

Cambridge O Level

BUSINESS STUDIES**7115/22**

Paper 2 Case Study

May/June 2024

MARK SCHEME

Maximum Mark: 80

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 2024 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 **18** 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 descriptions 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.

0450/7115/0086 Business Studies – Paper 2 Annotations

Annotation	Description	Use
Tick	Tick	Indicates a point which is relevant and rewardable (used in part (a) questions).
Cross	Cross	Indicates a point which is inaccurate/irrelevant and not rewardable.
BOD	Benefit of doubt	Used when the benefit of the doubt is given in order to reward a response.
TV	Too vague	Used when parts of the answer are considered to be too vague.
REP	Repetition	Indicates where content has been repeated.
NAQ	Not answered question	Used when the answer or parts of the answer are not answering the question asked.
APP	Application	Indicates appropriate reference to the information in the context.
OFR	Own figure rule	If a mistake is made in a calculation, and the incorrect figure that results from the mistake is used for subsequent calculations.
SEEN	Noted but no credit given	Indicates that content has been recognised but not rewarded.
L1	Level 1	Used in part (b) questions to indicate where a response includes limited knowledge and understanding.
L2	Level 2	Used in part (b) questions to indicate where a response has a more detailed discussion and contains some evidence of justification.
L3	Level 3	Used in part (b) questions to indicate where a response includes a well-justified recommendation.

Question	Answer	Marks
1(a)	<p>Explain <u>two</u> reasons why setting business objectives is important to JJ.</p> <p>Award 1 mark for each reason (max 2).</p> <p>Award a maximum of 3 additional marks for each explanation of the reason why setting business objectives is important – one of which must be applied to this context.</p> <p>Relevant reasons might include:</p> <ul style="list-style-type: none"> • A clear target/aim/purpose/goal to work towards – guides the business in the right direction – avoids loss of focus • Decision-making will be focused on the objectives – meaning better decisions are taken – the business may be more efficient • Helps motivate employees – objectives will help focus the employees and management to increase efficiency – making it more likely to be achieved • Comparison of performance – so business managers can compare how each department has performed against their objectives - to see whether or not it has been successful • Allows measurement of success – can judge performance or progress • Helps the business to produce a plan or strategy for the business to achieve these objectives <p>For example: To give a clear target for employees and managers to work towards (1) so they all know what is expected of them (1) when producing different items of jewellery (app). Therefore, this means the target is more likely to be achieved (1).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings.</p>	8

