



# Cambridge International AS & A Level

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**BUSINESS**

**9609/22**

Paper 2 Data Response

**May/June 2021**

**MARK SCHEME**

Maximum Mark: 60

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**Published**

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

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

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

Cambridge International is publishing the mark schemes for the May/June 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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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><b>Define the term ‘service’ (line 1).</b></p> <table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> <p><b>Content</b> An intangible product/process (1) which is offered to / paid for by customers (1).  An action (1) sold by business (1).  A correct definition will include the following points:</p> <ul style="list-style-type: none"><li>• something sold by a business / bought by a customer / to satisfy needs or wants</li><li>• an idea of intangibility.</li></ul> <table><tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr><tr><td>Something a customer buys which cannot be touched.</td><td>2</td><td>Both elements covered</td></tr><tr><td>A process sold by a business.</td><td>2</td><td>Both elements covered</td></tr><tr><td>An intangible product.</td><td>1</td><td>One element</td></tr><tr><td>Something sold by a business.</td><td>1</td><td>One element</td></tr><tr><td>A tertiary business</td><td>0</td><td>Not a definition of a service.</td></tr></table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Something a customer buys which cannot be touched.	2	Both elements covered	A process sold by a business.	2	Both elements covered	An intangible product.	1	One element	Something sold by a business.	1	One element	A tertiary business	0	Not a definition of a service.	2
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1(a)(ii)	<p><b>Explain the term ‘sole trader’ (line 1).</b></p> <p>Award one mark for each point of explanation:</p> <table border="1"> <tr> <td><b>B</b></td><td>           One mark for each of the following (up to a maximum of two marks):           <ul style="list-style-type: none"> <li>• unlimited liability</li> <li>• shared legal identity with business</li> <li>• no continuity</li> <li>• no requirement to produce or make available accounts</li> <li>• no shares/shareholders</li> <li>• unincorporated</li> <li>• likely to be a small business</li> <li>• the owner keeps all the profits or bears the losses</li> <li>• has all the risk</li> <li>• has full control</li> <li>• makes all decisions themselves</li> <li>• example of a sole trader.</li> </ul> </td><td>1–2 marks</td></tr> <tr> <td><b>A</b></td><td>One individual or one person (must be a clear idea of a single person)</td><td>1 mark</td></tr> </table> <table border="1"> <thead> <tr> <th>Exemplar</th><th>Rationale</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>A sole trader is owned by one person (A) who has unlimited liability (B) and does not need to publish financial accounts (B).</td><td>All three elements</td><td>3</td></tr> <tr> <td>Owned and controlled by one person who bears the risk.</td><td>All three elements</td><td>3</td></tr> <tr> <td>A sole trader is owned by a single person (A) and does not have shareholders (B)</td><td>A and B</td><td>2</td></tr> <tr> <td>A one person business (A)</td><td>One mark only</td><td>1</td></tr> <tr> <td>A business where there is unlimited liability (B), no need to produce financial accounts, no continuity and no shareholders.</td><td>B only, which cannot be awarded without the A mark.</td><td>0</td></tr> <tr> <td>Owned business.</td><td>Tautology</td><td>0</td></tr> </tbody> </table> <p><b>ARA</b></p>	<b>B</b>	One mark for each of the following (up to a maximum of two marks): <ul style="list-style-type: none"> <li>• unlimited liability</li> <li>• shared legal identity with business</li> <li>• no continuity</li> <li>• no requirement to produce or make available accounts</li> <li>• no shares/shareholders</li> <li>• unincorporated</li> <li>• likely to be a small business</li> <li>• the owner keeps all the profits or bears the losses</li> <li>• has all the risk</li> <li>• has full control</li> <li>• makes all decisions themselves</li> <li>• example of a sole trader.</li> </ul>	1–2 marks	<b>A</b>	One individual or one person (must be a clear idea of a single person)	1 mark	Exemplar	Rationale	Marks	A sole trader is owned by one person (A) who has unlimited liability (B) and does not need to publish financial accounts (B).	All three elements	3	Owned and controlled by one person who bears the risk.	All three elements	3	A sole trader is owned by a single person (A) and does not have shareholders (B)	A and B	2	A one person business (A)	One mark only	1	A business where there is unlimited liability (B), no need to produce financial accounts, no continuity and no shareholders.	B only, which cannot be awarded without the A mark.	0	Owned business.	Tautology	0	3
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Question	Answer	Marks												
1(b)(i)	<p><b>Refer to Fig 1.1 and any other relevant information. Calculate HB's share of the laundry service market.</b></p> <table><tr><th>Rationale</th><th>Marks</th></tr><tr><td>Correct answer with or without correct working or units.</td><td>4</td></tr><tr><td>Attempt using some of the correct figures.</td><td>3</td></tr><tr><td>Formula* and identification of correct numbers (i.e. 20% of 60 000).</td><td>2</td></tr><tr><td>Formula* or identification of correct numbers (i.e. 20% of 60 000).</td><td>1</td></tr><tr><td>No creditable content.</td><td>0</td></tr></table> <p><b>Content</b></p> <p>Formula – <math>\frac{\text{Current share of the market}}{\text{Total market size}} \times 100</math></p> <p>Total market = 60 000 households Percentage who use a laundry service = 20%</p> <p>20% of 60 000 = 12 000 households</p> <p><math>\frac{300 \text{ households}}{12000 \text{ households}} \times 100 = 2.5\%</math></p> <p>Answer = 2.5% (allow 2.5)</p> <p><b>OFR</b></p>	Rationale	Marks	Correct answer with or without correct working or units.	4	Attempt using some of the correct figures.	3	Formula* and identification of correct numbers (i.e. 20% of 60 000).	2	Formula* or identification of correct numbers (i.e. 20% of 60 000).	1	No creditable content.	0	4
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Question	Answer						Marks	
1(b)(ii)	<b>Analyse <u>two</u> factors which could affect the scale of HB.</b>						<b>8</b>	
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>		<b>Analysis (4 marks)</b>	<b>Marks</b>		
	2b	Shows understanding of <b>two</b> factors which could affect the scale of a business in context	4	APP + APP	Good analysis of <b>two</b> factors which could affect the scale of a business in context	4		DEV + DEV
	2a	Shows understanding of <b>one</b> factor which could affect the scale of a business in context	3	APP	Good analysis of <b>one</b> factor which could affect the scale of a business in context	3		DEV
	1b	Shows knowledge of <b>two</b> factors which could affect the scale of a business	2	K + K	Limited analysis of <b>two</b> factors which could affect the scale of a business	2		AN + AN
	1a	Shows knowledge of <b>one</b> factor which could affect the scale of a business	1	K	Limited analysis of <b>one</b> factor which could affect the scale of a business	1		AN
	0	No creditable content						
	<b>Content</b>  Factors affecting scale are about the ability of a business to supply products, not the demand of the market. These factors are likely to involve:  <ul style="list-style-type: none"><li>• Capital – the quantity and quality of the capital items in a business, such as machinery – this can include human capital.</li><li>• Labour – the quantity and quality of the workforce.</li><li>• Enterprise – the ability and willingness of an entrepreneur to take risks, find business opportunities.</li><li>• Land – the quantity and quality of natural resources available to the business</li></ul>							



