



Cambridge International AS & A Level

BUSINESS

9609/21

Paper 2 Data Response

May/June 2022

MARK SCHEME

Maximum Mark: 60

Published

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

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

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the May/June 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **22** 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.

**Social Science-Specific Marking Principles
(for point-based marking)****1 Components using point-based marking:**

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

- a** DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
- b** DO credit alternative answers/examples which are not written in the mark scheme if they are correct
- c** DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require n reasons (e.g. State two reasons ...).
- d** DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
- e** DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
- f** DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
- g** DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

PREPARATION FOR MARKING

- 1 Make sure that you have completed the relevant training and have access to the *RM Assessor Guide*.
- 2 Make sure that you have read and understand the question paper, which you can download from <https://support.rm.com/ca>
- 3 Log in to RM Assessor then mark and submit the required number of practice and standardisation scripts. You will need to mark the standardisation scripts to the required accuracy in order to be approved for marking live scripts. You may be asked to re-mark them, or to mark a second sample, if you do not meet the required accuracy on your first attempt.

MARKING PROCESS

- 1 Mark strictly to the FINAL mark scheme, applying the criteria consistently and the general marking principles outlined on the previous page.
- 2 If you are in doubt about applying the mark scheme, consult your Team Leader.
- 3 Mark at a steady rate through the marking period. Do not rush, and do not leave too much until the end. If you anticipate a problem in meeting the deadline, contact your Team Leader immediately and the Examiners' Helpdesk.
- 4 Examiners will prepare a brief report on the performance of candidates to send to their Team Leader via email by the end of the marking period. The Examiner should note strengths seen in answers and common errors or weaknesses. Constructive comments on the question paper, mark scheme or procedures are also appreciated.

MARKING SPECIFICS**Crossed out work**

- 1 **All** of a candidate's answers, ***crossed out or not, optional or not, must be marked.***
- 2 The only response not to be marked is one that has been crossed out and replaced by another response for that exact same question.
- 3 Consequently, if a candidate has crossed out their response to an optional question and gone on to answer a different optional question then both attempts must be marked. The higher mark will be awarded by the system according to the rubric.

0 (zero) marks or NR (no response)

- 1 Award **NR** if there is nothing at all written in answer to that question (often the case for optional questions).
- 2 Award **NR** if there is a comment which is not an attempt at the question (e.g. 'can't do it' or 'don't know' etc.)
- 3 Award **NR** if there is a symbol which is not an attempt at the question, such as a dash or question mark.
- 4 Award **0** (zero) if there is any attempt at the question which does not score marks. This includes copying the question onto an Answer Booklet.

Annotation

- 1 Every question must have at least one annotation e.g. <NAQ> if it is an NR and <X> or <seen> if 0 marks are awarded.
- 2 Every page of a script must have at least one annotation e.g. <BP> for a blank page.