Question	Answer	Marks															
1(b)	<p>Using Appendix 1 and other information, consider the <u>two</u> new products JJ could produce. Which product should JJ choose? Justify your answer using break-even calculations.</p> <ul style="list-style-type: none"> Product A Product B <table border="1"> <thead> <tr> <th>Level</th><th>Description</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of both products.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both products in detail, in context and with a well-justified recommendation, including why the alternative product was rejected, should be rewarded with the top marks in the band.</p> </td><td>9–12</td></tr> <tr> <td>2</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one product.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one product in detail and applying it to the case should be rewarded with the top marks in the band.</p> </td><td>5–8</td></tr> <tr> <td>1</td><td> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the products with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining both products in context should be rewarded with the top marks in the band.</p> </td><td>1–4</td></tr> <tr> <td>0</td><td>No creditable response.</td><td>0</td></tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of both products.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing both products in detail, in context and with a well-justified recommendation, including why the alternative product was rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one product.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one product in detail and applying it to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the products with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining both products in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response.	0	12
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1(b)	<p>Relevant points might include:</p> <table> <tr> <td>Product A</td> <td> <ul style="list-style-type: none"> The price is much lower than for Product B, leading to more sales of bracelets needed to break-even Forecast sales are higher at 2500 per week than Product B which may make it easier to meet demand if it is high The break-even output is 2000 units per week – which is much higher than Product B – may be more difficult to achieve The margin of safety is much higher at 500 than Product B making it a safer product to produce assuming all output is sold The variable cost is lower by \$15 than for each ring </td> </tr> <tr> <td>Product B</td> <td> <ul style="list-style-type: none"> The price of rings is much higher than bracelets by \$70 Break-even is 625 rings per week The margin of safety is 125 per week if forecast sales are accurate – which is much lower than for Product A at 500 per week – increasing risk of not covering costs if sales are lower than forecast The profit is much lower for Product B if all forecast sales are made – at \$10 000 rather than \$12 500 for Product A Forecast sales each week is much lower at 750 rings, 1750 fewer items to produce each week May be easier to promote and sell fewer items each week making it easier to achieve maximum sales </td> </tr> <tr> <td>Recommendation</td> <td> <ul style="list-style-type: none"> JJ should choose to produce Product A, bracelets, as the margin of safety is higher than for Product B and may be less risk of not breaking-even if not all the forecast sales are made each week. Rings are more expensive to produce and if not sold then the variable cost of each ring is \$40 so more will have been spent on variable cost per product than producing bracelets at \$25 each. JJ should choose to make Product B, rings, as the break-even output is much lower at 625 than the 2000 needed for bracelets and therefore may be easier to achieve. </td> </tr> </table>	Product A	<ul style="list-style-type: none"> The price is much lower than for Product B, leading to more sales of bracelets needed to break-even Forecast sales are higher at 2500 per week than Product B which may make it easier to meet demand if it is high The break-even output is 2000 units per week – which is much higher than Product B – may be more difficult to achieve The margin of safety is much higher at 500 than Product B making it a safer product to produce assuming all output is sold The variable cost is lower by \$15 than for each ring 	Product B	<ul style="list-style-type: none"> The price of rings is much higher than bracelets by \$70 Break-even is 625 rings per week The margin of safety is 125 per week if forecast sales are accurate – which is much lower than for Product A at 500 per week – increasing risk of not covering costs if sales are lower than forecast The profit is much lower for Product B if all forecast sales are made – at \$10 000 rather than \$12 500 for Product A Forecast sales each week is much lower at 750 rings, 1750 fewer items to produce each week May be easier to promote and sell fewer items each week making it easier to achieve maximum sales 	Recommendation	<ul style="list-style-type: none"> JJ should choose to produce Product A, bracelets, as the margin of safety is higher than for Product B and may be less risk of not breaking-even if not all the forecast sales are made each week. Rings are more expensive to produce and if not sold then the variable cost of each ring is \$40 so more will have been spent on variable cost per product than producing bracelets at \$25 each. JJ should choose to make Product B, rings, as the break-even output is much lower at 625 than the 2000 needed for bracelets and therefore may be easier to achieve. 	
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Question	Answer	Marks
2(a)	<p>Explain <u>two</u> benefits and <u>two</u> limitations for JJ of employing part-time workers in its factory.</p> <p>Award 1 mark for each relevant benefit/limitation (max 4).</p> <p>Award a maximum of 1 additional mark for each explanation of the benefit/limitation in context.</p> <p>Relevant benefits might include:</p> <ul style="list-style-type: none"> • The employees are more flexible in the hours they work – than the 60 full-time workers • Ask/more likely for the part-time workers to increase their hours – during busy times to meet demand for bracelets • Can/more likely increase operating hours in the factory when demand increases – as the 25 part-time workers may be willing to work extra hours • Part-time employees often do not need to take time off for appointments, such as to visit the doctor – less likely to cause disruption to the manufacture of rings • May be able to attract skilled employees who want to work reduced hours • May reduce business costs if pay lower wages than wage rates for full-time workers • It may be easier to make part-time workers redundant <p>Relevant limitations might include:</p> <ul style="list-style-type: none"> • If the employee sees the job as temporary, then they may be less committed to the business - produce less jewellery • Takes longer to recruit two part-time employees than one full-time employee – so less time to focus on selling in other countries • There may be an increase in induction and training costs – which may make it difficult to increase profit each year • More difficult to communicate with part-time employees • If the job is temporary then less likely to provide training for them <p>For example: If the employee sees the job as temporary, then they may be less committed to the business (1) and produce fewer items of jewellery (app).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings.</p>	8

