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**BUSINESS**

**9609/22**

Paper 2 Data Response

**March 2018**

MARK SCHEME

Maximum Mark: 60

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**Published**

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

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This document consists of **12** 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><b>Define the term ‘unique selling point’ (line 6).</b></p> <table border="1" data-bbox="331 315 1302 517"> <thead> <tr> <th data-bbox="331 315 1166 365">Knowledge and Application</th> <th data-bbox="1166 315 1302 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 365 1166 414">A correct definition</td> <td data-bbox="1166 365 1302 414">2</td> </tr> <tr> <td data-bbox="331 414 1166 463">A partially correct definition</td> <td data-bbox="1166 414 1302 463">1</td> </tr> <tr> <td data-bbox="331 463 1166 517">No creditable content</td> <td data-bbox="1166 463 1302 517">0</td> </tr> </tbody> </table> <p>A correct definition should cover the following aspects.</p> <ul style="list-style-type: none"> <li>• Differentiates</li> <li>• Features</li> <li>• A unique selling point is something that makes a product stand out from its competitors, such as a phone with a new feature that no other phones have.</li> <li>• It is a feature that none of the other businesses have and means the product can be sold for a higher price.</li> </ul>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	<b>2</b>				
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1(a)(ii)	<p><b>Briefly explain the term ‘business objective’ (line 5).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="331 1025 1302 1429"> <thead> <tr> <th data-bbox="331 1025 408 1075"></th> <th data-bbox="408 1025 1166 1075">Rationale</th> <th data-bbox="1166 1025 1302 1075">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 1075 408 1160" style="text-align: center;"><b>C</b></td> <td data-bbox="408 1075 1166 1160">Example or some other way of showing good understanding</td> <td data-bbox="1166 1075 1302 1160" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="331 1160 408 1346" style="text-align: center;"><b>B</b></td> <td data-bbox="408 1160 1166 1346">A feature of business objectives, e.g. specific, measurable, achievable, realistic, time-based, based on market research, resourced, short-term, long-term, can change over time/in response to factors, set by management, SMART etc.</td> <td data-bbox="1166 1160 1302 1346" style="text-align: center;">1</td> </tr> <tr> <td data-bbox="331 1346 408 1429" style="text-align: center;"><b>A</b></td> <td data-bbox="408 1346 1166 1429">Something a business is trying to achieve, direction, aim, target, goal etc.</td> <td data-bbox="1166 1346 1302 1429" style="text-align: center;">1</td> </tr> </tbody> </table> <p><i>Note: A, B and C marks are independent of each other</i></p> <p>Exemplar: This is a specific target that a business aims to achieve. Examples include survival, profit and entering new markets.</p>		Rationale	Marks	<b>C</b>	Example or some other way of showing good understanding	1	<b>B</b>	A feature of business objectives, e.g. specific, measurable, achievable, realistic, time-based, based on market research, resourced, short-term, long-term, can change over time/in response to factors, set by management, SMART etc.	1	<b>A</b>	Something a business is trying to achieve, direction, aim, target, goal etc.	1	<b>3</b>
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1(b)(i)	<p data-bbox="316 248 895 282"><b>Refer to Table 1. Calculate the value of <u>X</u>.</b></p> <table border="1" data-bbox="328 315 1302 584"> <thead> <tr> <th data-bbox="328 315 1169 365">Rationale</th> <th data-bbox="1169 315 1302 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 365 1169 450">Correct calculation of the value of X (no \$ or 000s required) with or without correct working</td> <td data-bbox="1169 365 1302 450">2</td> </tr> <tr> <td data-bbox="328 450 1169 535">Correct formula <b>or</b> correct calculation of cash out (with working)</td> <td data-bbox="1169 450 1302 535">1</td> </tr> <tr> <td data-bbox="328 535 1169 584">No creditable content</td> <td data-bbox="1169 535 1302 584">0</td> </tr> </tbody> </table> <p data-bbox="316 618 443 651"><b>Formula:</b></p> <p data-bbox="316 651 1031 685">Opening Balance + cash in-cash out = closing balance</p> <p data-bbox="316 719 671 752">Cash out = \$5000 (allow 5)</p> <p data-bbox="371 786 798 819">-1 + X – 5 = closing balance of 1</p> <p data-bbox="371 819 798 853">-1 + 7 – 5 = closing balance of 1</p> <p data-bbox="371 853 456 887">X = 7</p> <p data-bbox="316 920 576 954">Answer = 7 (\$7000)</p> <p data-bbox="316 987 555 1021">Common answers</p> <table border="1" data-bbox="328 1021 1302 1256"> <thead> <tr> <th data-bbox="328 1021 560 1070">Answer</th> <th data-bbox="560 1021 1169 1070">Rationale</th> <th data-bbox="1169 1021 1302 1070">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 1070 560 1122">7 (no working)</td> <td data-bbox="560 1070 1169 1122">Correct answer</td> <td data-bbox="1169 1070 1302 1122">2</td> </tr> <tr> <td data-bbox="328 1122 560 1173">2 + 2 + 1 = 5</td> <td data-bbox="560 1122 1169 1173">Correct calculation of cash out</td> <td data-bbox="1169 1122 1302 1173">1</td> </tr> <tr> <td data-bbox="328 1173 560 1256">5 (no working)</td> <td data-bbox="560 1173 1169 1256">Without working there is no way to know where this figure came from</td> <td data-bbox="1169 1173 1302 1256">0</td> </tr> </tbody> </table>	Rationale	Marks	Correct calculation of the value of X (no \$ or 000s required) with or without correct working	2	Correct formula <b>or</b> correct calculation of cash out (with working)	1	No creditable content	0	Answer	Rationale	Marks	7 (no working)	Correct answer	2	2 + 2 + 1 = 5	Correct calculation of cash out	1	5 (no working)	Without working there is no way to know where this figure came from	0	2
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Question	Answer				Marks
1(c)	<b>Analyse <u>one</u> advantage and <u>one</u> disadvantage to PC of purchasing the computerised inventory management system.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and application</b>	<b>Marks</b>	<b>Analysis</b>	<b>Marks</b>
	2	Shows understanding of inventory management in context	4	Good analysis of <b>one</b> advantage <u>and</u> <b>one</b> disadvantage of purchasing an inventory management system in context	4
			3	Good analysis of <b>one</b> advantage <u>or</u> <b>one</b> disadvantage of purchasing an inventory management system in context	3
	1	Shows knowledge of inventory management	2	Limited analysis of <b>one</b> advantage <u>and</u> <b>one</b> disadvantage of purchasing an inventory management system	2
			1	Limited analysis of <b>one</b> advantage <u>or</u> <b>one</b> disadvantage of purchasing an inventory management system	1
	0	No creditable content			
Inventory management is the control of stock – this could be raw materials, work in progress of finished products.					
Contextual analysis likely to come from:					
<b>Advantages:</b>					
<ul style="list-style-type: none"> <li>• PC is in fashion business so being able to respond to customer need important e.g., not running out of sizes or style of clothes</li> <li>• Will allow PC to identify sales patterns quickly and respond to demand, boost revenue and cash in, possibly improve cash flow</li> </ul>					
<b>Disadvantages:</b>					
<ul style="list-style-type: none"> <li>• Economy slowing down so making sure not over ordering is important so not left with clothes/footwear that does not sell</li> <li>• Initial outlay expensive and economy slowing down, is this the best time to be investing in a stock control system?</li> <li>• Training for Paul on using the new system – will he have time as a sole trader running two shops? Can he afford it?</li> </ul>					

