



## Cambridge International AS & A Level

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**BUSINESS**

**9609/11**

Paper 1 Short Answer / Essay

**October/November 2020**

MARK SCHEME

Maximum Mark: 40

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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 2020 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 **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.

**9609 Paper 1 Specific Marking Principles**

Marks are awarded for each answer when the following Assessment Objectives (AO) are met. The mark scheme for each answer indicates when and how each AO can be met.

**AO1 – Demonstrate knowledge and understanding of business concepts.**

The focus in Section A of the Examination Paper is on this first AO.

- (a) Questions 1, 2, and 4 will meet this AO using definitions and explanations of business concepts.
- (b) Question 3 provides an opportunity for Application and a more developed explanation of a business concept. The 4-5-mark level specifically provides for this more developed explanation.

In Section B of the Examination Paper

- (a) Questions 5, 6, and 7 still require supporting Knowledge and Understanding (AO1), but there is now a focus on **Application (AO2)**, **Analysis (AO3)**, and **Evaluation (AO4)**. These skills are set out below:

**AO2 – Apply knowledge and understanding of business concepts to general and specific situations and contexts.**

- (a) Where a specific business or context is named in the question then the candidate is required to relate answers specifically to this business or context.
- (b) It is not sufficient to merely repeat the name of the business or the context.

**AO3 – Analyse business problems, issues, situations and contexts, through a discussion and interpretation of evidence, debate, theory, impact and consequence, to produce reasoned and coherent arguments.**

- (a) Level 3 answers will likely use terms such as - because, leads to, therefore, so that, as a result, consequently – thereby showing analytical development for AO3.

**AO4 – Limited Evaluation is given**

- (a) When an attempt is made, (probably in a concluding section of an answer), to address and comment on the value and validity of the previous analysis.
- (b) These comments may be quite brief and be more opinionated than reasoned.
- (c) A mere concluding summary of preceding analysis is, however, not evaluation.

**AO4 – Evaluation occurs**

- (a) When an answer comments on the validity/significance of previous analysis in an evidence based and reasoned way.
- (b) This often leads to the presentation of appropriate substantiated judgements, decisions, or recommendations.

Question	Answer	Marks
1(a)	<p><b>Define the term ‘market share’.</b></p> <ul style="list-style-type: none"> <li>• The sales of a business (1)</li> <li>• As a proportion or compared with total market sales (1)</li> <li>• Formula <math>\frac{\text{Total sales of a business}}{\text{Total sales of an industry}} \times 100</math> (2)</li> </ul> <p>Sound definition of 2 of the factors listed above (or the formula above). (2 marks)</p> <p>Partial definition of 1 of the factors listed above. (1 mark)</p> <p>No creditable content. (0 marks)</p>	<b>2</b>
1(b)	<p><b>Explain <u>two</u> ways a retailer could increase its market share.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Establish a more competitive pricing strategy</li> <li>• Increase volume of sales of products</li> <li>• Increase/enhance the range and quality of goods and services offered</li> <li>• Use promotional strategies to attract customers</li> <li>• Create a USP</li> <li>• Create a more friendly and welcoming retail environment</li> <li>• Extend location/number of branches and so increase sales</li> <li>• Merger/takeover of another business</li> <li>• Special offers on products/service.</li> <li>• Stock more branded goods</li> <li>• Use loyalty cards</li> </ul> <p>Accept any other valid response.</p> <p>Sound explanation of <b>two</b> ways a retailer could increase market share. (3 marks)</p> <p>Sound explanation of <b>one</b> way a retailer could increase market share or partial explanation of <b>two</b> ways. (2 marks)</p> <p>Limited explanation of <b>one</b> way a retailer could increase market share or a list of <b>two</b> ways. (1 mark)</p> <p>No creditable content (0 marks)</p>	<b>3</b>

