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**BUSINESS**

**9609/22**

Paper 2 Data Response

**May/June 2019**

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 May/June 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

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This document consists of **24** 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="316 248 852 282"><b>Define the term ‘public sector’ (line 1).</b></p> <table border="1" data-bbox="320 315 1310 577"> <thead> <tr> <th data-bbox="320 315 1198 376">Knowledge</th> <th data-bbox="1198 315 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 1198 443">A correct definition</td> <td data-bbox="1198 376 1310 443">2</td> </tr> <tr> <td data-bbox="320 443 1198 510">A partial, vague or unfocused definition</td> <td data-bbox="1198 443 1310 510">1</td> </tr> <tr> <td data-bbox="320 510 1198 577">No creditable content</td> <td data-bbox="1198 510 1310 577">0</td> </tr> </tbody> </table> <p data-bbox="316 611 432 645"><b>Content</b></p> <p data-bbox="316 645 1142 678">Organisations that are owned/controlled by the government (2).</p> <p data-bbox="316 712 395 745"><b>ARA*</b></p> <table border="1" data-bbox="320 779 1310 1637"> <thead> <tr> <th data-bbox="320 779 895 846">Exemplar</th> <th data-bbox="895 779 1007 846">Mark</th> <th data-bbox="1007 779 1310 846">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 846 895 913">Businesses that are owned by the state</td> <td data-bbox="895 846 1007 913">2</td> <td data-bbox="1007 846 1310 913">Correct definition</td> </tr> <tr> <td data-bbox="320 913 895 1010">The sector of the economy which is controlled by the government</td> <td data-bbox="895 913 1007 1010">2</td> <td data-bbox="1007 913 1310 1010">Correct definition</td> </tr> <tr> <td data-bbox="320 1010 895 1144">A business that is owned by the state and where shares are sold on the stock exchange</td> <td data-bbox="895 1010 1007 1144">1</td> <td data-bbox="1007 1010 1310 1144">Partial because the candidate has some confusion with PLC</td> </tr> <tr> <td data-bbox="320 1144 895 1240">Paid for by taxes</td> <td data-bbox="895 1144 1007 1240">1</td> <td data-bbox="1007 1144 1310 1240">Partial understanding</td> </tr> <tr> <td data-bbox="320 1240 895 1406">Run for the good of society</td> <td data-bbox="895 1240 1007 1406">1</td> <td data-bbox="1007 1240 1310 1406">Partial understanding – it is run by the state for this reason</td> </tr> <tr> <td data-bbox="320 1406 895 1503">Not in the private sector</td> <td data-bbox="895 1406 1007 1503">0</td> <td data-bbox="1007 1406 1310 1503">No creditable content</td> </tr> <tr> <td data-bbox="320 1503 895 1637">Not for profit organisation</td> <td data-bbox="895 1503 1007 1637">0</td> <td data-bbox="1007 1503 1310 1637">No creditable content – confusion with a charity</td> </tr> </tbody> </table> <p data-bbox="316 1671 1262 1738"><i>*ARA means ‘all reasonable answers. This allows for answers which are similar to the ones in the mark scheme and are correct.</i></p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	Businesses that are owned by the state	2	Correct definition	The sector of the economy which is controlled by the government	2	Correct definition	A business that is owned by the state and where shares are sold on the stock exchange	1	Partial because the candidate has some confusion with PLC	Paid for by taxes	1	Partial understanding	Run for the good of society	1	Partial understanding – it is run by the state for this reason	Not in the private sector	0	No creditable content	Not for profit organisation	0	No creditable content – confusion with a charity	2
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1(a)(ii)	<p><b>Explain the relationship between a mission statement and a business objective</b></p> <table border="1" data-bbox="320 349 1308 645"> <thead> <tr> <th data-bbox="320 349 400 412"></th> <th data-bbox="400 349 1198 412">Rationale</th> <th data-bbox="1198 349 1308 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 412 400 510">C</td> <td data-bbox="400 412 1198 510">Identification of the <b>relationship</b> between a mission statement and a business objective</td> <td data-bbox="1198 412 1308 510">1</td> </tr> <tr> <td data-bbox="320 510 400 573">B</td> <td data-bbox="400 510 1198 573">Understanding of a business objective</td> <td data-bbox="1198 510 1308 573">1</td> </tr> <tr> <td data-bbox="320 573 400 645">A</td> <td data-bbox="400 573 1198 645">Understanding of a mission statement</td> <td data-bbox="1198 573 1308 645">1</td> </tr> </tbody> </table> <p data-bbox="316 678 1313 846"><i>Note: allow any reasonable understanding of ‘aims’, ‘targets’ ‘goals’ in relation to mission statements and objectives. These terms are often used in completely different ways by different sources and so any reasonable use is acceptable if you believe the candidate has shown understanding of an objective and/or missions statement.</i></p> <p data-bbox="316 882 432 913"><b>Content</b></p> <ul data-bbox="316 916 1302 1189" style="list-style-type: none"> <li>• Objectives should be in line with the mission statement and move the business towards the mission statement (C)</li> <li>• A mission statement is a visionary aim for a business of the direction/purpose. (A)</li> <li>• An objective is a specific target that should have a time period in which to achieve it. (B)</li> </ul>		Rationale	Marks	C	Identification of the <b>relationship</b> between a mission statement and a business objective	1	B	Understanding of a business objective	1	A	Understanding of a mission statement	1	
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Question	Answer			Marks
1(a)(ii)	<b>ARA</b>			
	<b>Exemplar</b>	<b>Mark</b>	<b>Rationale</b>	
	The mission is the aim (A) but the business has the specific targets called objectives (B) to reach that aim (C)	3	All three elements	
	Achieving the objectives help move the business towards the mission statement (C only)	1	No explicit understanding of either an objective or a mission statement – only the relationship	
	The mission statement sets out the direction (A) and the objectives should help the business go in that direction (C).	2	No explicit understanding of business objectives.	
	A mission statement is something a business wants to aim towards that may be unattainable (A), whereas a business objective is a specific, measurable, achievable, realistic and times-based goal that can be reached (B).	2	Both mission statement and objective have been understood but the relationship is not explained.	
	A mission statement is a visionary aim for a business of the purpose (A). Whereas an objective is a specific target that should have a time period in which to achieve it (B).	2	Both mission statement and objective have been understood but the relationship is not explained.	