Question	Answer				Marks
1(d)	<b>Evaluate Paul's decision to set up PC as a sole trader.</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(s) in context	7	
			Developed evaluation based on argument(s) in context	6	
			An evaluative statement based on argument(s) in context	5	
	Shows understanding of setting up as a sole trader in context	3–4	Argument about Paul's decision to set up PC as a sole trader	3–4	
	Shows knowledge of being a sole trader	1–2	Limited analysis of being a sole trader	1–2	
	No creditable content			0	
	<p><i>Note: A candidate may evaluate the decision in terms of setting up as a sole trader or in terms of not setting up as another legal structure (or both).</i></p> <ul style="list-style-type: none"> <li>• Paul gets to make his own decisions –he has been through survival and now focusing on maximising profits/sales. Gets to decide what he wants to do with the business e.g., opened up the second shop, investing in the new stock control system</li> <li>• Paul keeps the profits to himself and he has been pleased with the level of profit made. Rewards for his investment/entrepreneurial skills.</li> <li>• Unlimited liability = higher risk especially if economy slowing down and considering Paul's market, cash flow slowing down and so if the business fails Paul is liable.</li> <li>• Unlimited liability – heightened risk as Paul financed PC with mortgage on his home</li> <li>• Loss of income for Paul as revenue expected to slow for at least the next 6 months. This will affect his livelihood and his standard of living.</li> <li>• More susceptible to competition/changes in the economy.</li> </ul>				