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2(b)	<p>Consider the advantages and disadvantages of the following <u>three</u> ways JJ could promote its new product in country X. Which way should JJ use? Justify your answer.</p> <ul style="list-style-type: none"> • Advertising in fashion magazines • Handing out leaflets in Main City • Point-of-sale displays in shops <table border="1"> <thead> <tr> <th>Level</th><th>Description</th><th>Mark</th></tr> </thead> <tbody> <tr> <td>3</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least two ways.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three ways in detail, in context and with a well-justified recommendation, including why the alternative ways were rejected, should be rewarded with the top marks in the band.</p> </td><td>9–12</td></tr> <tr> <td>2</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one way.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least two ways in detail and applying them to the case should be rewarded with the top marks in the band.</p> </td><td>5–8</td></tr> <tr> <td>1</td><td> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the ways with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining all three ways in context should be rewarded with the top marks in the band.</p> </td><td>1–4</td></tr> <tr> <td>0</td><td>No creditable response.</td><td>0</td></tr> </tbody> </table>	Level	Description	Mark	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least two ways.</p> <p>Well-justified recommendation.</p> <p>Candidates discussing all three ways in detail, in context and with a well-justified recommendation, including why the alternative ways were rejected, should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one way.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least two ways in detail and applying them to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the ways with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining all three ways in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response.	0	12
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Question	Answer			Marks
2(b)	Relevant points might include:			
		Advantages	Disadvantages	
	Advertising in fashion magazines	<ul style="list-style-type: none"> • Read by target market – more likely to be seen by potential customers – possibly increasing sales • Can be shown in colour with photographs/images – may make the jewellery look more attractive - more appealing to customers 	<ul style="list-style-type: none"> • Can be expensive to advertise in a fashion magazine – increases costs for JJ – possibly lowering profit if advertising is not effective at increasing revenue • Often only published once a month or once a week – therefore may not be seen as often by potential customers • Only seen by people who read the fashion magazines, and these may not be the target market for JJ's new jewellery product 	
	Handing out leaflets in Main City	<ul style="list-style-type: none"> • A cheap method of advertising – keeps down marketing costs • Given out in the street in Main City so may be handed out to many people – reaches a wide range of potential customers who may want to buy jewellery • Leaflets can be kept for future reference, especially if discount coupon included 	<ul style="list-style-type: none"> • May not be looked at – so waste of money – not effective advertising of either bracelets or rings • May be seen as junk so thrown away – annoying to potential customers and may deter them from buying JJ's products 	

Question	Answer			Marks
2(b)		Advantages	Disadvantages	
	Point-of-sale displays in shops	<ul style="list-style-type: none">Seen by potential customers when they enter the jewellery shop – may attract more customers to buy JJ's jewelleryMakes JJ's rings and bracelets stand out from competitors' products	<ul style="list-style-type: none">May not be noticed so may not be effectiveCost of displays and incentives to retailers to put the point-of-sale displays of the new jewellery in their shopsDifficult to make a jewellery item stand out to potential customers as the jewellery items are small and can easily be missed	
	Recommendation	Justification could include: <ul style="list-style-type: none">JJ should choose to advertise in fashion magazines because these are purchased by potential customers who are more likely to see the adverts and therefore be more likely to buy JJ's new jewellery product. Leaflets may not even be looked at and thrown away and point-of-sale displays are only seen if potential customers go into that retailer's shop in the first place, therefore limiting the number of potential customers seeing the display.JJ should choose to hand out leaflets in Main City because these will reach a wide range of people shopping in the city and will be more likely to attract people who have not previously been customers of JJ's products, making them more likely to purchase JJ's new jewellery.JJ should choose to provide point-of-sale displays in jewellery shops as they will be seen by customers entering the shop and these will be people who are already interested in buying jewellery so may be the most effective promotion to use so may generate the most sales.		

Question	Answer	Marks
3(a)	<p>Explain <u>four</u> reasons why profit is important to a business.</p> <p>Award 1 mark for each relevant reason (max 4).</p> <p>Award a maximum of 1 additional mark for each explanation.</p> <p>There are no application marks available for this question.</p> <p>Relevant reasons might include:</p> <ul style="list-style-type: none"> • It is the reward to the entrepreneur/owners/shareholders – and is the reward for them using their skills and qualities in the business • It is a source of finance – to purchase non-current assets/for investment in long-term assets/development of new products • May attract investors – if the business is expanding and raising capital by selling additional shares • It is an indicator or measure of success - the higher the profit the more successful the business is likely to be • Can indicate if a product should be withdrawn if it is not making a profit • To measure the performance of managers <p>For example: If the business makes a good profit, then it may attract investors (1) to help it raise capital by selling additional shares (1).</p>	8

Question	Answer			Marks
3(b)	Consider the opportunities and threats of ecommerce for JJ. Which is likely to have the most effect on JJ? Justify your answer.			12
	Level	Description	Marks	
	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of the opportunities and threats.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing the opportunities and threats in detail, in context and with a well-justified conclusion, including why the opportunities or threats had the least effect, should be rewarded with the top marks in the band.</p>	9–12	
	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of the opportunities or threats.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing the opportunities or threats in detail and applying them to the case should be rewarded with the top marks in the band.</p>	5–8	
	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the opportunities or threats with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining the opportunities and threats in context should be rewarded with the top marks in the band.</p>	1–4	
	0	No Creditable Response	0	