Question	Answer	Marks																										
1(a)(i)	<p data-bbox="316 241 981 280">Define the term ‘market segmentation’ (line 25).</p> <table border="1" data-bbox="320 315 1310 573"> <thead> <tr> <th data-bbox="320 315 1158 378">Knowledge</th> <th data-bbox="1158 315 1310 378">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 378 1158 443">A correct definition</td> <td data-bbox="1158 378 1310 443">2</td> </tr> <tr> <td data-bbox="320 443 1158 508">A partial, vague or unfocused definition</td> <td data-bbox="1158 443 1310 508">1</td> </tr> <tr> <td data-bbox="320 508 1158 573">No creditable content</td> <td data-bbox="1158 508 1310 573">0</td> </tr> </tbody> </table> <p data-bbox="316 577 919 611"><i>Note: Do not accept ‘segment’ as a ‘split’ term</i></p> <p data-bbox="316 645 979 678">A correct definition should cover the following:</p> <ul data-bbox="316 683 1310 786" style="list-style-type: none"> • splits a market into different groups • segmentation could be by age/gender/geographic/demographic or each group has similar characteristics <table border="1" data-bbox="320 815 1310 1375"> <thead> <tr> <th data-bbox="320 815 740 880">Exemplar</th> <th data-bbox="740 815 1158 880">Rationale</th> <th data-bbox="1158 815 1310 880">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 880 740 981">Looks at different groups e.g. by sales value/volume</td> <td data-bbox="740 880 1158 981">Both elements covered</td> <td data-bbox="1158 880 1310 981">2</td> </tr> <tr> <td data-bbox="320 981 740 1111">Splits a market into groups, each of which has similar characteristics</td> <td data-bbox="740 981 1158 1111">Both elements covered</td> <td data-bbox="1158 981 1310 1111">2</td> </tr> <tr> <td data-bbox="320 1111 740 1211">Splits a market into groups</td> <td data-bbox="740 1111 1158 1211">An understanding of segmentation (no expansion)</td> <td data-bbox="1158 1111 1310 1211">1</td> </tr> <tr> <td data-bbox="320 1211 740 1312">Splits a market by sales value</td> <td data-bbox="740 1211 1158 1312">Only one element of the flow identified</td> <td data-bbox="1158 1211 1310 1312">1</td> </tr> <tr> <td data-bbox="320 1312 740 1375">Segments a market</td> <td data-bbox="740 1312 1158 1375">Tautology</td> <td data-bbox="1158 1312 1310 1375">0</td> </tr> </tbody> </table> <p data-bbox="316 1408 384 1442">ARA</p>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Rationale	Marks	Looks at different groups e.g. by sales value/volume	Both elements covered	2	Splits a market into groups, each of which has similar characteristics	Both elements covered	2	Splits a market into groups	An understanding of segmentation (no expansion)	1	Splits a market by sales value	Only one element of the flow identified	1	Segments a market	Tautology	0	2
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1(a)(ii)	<p>Explain the difference between cash and profit (line 23).</p> <p>Award one mark for each point of explanation.</p> <table border="1" data-bbox="320 383 1310 707"> <thead> <tr> <th>Point</th> <th>Explanation</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C*</td> <td>Cash is the revenue a business has after sales while profit is revenue minus expenses</td> <td>3</td> </tr> <tr> <td>B</td> <td>Profit is revenue minus expenses</td> <td>1</td> </tr> <tr> <td>A</td> <td>Cash is the physical flow of money in and out of a business</td> <td>1</td> </tr> </tbody> </table> <p><i>Note: The difference does not need to have clear definitions – implied knowledge is acceptable when in the context of a difference</i></p> <p>Content could come from:</p> <ul style="list-style-type: none"> • Cash is the physical flow of money in and out of a business • Cash is the capital used to pay for day-to-day costs • Cash is an example of revenue, ignoring any expenses • Profit is revenue minus expenditure • Profit is the difference between revenue and costs • Profit is calculated at the end of a trading period • Profit is shown on the Income Statement <table border="1" data-bbox="320 1128 1310 1921"> <thead> <tr> <th>Exemplar</th> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>Cash is the revenue a business has after sales while profit is revenue minus expenses</td> <td>Shows a difference</td> <td>3</td> </tr> <tr> <td>Cash is more liquid than profits</td> <td>Shows a clear difference</td> <td>3</td> </tr> <tr> <td>Cash is a current asset, but profit is on the Income Statement</td> <td>These are not definitions but there is a clear difference</td> <td>3</td> </tr> <tr> <td>They appear on different accounting statements</td> <td>A clear difference</td> <td>3</td> </tr> <tr> <td>Cash is the revenue a business has after sale. Profit is revenue minus expenses</td> <td>Both elements