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2(a)(i)	<p><b>Define the term ‘productivity’ (line 20).</b></p> <table border="1" data-bbox="363 315 1270 517"> <thead> <tr> <th data-bbox="363 315 1136 365">Knowledge and Application</th> <th data-bbox="1136 315 1270 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 365 1136 414">A correct definition</td> <td data-bbox="1136 365 1270 414">2</td> </tr> <tr> <td data-bbox="363 414 1136 463">A partially correct definition</td> <td data-bbox="1136 414 1270 463">1</td> </tr> <tr> <td data-bbox="363 463 1136 517">No creditable content</td> <td data-bbox="1136 463 1270 517">0</td> </tr> </tbody> </table> <p>A correct definition should cover both of the following aspects of productivity:</p> <ul style="list-style-type: none"> <li>• A measure/ratio of the efficiency of inputs (e.g. labour, capital, time etc.)</li> <li>• Of a business/machine/capital/labour/outputs.</li> <li>• Could give formula for calculating labour or machine productivity. A correct formula would cover both aspects.</li> </ul>	Knowledge and Application	Marks	A correct definition	2	A partially correct definition	1	No creditable content	0	<b>2</b>				
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2(b)(i)	<p><b>Refer to Table 2. Calculate the <u>value</u> of the growth in revenue earned by LC from the hotel market segment over the last four years.</b></p> <table border="1" data-bbox="331 349 1299 651"> <thead> <tr> <th data-bbox="331 349 1166 398">Rationale</th> <th data-bbox="1166 349 1299 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="331 398 1166 448">Correct answer (no \$ required) with or without correct working</td> <td data-bbox="1166 398 1299 448">4</td> </tr> <tr> <td data-bbox="331 448 1166 497">Good attempt at calculation</td> <td data-bbox="1166 448 1299 497">3</td> </tr> <tr> <td data-bbox="331 497 1166 546">Reasonable attempt at calculation</td> <td data-bbox="1166 497 1299 546">2</td> </tr> <tr> <td data-bbox="331 546 1166 595">Some attempt at calculation</td> <td data-bbox="1166 546 1299 595">1</td> </tr> <tr> <td data-bbox="331 595 1166 651">No creditable content</td> <td data-bbox="1166 595 1299 651">0</td> </tr> </tbody> </table> <p data-bbox="316 685 1187 719"><i>(A) Correctly calculate revenue from hotel sector (\$20m) – 1 mark</i></p> <p data-bbox="316 719 1091 752"><i>(B) Attempt at calculating revenue four years ago – 1 mark</i></p> <p data-bbox="316 752 1161 786"><i>(C) OFR correct attempt at calculating 25% of revenue – 1 mark</i></p> <p data-bbox="316 819 1315 853">Revenue is currently \$50 000 000 hotel 40% so now segment is \$20 000 000</p> <p data-bbox="316 887 1209 954">It has increased by 25% in 4 years so 4 years ago total revenue was  <math>\\$50\,000\,000 \times 100/125 = \\$40\,000\,000</math>, hotels 40% so \$16 000 000</p> <p data-bbox="316 987 1066 1021">Was \$16 000 000 now \$20 000 000, answer is \$4 000 000</p>	Rationale	Marks	Correct answer (no \$ required) with or without correct working	4	Good attempt at calculation	3	Reasonable attempt at calculation	2	Some attempt at calculation	1	No creditable content	0	<b>4</b>
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2(b)(ii)	<p data-bbox="316 248 1313 282"><b>Explain <u>one</u> way LC could use the information in its income statement.</b></p> <table border="1" data-bbox="328 315 1300 584"> <thead> <tr> <th data-bbox="328 315 483 365">Level</th> <th data-bbox="483 315 1166 365">Knowledge and Application</th> <th data-bbox="1166 315 1300 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 365 483 450">2 (APP)</td> <td data-bbox="483 365 1166 450">Explanation of one way LC could use the information in context</td> <td data-bbox="1166 365 1300 450">2</td> </tr> <tr> <td data-bbox="328 450 483 535">1 (K)</td> <td data-bbox="483 450 1166 535">Identification of one way LC could use the information</td> <td data-bbox="1166 450 1300 535">1</td> </tr> <tr> <td data-bbox="328 535 483 584">0</td> <td data-bbox="483 535 1166 584">No creditable content</td> <td data-bbox="1166 535 1300 584">0</td> </tr> </tbody> </table> <p data-bbox="316 618 1267 685"><i>Note: The income statement already includes calculations of gross profit, operating profit, profit for the year etc.