Question	Answer	Marks						
3(b)	<p>Relevant points might include:</p> <table><tr><td>Opportunities</td><td><ul style="list-style-type: none">Websites can be used to promote JJ's jewellery – reaches potential customers from other countries – cheaper than many other forms of promotionOrders can be taken directly by JJ over the internet – this means that intermediaries such as jewellery shops are not required – JJ's profit margins are therefore not sharedCustomers may be encouraged to purchase more additional items of jewellery when buying one item – easier to link through to other products that make a matching setIt is easier for JJ to order raw materials – quicker and cheaper than other communication methods such as phone callsEasier to change prices, if necessary, rather than having to reprint brochures – makes it cheaper to do this</td></tr><tr><td>Threats</td><td><ul style="list-style-type: none">High levels of competition from many other jewellery manufacturers which may also have websites – makes it harder to be the business that people choose to buy fromWebsite maintenance costs and costs of updating the site - will increase expenses and total costsCannot try on the jewellery, such as rings – to check if it fits and if it meets customers' expectations – may be less likely to make a purchase if cannot see the productsDelivery and return costs may be highThe risk of hacking and losing customer data/increased security costs to keep the website safe from data being corrupted</td></tr><tr><td>Conclusion</td><td><p>Justification might include:</p><ul style="list-style-type: none">Ecommerce will provide more opportunities than threats as 30% of JJ's target customers are from countries outside of country X and having a website is a low-cost way to promote and sell their jewellery. There are many competitors but as long as JJ can keep attracting customers using the internet then this will mean the threats from increased competition may not be a concern.Ecommerce will provide more threats than opportunities as many competitors will also have websites and sell their jewellery online. There is no guarantee that people searching for items of jewellery such as bracelets will find JJ's website and consumers could easily find a competitor's website instead and not be aware of JJ at all.</td></tr></table>	Opportunities	<ul style="list-style-type: none">Websites can be used to promote JJ's jewellery – reaches potential customers from other countries – cheaper than many other forms of promotionOrders can be taken directly by JJ over the internet – this means that intermediaries such as jewellery shops are not required – JJ's profit margins are therefore not sharedCustomers may be encouraged to purchase more additional items of jewellery when buying one item – easier to link through to other products that make a matching setIt is easier for JJ to order raw materials – quicker and cheaper than other communication methods such as phone callsEasier to change prices, if necessary, rather than having to reprint brochures – makes it cheaper to do this	Threats	<ul style="list-style-type: none">High levels of competition from many other jewellery manufacturers which may also have websites – makes it harder to be the business that people choose to buy fromWebsite maintenance costs and costs of updating the site - will increase expenses and total costsCannot try on the jewellery, such as rings – to check if it fits and if it meets customers' expectations – may be less likely to make a purchase if cannot see the productsDelivery and return costs may be highThe risk of hacking and losing customer data/increased security costs to keep the website safe from data being corrupted	Conclusion	<p>Justification might include:</p> <ul style="list-style-type: none">Ecommerce will provide more opportunities than threats as 30% of JJ's target customers are from countries outside of country X and having a website is a low-cost way to promote and sell their jewellery. There are many competitors but as long as JJ can keep attracting customers using the internet then this will mean the threats from increased competition may not be a concern.Ecommerce will provide more threats than opportunities as many competitors will also have websites and sell their jewellery online. There is no guarantee that people searching for items of jewellery such as bracelets will find JJ's website and consumers could easily find a competitor's website instead and not be aware of JJ at all.	
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Question	Answer	Marks
4(a)	<p>Using Appendix 2 and other information, explain <u>two</u> ways JJ may be affected by the forecast increase in unemployment in country X.</p> <p>Award 1 mark for each way (max 2).</p> <p>Award a maximum of 3 additional marks for each explanation of the way JJ may be affected by the forecast increase in unemployment – one of which must be applied to this context.</p> <p>Relevant ways might include:</p> <ul style="list-style-type: none"> • Makes it easier for JJ to recruit new employees – larger pool of unemployed people to choose from – may be more skilled people available for work • May make it easier to resist demand for higher wages from employees – rising level of unemployment means more competition amongst workers for jobs - so willing to accept lower wages • May lead to lower demand for JJ's products – consumer spending is lower – as many people have lost their jobs so incomes are lower • Lower priced products produced by JJ may see an increase in demand – as consumers have less income available to spend on luxury high priced items • JJ may be less willing to invest – as future sales may not increase for some time – making it more difficult to gain a return on investment • Lower sales in country X so JJ may try harder to export its products - spreads risk <p>For example: May make it easier for JJ to recruit new employees (1) as there is a larger pool of unemployed people to choose from (1) and many of these workers may be skilled people available for work (1) with experience of how to manufacture jewellery (app).</p> <p>Application could include: jewellery; set up 25 years ago; public limited company; objective to increase profit every year; to expand the business; sold directly to customers in other countries; 30% sold using ecommerce; 70% sold in jewellery shops; raw materials purchased locally; 60 full-time employees; 25 part-time employees; bracelets; rings; earrings; increase from 3% to 6%.</p>	8