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1(b)(i)	<p data-bbox="316 248 1281 315"><b>Refer to Table 1.1. Calculate the rate of labour turnover for the whole of JS in 2018.</b></p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th data-bbox="320 349 1198 414">Rationale</th> <th data-bbox="1198 349 1310 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 1198 479">Correct answer with or without correct working or %</td> <td data-bbox="1198 414 1310 479">3</td> </tr> <tr> <td data-bbox="320 479 1198 544">Identification of correct figures from Table 1.1 used in formula</td> <td data-bbox="1198 479 1310 544">2</td> </tr> <tr> <td data-bbox="320 544 1198 609">Correct formula*</td> <td data-bbox="1198 544 1310 609">1</td> </tr> <tr> <td data-bbox="320 609 1198 674">No creditable content</td> <td data-bbox="1198 609 1310 674">0</td> </tr> </tbody> </table> <p data-bbox="316 707 1078 741"><i>*Formula can be implied through the correct use of figures</i></p> <p data-bbox="316 775 432 808"><b>Content</b></p> <p data-bbox="316 842 804 920"> <math display="block">\frac{\text{Number of employees who left}}{\text{Total number of employees}} \times 100</math> </p> <p data-bbox="316 954 699 1032"> <math display="block">\frac{6250 + 550 + 600}{25000 + 5000 + 10000} \times 100</math> </p> <p data-bbox="316 1066 491 1144"> <math display="block">\frac{7400}{40000} \times 100</math> </p> <p data-bbox="316 1178 427 1211"><b>= 18.5%</b></p> <p data-bbox="316 1245 395 1279"><b>OFR*</b></p>	Rationale	Marks	Correct answer with or without correct working or %	3	Identification of correct figures from Table 1.1 used in formula	2	Correct formula*	1	No creditable content	0	3
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Question	Answer			Marks
1(b)(i)	Common incorrect answers			
	Answer	Mark	Rationale	
	18.5	3	Correct answer – does not require % sign	
	$\frac{7400}{40000} = 0.185$	2	A mistake in the (implied) knowledge of the formula by not multiplying by 100 (turning it into a percentage)	
	0.185 (no working)	0	There is no reference to where this (wrong) answer came from, so no marks.	
	$\frac{40000}{7400} \times 100 = 540.54\%$	2	Inverted formula – but correct figures and OFR for the answer.	
	$\frac{6250}{25000} \times 100 = 25\%$	2	Implied formula correct, but wrong use of figures. However, based on those wrong figures the answer is correct using the OFR.	
	$\frac{6250}{25000} \times 100$	1	Implied formula	
<p><i>*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate’s own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks.</i></p>				