Question	Answer	Marks
2(a)	<p><b>Define the term ‘venture capital’.</b></p> <ul style="list-style-type: none"> <li>• (Long-term) source of finance/money (1)</li> <li>• Given to entrepreneurs in need of money/capital, especially start-up (1)</li> <li>• Risk capital invested in a business (1)</li> <li>• That has good profit potential (1)</li> <li>• But has difficulty in securing finance from other sources (1)</li> <li>• In exchange for shares / percentage of profits (1)</li> </ul> <p>Sound definition of 2 of the factors listed above (2 marks)</p> <p>Partial definition of 1 of the factors listed above (1 mark)</p> <p>No creditable content (0 marks)</p>	<b>2</b>
2(b)	<p><b>Explain <u>two</u> ways that venture capitalists might help a business.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Provide long-term funding for business start-ups</li> <li>• Provide start-up capital</li> <li>• Provide funding for small/medium sized businesses who wish to expand/diversify</li> <li>• Provide funding for businesses which find it difficult to get this from any other source</li> <li>• Provide funding for large investment in new technology, complex machinery that other providers are not prepared to fund</li> <li>• Invest in businesses that have severe cash flow problems in the short-term but with good long-term prospects – a rescue function</li> <li>• Save a business from liquidation</li> <li>• Provide ideas/experience to a business (networks as well as funding)</li> </ul> <p>Accept any other valid response.</p> <p>Sound explanation of <b>two</b> ways that venture capitalists might help a business (3 marks)</p> <p>Sound explanation of <b>one</b> way that venture capitalists might help a business or partial explanation of <b>two</b> ways (2 marks)</p> <p>Partial explanation of <b>one</b> way that venture capitalists might help a business or a list of <b>two</b> ways (1 mark)</p> <p>No creditable content (0 marks)</p>	<b>3</b>

Question	Answer	Marks
3	<p><b>Explain how team working could improve the motivation of employees.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Creates opportunities for social? and esteem needs to be met</li> <li>• Creates a positive work environment</li> <li>• Opportunities for more empowerment and job enrichment in teams</li> <li>• Suggests more interesting work - away from one worker-one task</li> <li>• Greater opportunity for employees to use and develop skills and talents</li> <li>• Opportunity for employees to become multi-skilled</li> <li>• Allows opportunity for more participation in decision-making</li> <li>• Greater satisfaction in working on a more complete unit of work</li> <li>• Provides emotional support - reduces conflict - increases bonds</li> </ul> <p>Accept any other valid response.</p> <p><b>Note:</b> This question is focused on how team working could improve the motivation of <u>employees</u>, rather than the general benefits for a business.</p> <p>Effective explanation of how team working could improve the motivation of employees (4–5 marks)</p> <p>Limited explanation of how team working could improve the motivation of employees (2–3 marks)</p> <p>Explanation of team working (1 mark)</p> <p>No creditable content (0 marks)</p>	5

Question	Answer	Marks
4(a)	<p><b>Define the term ‘productivity’.</b></p> <ul style="list-style-type: none"> <li>• Output produced by a person/machine (1)</li> <li>• Divided by units of output i.e. resources / costs / employees / effort (1)</li> <li>• In a stated period of time (1)</li> <li>• How efficiently inputs are turned into outputs (1)</li> <li>• The measure of efficiency of a person / machine (1)</li> <li>• Formula = <math>\frac{\text{Units of output}}{\text{Units of input}}</math> (2)</li> </ul> <p>Sound definition of 2 of the factors listed above (correct formula) (2 marks)</p> <p>Partial definition of 1 of the factors listed above (1 mark)</p> <p>No creditable content (0 marks)</p>	<b>2</b>