Question	Answer	Marks															
4(b)	<p>Using Appendix 3 and other information, consider the following <u>two</u> environmental issues when JJ manufactures its products. Which issue should JJ choose to solve first? Justify your answer.</p> <ul style="list-style-type: none"> • Using coal for fuel in its factory • Buying from suppliers that damage the environment <table border="1"> <thead> <tr> <th>Level</th><th>Description</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>3</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of the two issues.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing the two issues in detail, in context and with a well-justified conclusion including why the alternative issue was rejected should be rewarded with the top marks in the band.</p> </td><td>9–12</td></tr> <tr> <td>2</td><td> <p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one issue.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one issue in detail and applying it to the case should be rewarded with the top marks in the band.</p> </td><td>5–8</td></tr> <tr> <td>1</td><td> <p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the problems with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining the two issues in context should be rewarded with the top marks in the band.</p> </td><td>1–4</td></tr> <tr> <td>0</td><td>No creditable response</td><td>0</td></tr> </tbody> </table>	Level	Description	Marks	3	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of the two issues.</p> <p>Well-justified conclusion.</p> <p>Candidates discussing the two issues in detail, in context and with a well-justified conclusion including why the alternative issue was rejected should be rewarded with the top marks in the band.</p>	9–12	2	<p>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.</p> <p>Detailed discussion of at least one issue.</p> <p>Judgement with some justification/some evaluation of choice made.</p> <p>Candidates discussing at least one issue in detail and applying it to the case should be rewarded with the top marks in the band.</p>	5–8	1	<p>Limited application of knowledge and understanding of relevant business concepts.</p> <p>Limited ability to discuss the problems with little/no explanation.</p> <p>Simple judgement with limited justification/limited evaluation of choice made.</p> <p>Candidates outlining the two issues in context should be rewarded with the top marks in the band.</p>	1–4	0	No creditable response	0	12
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Question	Answer		Marks
4(b)	Relevant points might include:		
	Using coal for fuel in its factory	<ul style="list-style-type: none">Using coal causes global warming giving JJ a bad reputation - bad publicity from pressure groupsPrice of coal is increasing which continually increases cost of power for the factory – if JJ continues to use coal it will raise the costs of manufacturing jewelleryCould choose to reduce use of coal so JJ could benefit from the 25% government grant to invest in solar power for the factory – this would reduce the environmental impact of JJ’s factory which other manufacturers may not be doing so improving JJ’s image - reducing the pressure from environmental pressure groupsAs all jewellery manufacturers use the same process and have the same increases in the price of coal – may be no change in JJ’s competitiveness	
	Buying from suppliers that damage the environment	<ul style="list-style-type: none">JJ may be negatively affected by its association if consumers become aware of where JJ buys its raw materials - JJ’s suppliers are causing environmental damage to the areas around their minesSome consumers are only interested in the price of JJ’s products and may not care about the suppliers – so may have no effect on JJ’s sales/revenuePressure groups may try to make JJ change its suppliers – may lead to increased raw material costs as located further away – raising prices/reducing profit marginsJJ could encourage its suppliers to change their mining operations to more environmentally friendly methods helps JJ’s reputation – but may lead to increased costs	
Conclusion	Justification might include: <ul style="list-style-type: none">The issue of using coal should be the first to solve because coal prices are increasing so costs will continue to rise if JJ does not change to solar power. The 25% grant from the government will help. The initial investment can be repaid over a long time period and costs reduced throughout this time. Customers may not be aware of the environmental damage caused by the suppliers JJ uses and so there may be no effect on sales or revenue and there is no rush to reduce this problem.The issue of buying from local suppliers that damage the environment should be solved first as the damage to JJ's reputation may be difficult to recover from and the business may lose many loyal customers of its jewellery, leading to lower revenue/profit.		