correct but a difference not shown</td> <td>2</td> </tr> <tr> <td>Splits a market into groups</td> <td>An understanding of segmentation (no expansion)</td> <td>1</td> </tr> </tbody> </table> <p>ARA</p>	Point	Explanation	Marks	C*	Cash is the revenue a business has after sales while profit is revenue minus expenses	3	B	Profit is revenue minus expenses	1	A	Cash is the physical flow of money in and out of a business	1	Exemplar	Rationale	Marks	Cash is the revenue a business has after sales while profit is revenue minus expenses	Shows a difference	3	Cash is more liquid than profits	Shows a clear difference	3	Cash is a current asset, but profit is on the Income Statement	These are not definitions but there is a clear difference	3	They appear on different accounting statements	A clear difference	3	Cash is the revenue a business has after sale. Profit is revenue minus expenses	Both elements correct but a difference not shown	2	Splits a market into groups	An understanding of segmentation (no expansion)	1	3
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1(b)(i)	<p>Refer to Table 1.1. Calculate PB's forecast closing balance in month 3 (X).</p> <table border="1" data-bbox="320 349 1310 607"> <thead> <tr> <th data-bbox="320 349 1158 414">Rationale</th> <th data-bbox="1158 349 1310 414">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 414 1158 479">Correct answer (with or without working or \$)</td> <td data-bbox="1158 414 1310 479">2</td> </tr> <tr> <td data-bbox="320 479 1158 544">Correct formula/identifies correct figures</td> <td data-bbox="1158 479 1310 544">1</td> </tr> <tr> <td data-bbox="320 544 1158 607">No credible content</td> <td data-bbox="1158 544 1310 607">0</td> </tr> </tbody> </table> <p>Content Closing balance = opening balance + inflows – outflows (1) Opening balance –1000 add inflows 11 000 minus outflows 13 000 (1) X = – \$3000 (accept –3000, (3000) or –3) (2)</p> <table border="1" data-bbox="320 882 1310 1435"> <thead> <tr> <th colspan="3" data-bbox="320 882 1310 947">Common incorrect answers</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 947 550 1012">(2000)</td> <td data-bbox="550 947 778 1012">No marks</td> <td data-bbox="778 947 1310 1012">no working</td> </tr> <tr> <td data-bbox="320 1012 550 1077">3000</td> <td data-bbox="550 1012 778 1077">No marks</td> <td data-bbox="778 1012 1310 1077">No working</td> </tr> <tr> <td data-bbox="320 1077 550 1176">–1000+11000 –13000 = 3000</td> <td data-bbox="550 1077 778 1176">1 mark</td> <td data-bbox="778 1077 1310 1176">for calculation</td> </tr> <tr> <td data-bbox="320 1176 550 1305">11000 – 13000 = –2000</td> <td data-bbox="550 1176 778 1305">1 mark</td> <td data-bbox="778 1176 1310 1305">one mistake (not used opening balance) OFR for last stage</td> </tr> <tr> <td data-bbox="320 1305 550 1435">1000 + 11000 – 13000 = 3000</td> <td data-bbox="550 1305 778 1435">0 mark</td> <td data-bbox="778 1305 1310 1435">Incorrect opening balance and incorrect answer</td> </tr> </tbody> </table>	Rationale	Marks	Correct answer (with or without working or \$)	2	Correct formula/identifies correct figures	1	No credible content	0	Common incorrect answers			(2000)	No marks	no working	3000	No marks	No working	–1000+11000 –13000 = 3000	1 mark	for calculation	11000 – 13000 = –2000	1 mark	one mistake (not used opening balance) OFR for last stage	1000 + 11000 – 13000 = 3000	0 mark	Incorrect opening balance and incorrect answer	2
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Question	Answer				Marks
1(b)(ii)	Analyse <u>two</u> benefits to Priya of producing a cash flow forecast.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2b	Shows understanding of two benefits <i>in context</i>	4	Developed analysis of two benefits <i>in context</i>	4
	2a	Shows understanding of one benefit <i>in context</i>	4	Developed analysis of one benefit <i>in context</i>	3
	1	Shows knowledge of two benefits	2	Limited analysis of two benefits	2
		Shows knowledge of one benefit	1	Limited analysis of one benefit	1
	0	No creditable content			
<p><i>Note: As the business has started trading, using the CFF either before or after starting trading is acceptable.</i></p>					
<p>Knowledge of benefits may include:</p> <ul style="list-style-type: none"> • Anticipate potential shortfalls in cash • Keep track of payments • Understand the impact of future plans • Manage surplus cash • Track whether revenue/spending is on target 					
<p>Application may include:</p> <ul style="list-style-type: none"> • Buying and selling new and used books • Priya applied for a council grant for entrepreneurs willing to open a bookshop; grant application included a CFF • Any information from Table 1.1 • Used to decide promotional methods 					