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1(b)(ii)	<p data-bbox="316 248 1217 282"><b>Explain one disadvantage for JS of having high labour turnover.</b></p> <table border="1" data-bbox="320 315 1310 741"> <thead> <tr> <th data-bbox="320 315 475 376">Level</th> <th data-bbox="475 315 1198 376">Knowledge and Application</th> <th data-bbox="1198 315 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 475 479">2b (APP)</td> <td data-bbox="475 376 1198 479">Explanation of one disadvantage of high labour turnover in context</td> <td data-bbox="1198 376 1310 479">3</td> </tr> <tr> <td data-bbox="320 479 475 577">2a (K+K)</td> <td data-bbox="475 479 1198 577">Explanation of one disadvantage of high labour turnover</td> <td data-bbox="1198 479 1310 577">2</td> </tr> <tr> <td data-bbox="320 577 475 676">1a (K)</td> <td data-bbox="475 577 1198 676">Identification of one disadvantage of high labour turnover</td> <td data-bbox="1198 577 1310 676">1</td> </tr> <tr> <td data-bbox="320 676 475 741">0</td> <td data-bbox="475 676 1198 741">No creditable content</td> <td data-bbox="1198 676 1310 741">0</td> </tr> </tbody> </table> <p data-bbox="316 779 432 808"><b>Content</b></p> <ul data-bbox="316 815 1305 1223" style="list-style-type: none"> <li>• Increased recruitment costs – these are highly trained and skilled employees so difficult to replace. Also, as a public sector organisation, this reduces funding for other government spending.</li> <li>• Loss of productivity – time-lag between losing workers and gaining new workers – JS still needs to run. New employees are unlikely to be as productive as experienced employees. Might give poor customer service or result in less employment opportunities – highest labour turnover in customer service department.</li> <li>• Cost of training/induction – new employees will need to be trained in customer service.</li> <li>• Poor reputation – might be difficult/take longer to hire new workers</li> <li>• Lowers motivation/demotivates</li> </ul> <p data-bbox="316 1256 512 1285"><b>ARA and OFR</b></p> <p data-bbox="316 1323 916 1352">Example of how responses should be marked</p> <table border="1" data-bbox="320 1391 1310 1921"> <thead> <tr> <th data-bbox="320 1391 627 1525">Identification of a disadvantage (1 mark)</th> <th data-bbox="627 1391 970 1525">Explanation of a disadvantage (2 marks)</th> <th data-bbox="970 1391 1310 1525">Explanation of a disadvantage in context (3 marks)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1525 627 1756">Increased costs (K)</td> <td data-bbox="627 1525 970 1756">Increased costs (K) because those workers who leave JS will need to be replaced which adds to the recruitment costs (K)</td> <td data-bbox="970 1525 1310 1756">Because the workers are highly skilled and trained JS will have high recruitment costs when they leave (APP)</td> </tr> <tr> <td data-bbox="320 1756 627 1921">People might not want to work at JS (K)</td> <td data-bbox="627 1756 970 1921">People might not want to work at JS (K) which will make recruitment much more difficult (K)</td> <td data-bbox="970 1756 1310 1921">It may be become very difficult to recruit people, especially in department A (APP)</td> </tr> </tbody> </table> <p data-bbox="316 1957 1305 2056"><i>*OFR in this case is if a candidate has used an incorrect answer from 1(b)(i) – if their explanation is correct using their own figures then ALL marks can be rewarded in this question.</i></p>	Level	Knowledge and Application	Marks	2b (APP)	Explanation of one disadvantage of high labour turnover in context	3	2a (K+K)	Explanation of one disadvantage of high labour turnover	2	1a (K)	Identification of one disadvantage of high labour turnover	1	0	No creditable content	0	Identification of a disadvantage (1 mark)	Explanation of a disadvantage (2 marks)	Explanation of a disadvantage in context (3 marks)	Increased costs (K)	Increased costs (K) because those workers who leave JS will need to be replaced which adds to the recruitment costs (K)	Because the workers are highly skilled and trained JS will have high recruitment costs when they leave (APP)	People might not want to work at JS (K)	People might not want to work at JS (K) which will make recruitment much more difficult (K)	It may be become very difficult to recruit people, especially in department A (APP)	3
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1(c)	<b>Analyse one economy of scale and one diseconomy of scale which may affect JS.</b>				<b>8</b>																														
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<p><i>LARGEST is contextual as it is stated in the case. However LARGE is not as it is generic to most/all businesses experiencing economies of scale.</i></p>																																			
<p><b>Content</b> A candidate does not need to name an economy or diseconomy of scale – a description is good enough (for example ‘bulk buying’ is enough to award purchasing economies of scale).</p>																																			