Question	Answer	Marks
4(b)	<p><b>Explain <u>two</u> ways that process innovation could improve the efficiency of a manufacturing business.</b></p> <p><i>Answers could include:</i></p> <ul style="list-style-type: none"> <li>• Simplify and streamline existing processes, e.g. streamline the supply chain and so increase competitiveness and add value</li> <li>• Produce existing products at lower cost</li> <li>• Help a business produce a higher level of output</li> <li>• Use more technology to improve efficiency</li> <li>• Use lean management / get it right first time</li> <li>• Waste minimisation techniques / technology to reduce costs</li> <li>• Source cheaper raw materials</li> <li>• Improve communications / share information</li> <li>• Keep real-time information systems up-to-date</li> <li>• Reduce production downtime</li> <li>• Increase manufacturing agility</li> <li>• Change production process – from batch to flow to mass to customisation</li> <li>• Change manufacturing process from labour-intensive to capital-intensive</li> <li>• Improve the efficiency of inventory management, e.g. JIT</li> <li>• Improve delivery channels</li> </ul> <p>Accept any other valid response.</p> <p>Sound explanation of <b>two</b> ways that process innovation could improve the efficiency of a manufacturing business (3 marks)</p> <p>Sound explanation of <b>one</b> way that process innovation could improve the efficiency of a manufacturing business or partial explanation of <b>two</b> ways. (2 marks)</p> <p>Partial explanation of <b>one</b> way that process innovation could improve the efficiency of a manufacturing business or a list of <b>two</b> ways. (1 mark)</p> <p>No creditable content (0 marks)</p>	3