Question	Answer	Marks
1(b)(ii)	<p>Analysis of benefits may include:</p> <ul style="list-style-type: none">• PB is a new business and having a cash flow forecast will have helped/will help her to receive the grant – which allowed for initial survival• Allows/ed Priya to plan ahead and manage the budget more effectively e.g. the deficit in the first few months – to avoid overdraft fees in months 2 and 3• Many small businesses fail due to a lack of cash flow, so this allows/ed Priya to arrange an overdraft for months 2 and 3• Allows Priya to manage cash flow, e.g. the deficit in months 2 and 3 could be overcome through reductions in cash outflows e.g. marketing. <p>ARA</p>	

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1(c)	<p data-bbox="316 241 1145 280">Explain <u>two</u> entrepreneurial qualities that Priya has shown.</p> <table border="1" data-bbox="320 315 1310 640"> <thead> <tr> <th data-bbox="320 315 475 376">Point</th> <th data-bbox="475 315 1158 376">Explanation</th> <th data-bbox="1158 315 1310 376">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 376 475 443">App+App</td> <td data-bbox="475 376 1158 443">Two entrepreneurial qualities explained in context</td> <td data-bbox="1158 376 1310 443">4</td> </tr> <tr> <td data-bbox="320 443 475 510">App</td> <td data-bbox="475 443 1158 510">One entrepreneurial quality explained in context</td> <td data-bbox="1158 443 1310 510">3</td> </tr> <tr> <td data-bbox="320 510 475 577">K+K</td> <td data-bbox="475 510 1158 577">Two entrepreneurial qualities identified</td> <td data-bbox="1158 510 1310 577">2</td> </tr> <tr> <td data-bbox="320 577 475 640">K</td> <td data-bbox="475 577 1158 640">One entrepreneurial quality identified</td> <td data-bbox="1158 577 1310 640">1</td> </tr> </tbody> </table> <p data-bbox="316 674 858 707">Content and context could come from:</p> <ul data-bbox="316 712 1302 958" style="list-style-type: none"> • Motivated – wants to start her own bookshop • self-disciplined – financial discipline by creating a cash flow forecast • risk-taking – has invested \$15K of own capital • creative – making appropriate marketing materials for 0 to 15-year-olds • leadership – will manage up to 3 employees • confident – starting own bookshop by risking \$15K of own capital • initiative – has applied for a \$20K grant <table border="1" data-bbox="320 992 1310 1648"> <thead> <tr> <th data-bbox="320 992 895 1055">Exemplar</th> <th data-bbox="895 992 1007 1055">Mark</th> <th data-bbox="1007 992 1310 1055">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1055 895 1189">She applied for a \$20K grant which shows initiative and is motivated to start her own bookshop</td> <td data-bbox="895 1055 1007 1189">4</td> <td data-bbox="1007 1055 1310 1189">Two applied qualities explained</td> </tr> <tr> <td data-bbox="320 1189 895 1290">Priya showed initiative by researching and applying for a \$20K grant</td> <td data-bbox="895 1189 1007 1290">3</td> <td data-bbox="1007 1189 1310 1290">Applied quality explained</td> </tr> <tr> <td data-bbox="320 1290 895 1384">Initiative and leadership</td> <td data-bbox="895 1290 1007 1384">2</td> <td data-bbox="1007 1290 1310 1384">Two entrepreneurial qualities identified</td> </tr> <tr> <td data-bbox="320 1384 895 1552">Initiative is taking an opportunity available to you and risk taking is taking a decision which could have negative consequences</td> <td data-bbox="895 1384 1007 1552">2</td> <td data-bbox="1007 1384 1310 1552">Two generic qualities explained</td> </tr> <tr> <td data-bbox="320 1552 895 1648">Initiative is taking an opportunity available to you</td> <td data-bbox="895 1552 1007 1648">1</td> <td data-bbox="1007 1552 1310 1648">Generic quality explained</td> </tr> </tbody> </table>	Point	Explanation	Marks	App+App	Two entrepreneurial qualities explained in context	4	App	One entrepreneurial quality explained in context	3	K+K	Two entrepreneurial qualities identified	2	K	One entrepreneurial quality identified	1	Exemplar	Mark	Rationale	She applied for a \$20K grant which shows initiative and is motivated to start her own bookshop	4	Two applied qualities explained	Priya showed initiative by researching and applying for a \$20K grant	3	Applied quality explained	Initiative and leadership	2	Two entrepreneurial qualities identified	Initiative is taking an opportunity available to you and risk taking is taking a decision which could have negative consequences	2	Two generic qualities explained	Initiative is taking an opportunity available to you	1	Generic quality explained	4
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Question	Answer				Marks
1(d)	Recommend suitable promotional methods that Priya could use to raise awareness of PB in town R. Justify your recommendation.				11
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks	
			Justified judgement(s) that follows on from a discussion based on two promotional methods relevant to PB	7	
			Recommendation(s) that follows on from a balanced argument relevant to PB	6	
			A simple recommendation based on a balanced argument relevant to PB	5	
	Shows knowledge of two promotional methods <i>in context</i>	4	A balanced argument based on analysis of two promotional methods with context	4	
	Shows knowledge of one promotional method <i>in context</i>	4	Argument based on analysis of one promotional method with context	3	
	Shows knowledge of two promotional methods	2	Limited analysis of two promotional methods	2	
	Shows knowledge of one promotional method	1	Limited analysis of one promotional method	1	
	No creditable content				
	<p>Knowledge may include:</p> <ul style="list-style-type: none"> • Above and/or below the line promotion with some explanation • BTL examples: direct mail, in-store offers, direct selling, social media, trade shows, catalogues, sponsorship, branding and merchandising and targeted search engine marketing • ATL: examples: radio, television, billboards, magazine and newspapers 				