Question	Answer	Marks						
1(c)	<p><b>Economies of scale:</b></p> <ul style="list-style-type: none"> <li>• Managerial economies of scale – for example personnel managers who may be able to deal with JS labour turnover issue</li> <li>• Marketing economies of scale – many outlets in every main town and city means that marketing costs can be averaged out over a large number of outlets</li> <li>• Purchasing (<i>allow bulk buying</i>) economies of scale – in terms of administration items (do not accept bulk buying of inventory unless it is in context as this is a service sector business)</li> <li>• Technical (<i>do not reward technological</i>) economies of scale – better admin computer software/systems</li> <li>• Financial economies of scale – government backing likely to be more important than size but JS is still more likely to get favourable financial terms due to their size.</li> <li>• Risk bearing – unlikely to be contextual as JS only focuses on one/two services</li> </ul> <p><b>Diseconomies of scale:</b></p> <ul style="list-style-type: none"> <li>• Communication problems – outlets must cooperate with each other to maintain good customer service.</li> <li>• Poor leadership – 25% of labour turnover is due to poor leadership – too many workers to lead?</li> <li>• Poor motivation – Is the high labour turnover and issues due to the size of the business?</li> <li>• Bureaucracy – 10 000 admin workers suggest a great deal of ‘red tape’</li> <li>• Duplication of effort – Each outlet likely to have the same job-role repeated.</li> </ul> <p><b>Allow external economies or diseconomies of scale – ARA</b></p> <table border="1" data-bbox="320 1279 1310 1709"> <thead> <tr> <th data-bbox="320 1279 584 1406">Example of an economy of scale (K)</th> <th data-bbox="584 1279 932 1406">Examples of application/context (APP)</th> <th data-bbox="932 1279 1310 1406">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1406 584 1709">Marketing economies of scale</td> <td data-bbox="584 1406 932 1709">Because JS has an outlet in every major town and city</td> <td data-bbox="932 1406 1310 1709">JS can use nationwide advertising campaigns which are likely to have less cost per potential customer who sees it (AN) which means JS has more money to spend on finding people jobs (DEV)</td> </tr> </tbody> </table>	Example of an economy of scale (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	Marketing economies of scale	Because JS has an outlet in every major town and city	JS can use nationwide advertising campaigns which are likely to have less cost per potential customer who sees it (AN) which means JS has more money to spend on finding people jobs (DEV)	
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Question	Answer			Marks
1(c)	Example of a diseconomy of scale (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	
	Communication diseconomies of scale	Because JS is spread out over the whole of country X	This means that messages may not get properly communicated and some jobs might not get filled (AN) meaning that JS does not get as many people out of unemployment (DEV).	
1(d)	<b>Recommend how JS could improve the motivation of its employees in Department A. 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>
			Justified recommendation based on argument in context	7
			Developed recommendation based on argument in context	6
			An evaluative statement / recommendation based on argument in context	5
	Shows understanding of (de)-motivation in the customer service department	3–4	Developed argument (balanced**) based on way(s) which JS could improve motivation in the customer service department	4
			Developed argument (imbalanced*) based on <b>one</b> way which JS could improve motivation in the customer service department	3
	Shows knowledge of (de)motivation	1–2	Limited analysis of way(s) which a business can improve motivation	1-2
	No creditable content			0