Question	Answer	Marks																		
5(a)	<p data-bbox="331 255 1198 322"><b>Analyse the potential benefits for a business of a laissez-faire leadership style.</b></p> <table border="1" data-bbox="331 367 1327 891"> <thead> <tr> <th data-bbox="331 367 485 434">Level</th> <th data-bbox="485 367 1187 434">Description</th> <th data-bbox="1187 367 1327 434">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 434 485 533">4</td> <td data-bbox="485 434 1187 533">Good analysis of the potential benefits for a business of a laissez-faire leadership style</td> <td data-bbox="1187 434 1327 533">7–8</td> </tr> <tr> <td data-bbox="331 533 485 631">3</td> <td data-bbox="485 533 1187 631">Limited analysis of the potential benefits for a business of a laissez-faire leadership style</td> <td data-bbox="1187 533 1327 631">5–6</td> </tr> <tr> <td data-bbox="331 631 485 730">2</td> <td data-bbox="485 631 1187 730">Application of the potential benefits for a business of a laissez-faire leadership style</td> <td data-bbox="1187 631 1327 730">3–4</td> </tr> <tr> <td data-bbox="331 730 485 828">1</td> <td data-bbox="485 730 1187 828">Knowledge and understanding of laissez-faire leadership</td> <td data-bbox="1187 730 1327 828">1–2</td> </tr> <tr> <td data-bbox="331 828 485 891">0</td> <td data-bbox="485 828 1187 891">No creditable content.</td> <td data-bbox="1187 828 1327 891">0</td> </tr> </tbody> </table> <p data-bbox="331 936 635 969"><i>Answers could include:</i></p> <p data-bbox="331 1014 887 1048"><b>Knowledge and Understanding 2 marks</b></p> <ul data-bbox="331 1055 1007 1088" style="list-style-type: none"> <li>• Clear understanding of laissez-faire leadership.</li> </ul> <p data-bbox="331 1126 612 1160"><b>Application 2 marks</b></p> <ul data-bbox="331 1167 1107 1200" style="list-style-type: none"> <li>• Reference to the use of a laissez-faire leadership style.</li> </ul> <p data-bbox="331 1238 576 1272"><b>Analysis 4 marks</b></p> <ul data-bbox="331 1279 1326 1731" style="list-style-type: none"> <li>• A 'hands-off' approach – decisions left to employees</li> <li>• Effective working environment for those who require minimal supervision or interference, e.g. R&amp;D</li> <li>• Trust and responsibility encouraged</li> <li>• Allows maximum opportunity for creative and innovative work and decisions</li> <li>• Satisfies needs of employees who are expert, motivated and capable of working on their own</li> <li>• Encourages new approaches, new treatments, new discoveries</li> <li>• Motivates some employees to work optimally and productively</li> <li>• Leads to higher retention of key staff/experts who thrive in creative environments</li> <li>• Requires less managerial supervision/control</li> </ul> <p data-bbox="331 1738 762 1771">Accept any other valid response.</p>	Level	Description	Marks	4	Good analysis of the potential benefits for a business of a laissez-faire leadership style	7–8	3	Limited analysis of the potential benefits for a business of a laissez-faire leadership style	5–6	2	Application of the potential benefits for a business of a laissez-faire leadership style	3–4	1	Knowledge and understanding of laissez-faire leadership	1–2	0	No creditable content.	0	8
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5(b)	<p data-bbox="331 253 1326 320"><b>Discuss the view that a democratic leadership style could cause some businesses to underperform.</b></p> <table border="1" data-bbox="331 367 1326 994"> <thead> <tr> <th data-bbox="331 367 483 434">Level</th> <th data-bbox="483 367 1190 434">Description</th> <th data-bbox="1190 367 1326 434">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 434 483 568">4</td> <td data-bbox="483 434 1190 568">Effective evaluation of the view that a democratic leadership style could cause some businesses to underperform</td> <td data-bbox="1190 434 1326 568">9–12</td> </tr> <tr> <td data-bbox="331 568 483 703">3</td> <td data-bbox="483 568 1190 703">Limited evaluation of the view that a democratic leadership style could cause some businesses to underperform</td> <td data-bbox="1190 568 1326 703">7–8</td> </tr> <tr> <td data-bbox="331 703 483 837">2</td> <td data-bbox="483 703 1190 837">Analysis and application of the view that a democratic leadership style could cause some businesses to underperform</td> <td data-bbox="1190 703 1326 837">3–6</td> </tr> <tr> <td data-bbox="331 837 483 927">1</td> <td data-bbox="483 837 1190 927">Knowledge and understanding of democratic leadership style</td> <td data-bbox="1190 837 1326 927">1–2</td> </tr> <tr> <td data-bbox="331 927 483 994">0</td> <td data-bbox="483 927 1190 994">No creditable content</td> <td data-bbox="1190 927 1326 994">0</td> </tr> </tbody> </table> <p data-bbox="331 1032 635 1066"><i>Answers could include:</i></p> <p data-bbox="331 1111 887 1144"><b>Knowledge and Understanding 2 marks</b></p> <ul data-bbox="331 1151 1062 1285" style="list-style-type: none"> <li>• Clear understanding of democratic leadership style: <ul data-bbox="389 1189 767 1285" style="list-style-type: none"> <li>- participation encouraged</li> <li>- two-way communication</li> <li>- feedback allowed</li> </ul> </li> </ul> <p data-bbox="331 1323 612 1357"><b>Application 2 marks</b></p> <ul data-bbox="331 1364 1267 1435" style="list-style-type: none"> <li>• Reference to the use of a democratic leadership style in a business</li> <li>• Reference to underperformance in a business</li> </ul> <p data-bbox="331 1473 576 1507"><b>Analysis 2 marks</b></p> <ul data-bbox="331 1514 1299 1827" style="list-style-type: none"> <li>• May lead to transparency of decision making</li> <li>• Provides employees with full information about the business</li> <li>• May motivate some workers</li> <li>• Consultation may be time consuming</li> <li>• Decision-making can be slow/delayed</li> <li>• Employees may not want to get involved</li> <li>• Some employees respond well to being told what to do</li> <li>• Consideration of limitations/disadvantages of a democratic leadership style to a business</li> </ul>	Level	Description	Marks	4	Effective evaluation of the view that a democratic leadership style could cause some businesses to underperform	9–12	3	Limited evaluation of the view that a democratic leadership style could cause some businesses to underperform	7–8	2	Analysis and application of the view that a democratic leadership style could cause some businesses to underperform	3–6	1	Knowledge and understanding of democratic leadership style	1–2	0	No creditable content	0	12
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0	No creditable content	0																		