Question	Answer				Marks														
1(d)	<p>Application may include:</p> <ul style="list-style-type: none"> • New bookshop • Likely to be lots of competition in ‘booktown’ • Any financial information from table 1.1 • Using market segmentation • Any market research information from table 1.2 <p>Analysis may include:</p> <ul style="list-style-type: none"> • BTL is cheaper than ATL and as PB is new and cashflow is restricted/poor – may not be able to survive/pay bills <ul style="list-style-type: none"> – In-store offers; can offer 15% discount on books which would lead to increased revenue – increased profit • ATL hits a mass audience – but too expensive <ul style="list-style-type: none"> – Local radio; can advertise to target audience of 16–64 which increases sales of books – raises profile/brand awareness • High competition means tourists are likely to impulse buy based on price so in-store and personal selling – may be useful to provide purchasing incentives so more sales <p>Evaluation may include:</p> <ul style="list-style-type: none"> • A recommendation for Priya based on arguments in context as to which promotional methods Priya could use • A judgement over which method is/are most suitable • An evaluation on the level of argument • What the judgement/evaluation may depend on: target audience, type of book, price sensitivity, advertising elasticity, competition <table border="1" data-bbox="320 1178 1310 1848"> <thead> <tr> <th data-bbox="320 1178 472 1243">K</th> <th data-bbox="477 1178 662 1243">APP</th> <th data-bbox="667 1178 852 1243">AN</th> <th data-bbox="857 1178 1042 1243">DEV</th> <th data-bbox="1046 1178 1310 1243">EVAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1249 472 1509">in store offers</td> <td data-bbox="477 1249 662 1509">To persuade tourists to buy</td> <td data-bbox="667 1249 852 1509">Which increases sales</td> <td data-bbox="857 1249 1042 1509">As customers may be price sensitive due to competition</td> <td data-bbox="1046 1249 1310 1848" rowspan="2">Priya should use both instore offers and social media As social media can help drive traffic and in store offers can convert browsers. However, it depends on whether Priya’s target audience is likely to social media and how diligent she is in updating her profile.</td> </tr> <tr> <td data-bbox="320 1516 472 1848">Social media</td> <td data-bbox="477 1516 662 1848">To showcase book signings</td> <td data-bbox="667 1516 852 1848">As it is a cheap method and easily updated</td> <td data-bbox="857 1516 1042 1848">To build PB brand profile</td> </tr> </tbody> </table>				K	APP	AN	DEV	EVAL	in store offers	To persuade tourists to buy	Which increases sales	As customers may be price sensitive due to competition	Priya should use both instore offers and social media As social media can help drive traffic and in store offers can convert browsers. However, it depends on whether Priya’s target audience is likely to social media and how diligent she is in updating her profile.	Social media	To showcase book signings	As it is a cheap method and easily updated	To build PB brand profile	
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Question	Answer				Marks
2(c)	Analyse <u>two</u> benefits to MC of Just in Time (JIT) inventory control.				8
	Level	Knowledge and application	Marks	Analysis	Marks
	2	Understanding of two benefits of JIT <i>in context</i>	4	Developed analysis of two benefits of JIT <i>in context</i>	4
		Understanding of one benefit of JIT <i>in context</i>	3	Developed analysis of one benefit of JIT <i>in context</i>	3
	1	Knowledge of two benefits of JIT	2	Limited analysis of two benefits of JIT	2
		Knowledge of one benefit of JIT	1	Limited analysis of one benefit of JIT	1
	0	No creditable content			
<p>Generic benefits may include:</p> <ul style="list-style-type: none"> • Reduces waste and overstocking • Improves financial efficiencies / reduces capital invested in stock • Reduces storage costs • Reduces risk of obsolescence <p>Application may include:</p> <ul style="list-style-type: none"> • Large plc with B2B model • Mission statement is 'to be the world leader in delivering quality motorcycle components to our customers' • Motorcycle component industry is very competitive and MC's customers expect high-quality and a short lead time • Good relationships with its suppliers ensure that JIT operates efficiently. • Liquidity management is very important • Industry average for the acid test ratio is 1 • automation of the production process 					