Question	Answer	Marks
1(d)	<p><i>*Imbalanced argument is when a candidate only looks at what is good <b>or</b> bad about only <u>one way</u>.</i></p> <p><i>**Balance in an argument can be gained by looking at <u>more than one way</u> OR by having developed analysis of is <u>good</u> <b>and</b> developed analysis about what is <u>bad</u> about <u>one way</u></i></p> <p><b>Content</b></p> <ul style="list-style-type: none"> <li>• Increase pay/financial motivation – 30% of leaving employees are leaving for ‘poor pay’. However, can the government of county X afford a pay increase?</li> <li>• Non-financial motivation – 20% leaving because of a boring job (job enrichment/enlargement/rotation – improve motivating factors etc.), more delegation etc.</li> <li>• Increase levels of hierarchy to improve promotion chances. 5% of workers leaving for this reason.</li> <li>• Allow movement between outlets – 5% have moved to another town – JS may be able to keep them in the business by offering them a job in another outlet.</li> <li>• Improve leadership – is JS using the right leadership styles? Do the managers need training?</li> <li>• Improve training – employees are highly skilled and trained, but maybe they could be offered more to keep them in the business. In particular, training on how to deal with customers as this is a major reason for the turnover.</li> <li>• Make more social opportunities for staff</li> <li>• Improve recruitment and selection processes – are people leaving because they were not the right people in the first place?</li> </ul>	

Question	Answer					Marks															
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2(b)(i)	<p><b>Refer to Table 2.1. Calculate the effect of a price increase to \$1.10 on the level of sales of the carrot variety of chips.</b></p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th data-bbox="320 349 1198 414">Rationale</th> <th data-bbox="1198 349 1310 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 1198 479">Correct answer with or without correct working or m</td> <td data-bbox="1198 414 1310 479">3</td> </tr> <tr> <td data-bbox="320 479 1198 544">Correct calculation of percentage change in QD (–15%)</td> <td data-bbox="1198 479 1310 544">2</td> </tr> <tr> <td data-bbox="320 544 1198 609">Formula* or correct calculation of percentage change in P (10%)</td> <td data-bbox="1198 544 1310 609">1</td> </tr> <tr> <td data-bbox="320 609 1198 674">No creditable content</td> <td data-bbox="1198 609 1310 674">0</td> </tr> </tbody> </table> <p><i>*Formula can be implied from the use of numbers</i></p> <p><b>Content</b></p> $\frac{\% \text{ change in QD}}{\% \text{ change in P}} = \text{PED}$ $\frac{\% \text{ change in QD}}{10\%} = -1.5$ <p>So % change in QD = –15%</p> <p>So, change in QD = <b>2.55m units (a decrease of 0.45m units) – allow either</b></p>	Rationale	Marks	Correct answer with or without correct working or m	3	Correct calculation of percentage change in QD (–15%)	2	Formula* or correct calculation of percentage change in P (10%)	1	No creditable content	0	<b>3</b>
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Question	Answer			Marks
2(b)(i)	<b>OFR*</b>			
	Answer	Mark	Rationale	
	–0.45 Decrease of 0.45	3	A correct answer (the change in QD)– working not required	
	2.55	3	Also a correct answer (the total QD after the price change) – working not required	
	0.45	2	Calculation correct but not identified the decrease. Allow, even without working	
	(Change of) 15% –15%	2	Correctly calculated the percentage change, but not the change in level of sales. Allow, even without working	
	$\frac{\$0.10}{\$1} \times 100 = 10\%$	1	Correctly calculated the change in price	
<p><i>*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate’s own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks</i></p>				