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5(b)	<p><b>Evaluation 6 marks</b></p> <p><b>Note:</b> Judgements/conclusions may be made at any point in the essay as well as in a concluding section. Evaluation marks can be awarded even when the supporting Analysis and Application content is not strong in an answer.</p> <ul style="list-style-type: none"> <li>• A judgement/conclusion as to the view that a democratic leadership style could cause some businesses to underperform.</li> <li>• It could lead to a lack of productivity / increased costs / reduced profitability / lack of competitiveness / loss of sales / reduction of market share.</li> <li>• But the advantages to a business of democratic leadership could outweigh the potential negative consequences</li> <li>• To what extent does performance/underperformance depend on non-leadership factors such as: <ul style="list-style-type: none"> <li>- the nature of the organisation, e.g. labour or capital-intensive</li> <li>- the history, culture, working practices of an organisation</li> <li>- the attitude of the employees</li> <li>- the willingness of employees to get involved</li> </ul> </li> <li>• Well-performing businesses are often run by autocratic/paternalistic leaders who inspire and engage staff and articulate an organisational vision, through determined and ruthless requirements and sanctions.</li> <li>• Businesses that require urgent change/transformation in order to respond to external pressures may also discard democratic principles of management and leadership to perform and succeed.</li> <li>• Without a measure of autocratic leadership, business regeneration may not be possible and so there are clear potential limitations of democratic leadership.</li> </ul> <p>Accept any other valid response.</p>	