Question	Answer	Marks
2(c)	<p>Analysis of benefits may include:</p> <ul style="list-style-type: none">• Reduction in fixed costs as warehouse/storage not required to store raw materials – which improves profit• Storage space no longer needed and could be used to expand production• Decrease in labour costs as fewer people required in warehouse as no need to receive, store, then move inventory to production – increases profit• Reduction in costs should mean increased profit – which could be used towards funding expansion• Improved cash flow as only order inventory as needed to fulfil customer orders – more money for expansion <p>ARA</p>	

Question	Answer				Marks
2(d)	Evaluate the possible impact on MC from introducing process innovation.				11
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks	
			A justified judgement on the importance of the impact	7	
			A judgement on the importance of the impact	6	
			An evaluation statement of the given arguments of an impact in context	5	
	Understanding of two effects of process innovation in context (*)	4	Developed analysis of two effects of process innovation	4	
	Understanding of one effect of process innovation in context	3	Developed analysis of one effect of process innovation in context	3	
	Knowledge of two effects of process innovation	2	Limited analysis of two effects of process innovation	2	
	Knowledge of one effects of process innovation	1	Limited analysis of one effect of process innovation	1	
	* <i>Two effects can come from one impact</i>				
	<i>Note: Use of a process innovation (i.e. Capital expenditure is acceptable for Application without explicit reference to process innovation)</i>				
	Knowledge of effects/impacts of process innovation				
	<ul style="list-style-type: none"> • Increases/expands competitive advantage • Develops performance by decreasing costs • Enhances quality • Makes the best use of competencies, skills and/or knowledge • Builds a culture of continuous learning 				

Question	Answer	Marks
2(d)	<p>Application is likely to come from:</p> <ul style="list-style-type: none"> • Large plc with B2B model • Mission statement is ‘to be the world leader in delivering quality motorcycle components to our customers’ • Motorcycle component industry is very competitive and MC’s customers expect high quality and a short lead time • Good relationships with its suppliers ensure that JIT operates efficiently • Liquidity management is very important • automation of the production process <p>Analysis likely to come from: Impact should focus on MC and could be:</p> <p>positive</p> <ul style="list-style-type: none"> • Creates shorter lead times – which may increase orders due to high expectations • Matches high customer quality expectations – increases sales revenue • Links to mission statement (increased quality) – better dividends/marketing opportunity • Reduced costs – eases cash flow pressures/acid test • Increased market share as the industry and suppliers are competitive – better brand image <p>negative</p> <ul style="list-style-type: none"> • Image/reputational damage e.g. if redundancies happen – poor publicity • Results in redundancies – increases costs • Negative impact on morale – lower productivity • Cost of automation – reduces profits/dividends <p>Other</p> <ul style="list-style-type: none"> • Process innovation may improve efficiency however this could result in redundancies – reducing the need for some employees – may be seen as not socially responsible (damage to image, want to be world leaders) and lead to lower sales - reduced revenue and profit • Impact on employees and morale – fear of redundancies, change, could affect quality of work and conflict with the mission statement • The industry and suppliers are competitive, so process innovation will reduce cost pressures and assist MC in being price competitive, however, other firms may also introduce new processes so less of an impact on MC • Lower costs could allow MC to become more price competitive, increasing revenue (if PED is elastic), leading to higher profit and increasing share value, but other firms could retaliate and start a price war resulting in losses for MC <p>Evaluation is likely to come from:</p> <ul style="list-style-type: none"> • An evaluation of the possible impact on MC of introducing process innovation • A judgement in the outcomes of process innovation • An evaluation on the level of argument • What the judgement/evaluation may depend on: cost, reputation, customer reaction, supplier ability to deliver quantities of inventory, sources of finance, shareholder expectations 	

Question	Answer					Marks
2(d)	K	APP	AN	DEV	EVAL	
	Decreases costs	Helps ATR of 0.9:1	Which improves shareholder value	So the \$4mn cap ex will be approved	The impact is likely to be positive	
Increases redundancies	From \$4mn capital expenditure into automation	Increases reputational damage	Which could be used by competitors negative advertising	<p>As the investment into new machinery will improve lead time and quality</p> <p>Which is likely more important to business customers than a reputation for laying off staff</p>		