Question	Answer	Marks																											
2(b)(ii)	<p><b>Explain one way in which the price elasticity of demand figures may be useful to TT.</b></p> <table border="1" data-bbox="320 349 1310 674"> <thead> <tr> <th>Level</th> <th>Knowledge and Application</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>2b (APP)</td> <td>Explanation of one use of PED figures in context</td> <td>3</td> </tr> <tr> <td>2a (K+K)</td> <td>Explanation of one use of PED figures</td> <td>2</td> </tr> <tr> <td>1a (K)</td> <td>Identification of one use of PED figures</td> <td>1</td> </tr> <tr> <td>0</td> <td>No creditable content</td> <td>0</td> </tr> </tbody> </table> <p><b>Content</b> Uses:</p> <ul style="list-style-type: none"> <li>To predict the effect of price changes</li> <li>To predict changes in revenue/profit</li> <li>To decide how to change/set a price</li> <li>To understand the effects of a sale/promotional pricing</li> </ul> <p><b>Context may include:</b></p> <ul style="list-style-type: none"> <li>Should not increase the price of <b>carrot</b> or <b>potato</b> varieties – will lose revenue – could decrease (<b>both PED elastic</b>)</li> <li>Should increase the price of <b>beetroot</b> and <b>parsnip</b> varieties – will gain revenue – should not decrease (<b>both PED inelastic</b>)</li> </ul> <p><b>ARA and OFR*</b></p> <p>Example of how responses should be marked</p> <table border="1" data-bbox="320 1256 1310 1989"> <thead> <tr> <th>Identification of a use (1 mark)</th> <th>Explanation of a disadvantage (2 marks)</th> <th>Explanation of a disadvantage in context (3 marks)</th> </tr> </thead> <tbody> <tr> <td>To see what might happen when prices change (K)</td> <td>If TT raises price and it is inelastic then they will gain more revenue (K)</td> <td>For example the beetroot crisps are inelastic (APP)</td> </tr> <tr> <td>PED can inform TT about the best price to set for their products (K)</td> <td>An answer of more than 1 means that they should not increase the price, but should decrease it (K)</td> <td>As seen with the carrot crisps (APP)</td> </tr> <tr> <td></td> <td></td> <td>The carrot crisps are elastic, so the figures suggest they should not increase the price or they may lose revenue (APP)</td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2b (APP)	Explanation of one use of PED figures in context	3	2a (K+K)	Explanation of one use of PED figures	2	1a (K)	Identification of one use of PED figures	1	0	No creditable content	0	Identification of a use (1 mark)	Explanation of a disadvantage (2 marks)	Explanation of a disadvantage in context (3 marks)	To see what might happen when prices change (K)	If TT raises price and it is inelastic then they will gain more revenue (K)	For example the beetroot crisps are inelastic (APP)	PED can inform TT about the best price to set for their products (K)	An answer of more than 1 means that they should not increase the price, but should decrease it (K)	As seen with the carrot crisps (APP)			The carrot crisps are elastic, so the figures suggest they should not increase the price or they may lose revenue (APP)	3
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2(b)(ii)	*OFR in this case is if a candidate has used an incorrect answer from 2(b)(i) – if their explanation is correct using their own figures then ALL marks can be rewarded in this question.				
2(c)	<b>Analyse one <u>method</u> of primary market research and one source of secondary market research which the Marketing Director could use to help develop a new variety of vegetable chip.</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 one method of primary <b>and</b> one source of secondary market research in context	4	Developed analysis of one method of primary <b>and</b> one source of secondary market research in context	4
	2a	Shows understanding of one method of primary <b>or</b> one source of secondary market research in context	3	Developed analysis of one method of primary <b>or</b> one source of secondary market research in context	3
	1b	Shows knowledge of one method of primary <b>and</b> one source of secondary market research	2	Limited analysis of one method of primary <b>and</b> one source of secondary market research	2
	1a	Shows knowledge of one method of primary <b>or</b> one sources of secondary market research	1	Limited analysis of one method of primary <b>or</b> one sources of secondary market research	1
	0	No creditable content			
	<i>Note: Annotate marks for primary market research in the left -hand margin and secondary market research in the right-hand margin.</i>				