Question	Answer	Marks																					
6	<p><b>‘Effective inventory management is the most important function of an operations management department in a manufacturing business’.</b></p> <p><b>Discuss the extent to which you agree with this view.</b></p> <table border="1" data-bbox="331 445 1326 1438"> <thead> <tr> <th data-bbox="331 445 485 512">Level</th> <th data-bbox="485 445 1189 512">Description</th> <th data-bbox="1189 445 1326 512">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 512 485 710">5</td> <td data-bbox="485 512 1189 710">Effective evaluation of the extent to which you agree with the view that effective inventory management is the most important function of an operations management department in a manufacturing business</td> <td data-bbox="1189 512 1326 710">17–20</td> </tr> <tr> <td data-bbox="331 710 485 907">4</td> <td data-bbox="485 710 1189 907">Limited evaluation of the extent to which you agree with the view that effective inventory management is the most important function of an operations management department in a manufacturing business</td> <td data-bbox="1189 710 1326 907">15–16</td> </tr> <tr> <td data-bbox="331 907 485 1072">3</td> <td data-bbox="485 907 1189 1072">Good analysis of the extent to which you agree with the view that effective inventory management is an important function of an operations management department in a business</td> <td data-bbox="1189 907 1326 1072">11–14</td> </tr> <tr> <td data-bbox="331 1072 485 1238">2</td> <td data-bbox="485 1072 1189 1238">Limited analysis with application of the view that effective inventory management is the most important function of an operations management department</td> <td data-bbox="1189 1072 1326 1238">5–10</td> </tr> <tr> <td data-bbox="331 1238 485 1373">1</td> <td data-bbox="485 1238 1189 1373">Knowledge and understanding of operations management / inventory management / manufacturing business</td> <td data-bbox="1189 1238 1326 1373">1–4</td> </tr> <tr> <td data-bbox="331 1373 485 1438">0</td> <td data-bbox="485 1373 1189 1438">No creditable content.</td> <td data-bbox="1189 1373 1326 1438">0</td> </tr> </tbody> </table> <p data-bbox="331 1480 635 1509"><i>Answers could include:</i></p> <p data-bbox="331 1559 887 1588"><b>Knowledge and Understanding 4 marks</b></p> <ul data-bbox="331 1599 1023 1702" style="list-style-type: none"> <li>• Clear understanding of operations management.</li> <li>• Clear understanding of inventory management.</li> <li>• Clear understanding of manufacturing business.</li> </ul> <p data-bbox="331 1742 612 1771"><b>Application 4 marks</b></p> <ul data-bbox="331 1783 1315 1850" style="list-style-type: none"> <li>• Reference to the functions of an operations management department.</li> <li>• Reference to methods of inventory management and/or manufacturing.</li> </ul>	Level	Description	Marks	5	Effective evaluation of the extent to which you agree with the view that effective inventory management is the most important function of an operations management department in a manufacturing business	17–20	4	Limited evaluation of the extent to which you agree with the view that effective inventory management is the most important function of an operations management department in a manufacturing business	15–16	3	Good analysis of the extent to which you agree with the view that effective inventory management is an important function of an operations management department in a business	11–14	2	Limited analysis with application of the view that effective inventory management is the most important function of an operations management department	5–10	1	Knowledge and understanding of operations management / inventory management / manufacturing business	1–4	0	No creditable content.	0	20
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Question	Answer	Marks
6	<p><b>Analysis 6 marks</b></p> <ul style="list-style-type: none"> <li>• Inventory management is important as it affects raw materials / work in progress / finished products.</li> <li>• Effective inventory management impacts on aspects of business performance such as <ul style="list-style-type: none"> <li>- costs</li> <li>- ability to supply customers</li> <li>- efficient relationships with suppliers</li> <li>- reputation</li> <li>- responsiveness to change</li> <li>- sales</li> <li>- profits</li> </ul> </li> <li>• However, the operations management department is responsible for activities other than inventory management, such as <ul style="list-style-type: none"> <li>- production process decisions</li> <li>- process innovation</li> <li>- use of technology in production (CAM and CAD)</li> <li>- general efficiency and effectiveness</li> <li>- quality and location decisions</li> <li>- product planning.</li> </ul> </li> </ul> <p><b>Evaluation 6 marks</b></p> <p><b>Note:</b> Judgements/conclusions may be made at any point in the essay as well as in a concluding section. Evaluation marks can be awarded even when the supporting Analysis and Application content is not strong in an answer.</p> <ul style="list-style-type: none"> <li>• A candidate may make a judgement/conclusion as to whether ‘Effective inventory management is the most important function of an operations management department in a manufacturing business.’</li> <li>• Consideration of the significance of inventory management when compared with other responsibilities of an operations management department.</li> <li>• There may be more important departmental and organisation-wide responsibilities.</li> <li>• Is inventory management just one of a number of issues facing the department?</li> <li>• Is inventory management a current problem needing priority attention in the short-term?</li> <li>• Could adjusting the method of inventory management be a long-term objective to allow current focus to be targeted elsewhere?</li> <li>• How vital is it to use appropriate inventory methods and management controls?</li> </ul> <p>Accept any other valid response.</p>	