</i></p> <p data-bbox="316 719 606 752">Answers may include:</p> <table border="1" data-bbox="328 752 1300 1496"> <thead> <tr> <th data-bbox="328 752 647 801">Use</th> <th data-bbox="647 752 1300 801">Possible context</th> </tr> </thead> <tbody> <tr> <td data-bbox="328 801 647 958">To calculate profitability (profit margins)</td> <td data-bbox="647 801 1300 958"> <ul style="list-style-type: none"> <li>• Of different market segments (households, hotel, offices, restaurants)</li> <li>• Impact of increase in revenue over last 4 years (increase of 25%)</li> </ul> </td> </tr> <tr> <td data-bbox="328 958 647 1043">Analyse changes</td> <td data-bbox="647 958 1300 1043"> <ul style="list-style-type: none"> <li>• Between segments</li> <li>• After introduction of new machine</li> </ul> </td> </tr> <tr> <td data-bbox="328 1043 647 1128">To see trends</td> <td data-bbox="647 1043 1300 1128"> <ul style="list-style-type: none"> <li>• In segments</li> <li>• In costs of manufacturing the carpets</li> </ul> </td> </tr> <tr> <td data-bbox="328 1128 647 1285">To compare</td> <td data-bbox="647 1128 1300 1285"> <ul style="list-style-type: none"> <li>• Over past four years whilst revenue has increased</li> <li>• Between segments</li> <li>• With other carpet manufacturing firms</li> </ul> </td> </tr> <tr> <td data-bbox="328 1285 647 1415">To measure performance</td> <td data-bbox="647 1285 1300 1415"> <ul style="list-style-type: none"> <li>• Revenue increase by 25%</li> <li>• Shareholder value</li> <li>• Of different segments</li> </ul> </td> </tr> <tr> <td data-bbox="328 1415 647 1496">To see if objectives have been reached</td> <td data-bbox="647 1415 1300 1496"> <ul style="list-style-type: none"> <li>• PLC so could link to shareholder objectives</li> </ul> </td> </tr> </tbody> </table>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of one way LC could use the information in context	2	1 (K)	Identification of one way LC could use the information	1	0	No creditable content	0	Use	Possible context	To calculate profitability (profit margins)	<ul style="list-style-type: none"> <li>• Of different market segments (households, hotel, offices, restaurants)</li> <li>• Impact of increase in revenue over last 4 years (increase of 25%)</li> </ul>	Analyse changes	<ul style="list-style-type: none"> <li>• Between segments</li> <li>• After introduction of new machine</li> </ul>	To see trends	<ul style="list-style-type: none"> <li>• In segments</li> <li>• In costs of manufacturing the carpets</li> </ul>	To compare	<ul style="list-style-type: none"> <li>• Over past four years whilst revenue has increased</li> <li>• Between segments</li> <li>• With other carpet manufacturing firms</li> </ul>	To measure performance	<ul style="list-style-type: none"> <li>• Revenue increase by 25%</li> <li>• Shareholder value</li> <li>• Of different segments</li> </ul>	To see if objectives have been reached	<ul style="list-style-type: none"> <li>• PLC so could link to shareholder objectives</li> </ul>	<b>2</b>
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2(c)	<b>Analyse <u>two</u> benefits to LC of increasing worker participation.</b>				<b>8</b>
	<b>Level</b>	<b>Knowledge and application</b>	<b>Marks</b>	<b>Analysis</b>	<b>Marks</b>
	2	Shows understanding of worker participation in context	3–4	Good analysis of <b>two</b> benefits of increasing worker participation in context	4
				Good analysis of <b>one</b> benefit of increasing worker participation in context	3
	1	Shows knowledge of worker participation	1–2	Limited analysis of <b>two</b> benefits of increasing worker participation	2
				Limited analysis of <b>one</b> benefit of increasing worker participation	1
	0	No creditable content			
<p><b>Context:</b></p> <ul style="list-style-type: none"> <li>• 500 workers – case says they are unhappy about their pay and working conditions</li> <li>• Poor communication and feel directors do not care about them</li> </ul> <p><b>So, benefits:</b></p> <ul style="list-style-type: none"> <li>• Improved communication between directors and workers</li> <li>• Could help improve productivity alongside the capital productivity from the machinery</li> <li>• Could help avoid any labour turnover issues</li> <li>• Could help avoid any quality concerns if employees are demotivated and not feeling cared for</li> <li>• May help alleviate concerns with pay if workers can see conditions improving or directors are starting to listen to and respond to worker concerns.</li> </ul>					