Question	Answer			Marks												
2(c)	<p><b>Content</b> Primary methods:</p> <ul style="list-style-type: none"> <li>• Survey- could survey current customers about new varieties they might like</li> <li>• Questionnaires – Could ask about new possible varieties</li> <li>• Focus groups – ask a group to try the new varieties and give feedback on them</li> <li>• Observation – could observe what potential customers are buying from retailers – new varieties/flavours etc.</li> <li>• Testing – could hand out free samples for feedback</li> </ul> <p>Secondary sources:</p> <ul style="list-style-type: none"> <li>• Printed – trade magazines, research done by competitors</li> <li>• Paid for – from market research agencies, census etc.</li> <li>• Internet – demographics, new products in other markets etc.</li> </ul> <p><b>ARA</b></p> <p><i>A chain of analysis could come from an analysis of the benefits and costs of a method or source (See below).</i></p> <table border="1" data-bbox="320 936 1310 2067"> <thead> <tr> <th data-bbox="320 936 550 1133">Example of a method of primary market research (K)</th> <th data-bbox="550 936 930 1133">Examples of application/ context (APP)</th> <th data-bbox="930 936 1310 1133">Examples of possible analysis (AN + DEV)</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1133 550 1503">Questionnaire</td> <td data-bbox="550 1133 930 1503">Asking parents about what varieties of chip their children like most.</td> <td data-bbox="930 1133 1310 1503">Which could give TT useful information about the new product so they can gain high sales (AN). However questionnaires are expensive to ask enough people to make them representative so this could increase TT's costs (DEV)</td> </tr> <tr> <th data-bbox="320 1503 550 1702">Example of a source of secondary market research (K)</th> <th data-bbox="550 1503 930 1702">Examples of application/context (APP)</th> <th data-bbox="930 1503 1310 1702">Examples of possible analysis (AN + DEV)</th> </tr> <tr> <td data-bbox="320 1702 550 2067">The internet</td> <td data-bbox="550 1702 930 2067">To see what flavours of vegetable chips TT's competition are selling</td> <td data-bbox="930 1702 1310 2067">This would be a cheap way of finding out secondary data which lowers the cost of the research (AN) however it will not tell TT about flavours which are in development so the research may be a waste of time (DEV)</td> </tr> </tbody> </table>			Example of a method of primary market research (K)	Examples of application/ context (APP)	Examples of possible analysis (AN + DEV)	Questionnaire	Asking parents about what varieties of chip their children like most.	Which could give TT useful information about the new product so they can gain high sales (AN). However questionnaires are expensive to ask enough people to make them representative so this could increase TT's costs (DEV)	Example of a source of secondary market research (K)	Examples of application/context (APP)	Examples of possible analysis (AN + DEV)	The internet	To see what flavours of vegetable chips TT's competition are selling	This would be a cheap way of finding out secondary data which lowers the cost of the research (AN) however it will not tell TT about flavours which are in development so the research may be a waste of time (DEV)	
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2(c)	<i>Or a chain of analysis could come from the development of a benefit or a cost to TT (See below)</i>			
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The internet	To see what flavours of vegetable chips TT's competition are selling	This would be a cheap way of finding out secondary data which lowers the cost of the research (AN) and therefore it is more likely that TT will be able to maintain their high profit margin (DEV)		

Question	Answer				Marks
2(d)	<b>Evaluate concerns that the factory manager might have about the joint venture between TT and the supermarket group.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			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 <b>two</b> concerns that the <b>factory</b> manager might have about the joint venture	4	Developed argument based on <b>two</b> concerns/disadvantages of the joint venture	4	
	Shows understanding of <b>one</b> concern that the <b>factory</b> manager might have about the joint venture	3	Developed argument based on <b>one</b> concern/disadvantage of the joint venture	3	
	Shows knowledge of joint ventures	1–2	Limited analysis of <b>two</b> concerns/disadvantages of a joint venture	2	
			Limited analysis of <b>one</b> concern/disadvantage of a joint venture	1	
	No creditable content			0	