Question	Answer	Marks																		
7(a)	<p data-bbox="331 253 1198 286"><b>Analyse why a business might use a price skimming strategy.</b></p> <table border="1" data-bbox="331 327 1329 864"> <thead> <tr> <th data-bbox="331 327 485 394">Level</th> <th data-bbox="485 327 1190 394">Description</th> <th data-bbox="1190 327 1329 394">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 394 485 506">4</td> <td data-bbox="485 394 1190 506">Good analysis of why a business might use a price skimming strategy</td> <td data-bbox="1190 394 1329 506">7–8</td> </tr> <tr> <td data-bbox="331 506 485 618">3</td> <td data-bbox="485 506 1190 618">Limited analysis of why a business might use a price skimming strategy</td> <td data-bbox="1190 506 1329 618">5–6</td> </tr> <tr> <td data-bbox="331 618 485 730">2</td> <td data-bbox="485 618 1190 730">Application of why a business might use a price skimming strategy</td> <td data-bbox="1190 618 1329 730">3–4</td> </tr> <tr> <td data-bbox="331 730 485 797">1</td> <td data-bbox="485 730 1190 797">Knowledge and understanding of price skimming</td> <td data-bbox="1190 730 1329 797">1–2</td> </tr> <tr> <td data-bbox="331 797 485 864">0</td> <td data-bbox="485 797 1190 864">No creditable content.</td> <td data-bbox="1190 797 1329 864">0</td> </tr> </tbody> </table> <p data-bbox="331 904 635 938"><i>Answers could include:</i></p> <p data-bbox="331 983 887 1016"><b>Knowledge and Understanding 2 marks</b></p> <ul data-bbox="331 1025 890 1059" style="list-style-type: none"> <li>• Clear understanding of price skimming.</li> </ul> <p data-bbox="331 1095 1142 1128"><u>Price skimming</u> is the setting of a high price for a new product.</p> <p data-bbox="331 1173 612 1207"><b>Application 2 marks</b></p> <ul data-bbox="331 1216 1246 1319" style="list-style-type: none"> <li>• Reference to why a business might use a price skimming strategy.</li> <li>• The product may have differentiated characteristics.</li> <li>• The product may have a low price elasticity of demand.</li> </ul> <p data-bbox="331 1355 574 1388"><b>Analysis 4 marks</b></p> <ul data-bbox="331 1397 1329 1783" style="list-style-type: none"> <li>• Aim is to maximise short-term profit before competitors enter the market with a similar product.</li> <li>• Exploit the profit potential of a unique product.</li> <li>• Exploit a monopoly/niche market position.</li> <li>• Maximise profit when the product has an inelastic PED.</li> <li>• Establish a strong brand identity in the minds of consumers.</li> <li>• Convince the consumer that the uniqueness of the product / service continues to justify the high price.</li> <li>• Recover sunk costs.</li> <li>• Effectively implement yield management.</li> <li>• Capture a consumer surplus early in the product life cycle.</li> </ul> <p data-bbox="331 1783 759 1816">Accept any other valid response.</p>	Level	Description	Marks	4	Good analysis of why a business might use a price skimming strategy	7–8	3	Limited analysis of why a business might use a price skimming strategy	5–6	2	Application of why a business might use a price skimming strategy	3–4	1	Knowledge and understanding of price skimming	1–2	0	No creditable content.	0	8
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7(b)	<p data-bbox="331 253 1273 320"><b>Discuss whether branding should be the most important marketing activity for a new restaurant business.</b></p> <table border="1" data-bbox="331 367 1329 994"> <thead> <tr> <th data-bbox="331 367 485 434">Level</th> <th data-bbox="485 367 1182 434">Description</th> <th data-bbox="1182 367 1329 434">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 434 485 568">4</td> <td data-bbox="485 434 1182 568">Effective evaluation of whether branding should be the most important marketing activity for a new restaurant business</td> <td data-bbox="1182 434 1329 568">9–12</td> </tr> <tr> <td data-bbox="331 568 485 703">3</td> <td data-bbox="485 568 1182 703">Limited evaluation of whether branding should be the most important marketing activity for a new restaurant business</td> <td data-bbox="1182 568 1329 703">7–8</td> </tr> <tr> <td data-bbox="331 703 485 837">2</td> <td data-bbox="485 703 1182 837">Analysis and application of whether branding should be the most important marketing activity for a new restaurant business</td> <td data-bbox="1182 703 1329 837">3–6</td> </tr> <tr> <td data-bbox="331 837 485 927">1</td> <td data-bbox="485 837 1182 927">Knowledge and understanding of branding / marketing activity / restaurant business</td> <td data-bbox="1182 837 1329 927">1–2</td> </tr> <tr> <td data-bbox="331 927 485 994">0</td> <td data-bbox="485 927 1182 994">No creditable content.