Question	Answer				Marks
2(d)	<b>Discuss the importance of market segmentation to LC.</b>				<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	
			A justified judgement of the importance of market segmentation to LC based on the given arguments	7	
			A developed judgement of the importance of market segmentation to LC based on the given arguments	6	
			An evaluative statement/judgement of the importance of market segmentation to LC based on the given arguments	5	
	Shows understanding of market segmentation in context	3–4	Argument based on the use of market segmentation in context	3–4	
	Shows knowledge of market segmentation	1–2	Limited analysis of market segmentation	1–2	
	No creditable content			0	
	<p>Contextual analysis likely to come from:</p> <p><i>Why market segmentation may be important:</i></p> <ul style="list-style-type: none"> <li>• <b>matching of customer needs</b> especially given proportions of sales to business markets, need to understand what hotels want that could be different from restaurants/office for example.</li> <li>• <b>Enhanced profits/revenues for business</b>, revenue has increased by 25% over the last four years, likely as LC knows its customers and their needs well</li> <li>• <b>Better opportunities for growth/more customers</b>, each segment will be different so if more hotels opening and so on then LC can ‘tap into this’ and therefore could be reason why revenue has increased.</li> <li>• <b>Target marketing communications</b> so that LC can have the right message for the right segments e.g. in marketing to restaurants or offices.</li> </ul> <p><i>Why market segmentation may not be important:</i></p> <ul style="list-style-type: none"> <li>• <b>Segmentation increases costs</b>. LC makes carpets, this will increase the costs such as research and product development for the carpets and business customers will need different sales techniques</li> <li>• <b>Larger inventory</b> has to be maintained by LC to cover the segments</li> <li>• <b>Promotion and distribution costs</b> increase as LC will need different marketing campaigns for the different segments, for example, TV advertising for the showrooms and personal selling for the business markets.</li> </ul>				