Question	Answer	Marks
2(d)	<p><i>Note An answer that makes no reference to factory/operations concerns can only be awarded a maximum of 2+2, no matter how developed the argument is or whether it uses other (non-operations based) context</i></p> <p><i>Application (APP) marks are about applying the knowledge of a joint venture to the operations of the factory – the context can include:</i></p> <ul style="list-style-type: none"> <li>• <i>On the <u>production of chips</u></i></li> <li>• <i>quality of <u>chip production</u></i></li> <li>• <i>TT use of <u>flow production</u></i></li> <li>• <i>TT's specific production process (<u>sliced, cooked, flavoured, packaged</u>)</i></li> <li>• <i><u>Different flavours</u> produced <u>each day</u></i></li> <li>• <i>Capacity of factory – factory runs <u>24 hours a day, 5 days a week</u></i></li> <li>• <i><u>Four flavours</u> produced</i></li> <li>• <i><u>New variety</u> to be produced</i></li> </ul> <p><b>Content</b></p> <p><b>A joint venture involves two separate businesses working together but not becoming one business (ie it is not a merger or takeover)</b></p> <ul style="list-style-type: none"> <li>• Will the factory have capacity to produce the chips for the supermarket – currently running 24 hours a day, five days a week – would it require producing less TT branded chips?</li> <li>• Will the factory need to run at weekends – overtime payments? When would the machines be maintained/cleaned etc.?</li> <li>• Might the 'own label' chips damage the TT brand if people found out they were the same?</li> <li>• Would demand reduce for TT chips when the new supermarket chips are sold?</li> <li>• Will the supermarket continue to stock TT chips if the business does not agree to make the own label chips?</li> <li>• What will the profit margin be on the new chips? Would it make more profit to turn down the order and maintain the high profit margins?</li> <li>• Will this stop the new variety being produced and therefore jeopardise the expansion of the product portfolio?</li> </ul>	

Question	Answer					Marks															
2(d)	<p><b>ARA</b></p> <p>An example of how an answer could develop and how it should be annotated.</p> <table border="1" data-bbox="320 383 1310 1451"> <thead> <tr> <th data-bbox="320 383 520 450">K</th> <th data-bbox="520 383 716 450">APP</th> <th data-bbox="716 383 914 450">AN</th> <th data-bbox="914 383 1112 450">DEV</th> <th data-bbox="1112 383 1310 450">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 450 520 779">TT will produce more crisps for the supermarket to sell (K)</td> <td data-bbox="520 450 716 779">Which may mean that TT has to open the factory <u>for six days a week instead of five</u> (APP)</td> <td data-bbox="716 450 914 779">This will increase TT's costs (AN)</td> <td data-bbox="914 450 1112 779">And with a lower profit margin, TT may make a loss from this joint venture (DEV)</td> <td data-bbox="1112 450 1310 779">The biggest concern is likely to be about having to open an extra day each week (EVAL)</td> </tr> <tr> <td data-bbox="320 779 520 1451">It may also mean that TT does not concentrate as much on it's branded crisps because they are making ones for joint venture (K)</td> <td data-bbox="520 779 716 1451">Which may mean that TT cannot produce the <u>new variety</u> (APP)</td> <td data-bbox="716 779 914 1451">This might lead to less sales in the future (AN)</td> <td data-bbox="914 779 1112 1451">Which may damage TT's profit (DEV)</td> <td data-bbox="1112 779 1310 1451">which will mean more strain on the machinery (EVAL).  However, in the long term a reduction in profit could be more of a concern, especially if it leads to the business shutting down (EVAL).</td> </tr> </tbody> </table>					K	APP	AN	DEV	EVAL	TT will produce more crisps for the supermarket to sell (K)	Which may mean that TT has to open the factory <u>for six days a week instead of five</u> (APP)	This will increase TT's costs (AN)	And with a lower profit margin, TT may make a loss from this joint venture (DEV)	The biggest concern is likely to be about having to open an extra day each week (EVAL)	It may also mean that TT does not concentrate as much on it's branded crisps because they are making ones for joint venture (K)	Which may mean that TT cannot produce the <u>new variety</u> (APP)	This might lead to less sales in the future (AN)	Which may damage TT's profit (DEV)	which will mean more strain on the machinery (EVAL).  However, in the long term a reduction in profit could be more of a concern, especially if it leads to the business shutting down (EVAL).	
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