</td> <td data-bbox="1182 927 1329 994">0</td> </tr> </tbody> </table> <p data-bbox="331 1032 635 1066"><i>Answers could include:</i></p> <p data-bbox="331 1111 887 1144"><b>Knowledge and Understanding 2 marks</b></p> <ul data-bbox="331 1151 959 1256" style="list-style-type: none"> <li>• Clear understanding of branding.</li> <li>• Clear understanding of marketing activity.</li> <li>• Clear understanding of restaurant business.</li> </ul> <p data-bbox="331 1294 1257 1361"><u>Branding</u> is the creation of a recognisable identity for a business that is attractive to customers.</p> <p data-bbox="331 1368 1329 1435"><u>Marketing activity</u> is any action which makes a product more attractive to the consumer.</p> <p data-bbox="331 1487 612 1520"><b>Application 2 marks</b></p> <ul data-bbox="331 1527 1193 1700" style="list-style-type: none"> <li>• Branding uses symbols, design, logos, creation of an image, differentiated products/services.</li> <li>• Marketing activity involves advertising campaigns, packaging, distinctive website, focus on price/quality.</li> <li>• Reference to a (new) restaurant business</li> </ul>	Level	Description	Marks	4	Effective evaluation of whether branding should be the most important marketing activity for a new restaurant business	9–12	3	Limited evaluation of whether branding should be the most important marketing activity for a new restaurant business	7–8	2	Analysis and application of whether branding should be the most important marketing activity for a new restaurant business	3–6	1	Knowledge and understanding of branding / marketing activity / restaurant business	1–2	0	No creditable content.	0	12
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7(b)	<p><b>Analysis 2 marks</b></p> <ul style="list-style-type: none"> <li>• Aim of branding is to make the business (and its products) <ul style="list-style-type: none"> <li>- stand out</li> <li>- develop emotional relationships with consumers</li> <li>- establish customer loyalty</li> <li>- convince customers that they want to do business with you.</li> </ul> </li> <li>• Many small businesses may ignore branding as they think of themselves as businesses not as brands.</li> <li>• A new business may focus on short-term marketing activities and objectives to ensure survival / cash flow stability / sales / competitiveness.</li> <li>• Branding is important for all businesses as it increases value and gives employees direction and motivation.</li> <li>• Branding makes acquiring new customers easier.</li> <li>• Creates trust among customers (that a product is of good quality).</li> <li>• Brand supports all other marketing activities.</li> <li>• Internet and social media present more opportunities to build a brand.</li> </ul> <p><b>Evaluation 6 marks</b></p> <p><b>Note:</b> Judgements/conclusions may be made at any point in the essay as well as in a concluding section. Evaluation marks can be awarded even when the supporting Analysis and Application content is not strong in an answer.</p> <ul style="list-style-type: none"> <li>• A candidate may make a judgement/conclusion as to the importance of cash flow forecasting to a new car hire business.</li> <li>• Specific reference to (new) restaurants, e.g. meal/ food / menu / ingredients / cooking / waiters / ambience / current brands of restaurants.</li> <li>• Branding is important – but is it as relevant to a new business as it is to an established business?</li> <li>• Branding may form part of a longer-term marketing exercise but will it help to sustain liquidity in the short-term?</li> <li>• How likely is it that short-term marketing activities will contribute to the establishment of a reputation – a brand?</li> <li>• How important is branding to a new business when compared to other marketing activities such as market research and other aspects of the marketing mix such as producing the meals which consumers want to buy at a price which suits the target market?</li> <li>• Is branding more important in highly competitive markets than niche markets? E.g. can a new brand compete with a leading brand?</li> <li>• While the objective of establishing a brand is important at all stages of business development, there may well be more important marketing objectives for a new business. A brand might well evolve as these short-term marketing objectives are achieved.</li> </ul> <p>Accept any other valid response.</p>	