context			7
			Developed evaluation based on arguments in context			6
			An evaluative statement based on arguments in context			5
Shows understanding of two or more measures of financial performance in context		4	Developed arguments based on two or more measures of financial performance in context			4
Shows understanding of one measure of financial performance in context		3	Developed argument based on one measure of financial performance in context			3
Shows knowledge of two or more measures of financial performance		2	Limited analysis of two measures of financial performance			2
Shows knowledge of one measure of financial performance		1	Limited analysis of one measure of financial performance			1
No creditable content				0		
Note: Market share is not a correct answer as it is not a financial indicator/measure of financial performance						
Rationale – Cannot evaluate financial performance based off only one indicator i.e. GPM only						
Content						
<ul style="list-style-type: none"> • GPM of PI is higher than the competitors – suggests that PI is efficient in terms of direct costs (economies of scale) • NPM is lower than all of the other competitors – suggests that PI is inefficient in terms of indirect costs (diseconomies of scale) • Working capital is negative – suggests that PI could struggle to pay short term debts. Does it have enough cash to pay for any promotion? Will IP be able to survive the short term? Will IP need a short-term source of finance? • Current ratio shows that PI does not have enough CA to cover CL – Does it have enough cash to pay for any promotion? Will IP be able to survive the short term? • However, TB seems to be holding too many CA – is this efficient? • Web solutions has much better (twice) NPM than PI – how can this business be so much more efficient? Can PI copy any of its techniques? 						

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2(d)	<p>ARA</p> <p>Routes to evaluation</p> <ul style="list-style-type: none"> • Which firm is best/worst • Which set of financial data is most important • The relative importance of financial performance compared to other areas – i.e. sales performance <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="229 591 1407 1122"> <thead> <tr> <th data-bbox="229 591 437 654">K</th> <th data-bbox="437 591 647 654">APP</th> <th data-bbox="647 591 855 654">AN</th> <th data-bbox="855 591 1062 654">DEV</th> <th data-bbox="1062 591 1407 654">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="229 654 437 855">Gross profit margin</td> <td data-bbox="437 654 647 855">PI has the highest GPM</td> <td data-bbox="647 654 855 855">This means that they have low direct costs</td> <td data-bbox="855 654 1062 855">Which could mean they have more efficient production</td> <td data-bbox="1062 654 1407 855">PI has a good margin which is essential for a profitable business</td> </tr> <tr> <td data-bbox="229 855 437 1122">Working capital</td> <td data-bbox="437 855 647 1122">Is the only one of the three that has a negative working capital</td> <td data-bbox="647 855 855 1122">Which may mean they can struggle to pay their debts</td> <td data-bbox="855 855 1062 1122">And not have enough money to spend on marketing</td> <td data-bbox="1062 855 1407 1122">However they may still face liquidation This depends on whether their creditors insist on immediate payment</td> </tr> </tbody> </table>				K	APP	AN	DEV	EVAL	Gross profit margin	PI has the highest GPM	This means that they have low direct costs	Which could mean they have more efficient production	PI has a good margin which is essential for a profitable business	Working capital	Is the only one of the three that has a negative working capital	Which may mean they can struggle to pay their debts	And not have enough money to spend on marketing	However they may still face liquidation This depends on whether their creditors insist on immediate payment	
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