Question	Answer	Marks
1(b)(ii)	<p>Context may include:</p> <ul style="list-style-type: none"> <li>• Karen is a sole trader – limited availability of finance to purchase washing machines, irons etc.</li> <li>• Machinery – Karen only owns two washing machines, two dryers and one iron</li> <li>• The use of washing machine / dryer / iron – affects the batch size of washing</li> <li>• The use of batch production</li> <li>• The time HB takes to do a load of washing (two hours)</li> <li>• The transport used by Karen (van) and the amount of laundry she can carry</li> <li>• Karen as an entrepreneur</li> <li>• The new worker</li> </ul> <p>Analysis may include:</p> <ul style="list-style-type: none"> <li>• The impact this factor may have on the scale of HB</li> <li>• The factor may (or have the potential to) increase HB's scale</li> <li>• The factor may (or have the potential to) decrease HB's scale</li> </ul> <p>Development of this affect may be on HB's revenue, costs and/or profit or another likely objective of HB, such as expansion or the industrial market.</p>	

Question	Answer	Marks												
1(c)	<p><b>Explain <u>one</u> appropriate method of recruitment for Karen to find a new employee to do collections and deliveries.</b></p> <table border="1"> <thead> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>2 (APP)</td><td>Explanation of an appropriate method of recruitment in context</td><td>2</td></tr> <tr> <td>1 (K)</td><td>Identification of a method of recruitment</td><td>1</td></tr> <tr> <td>0</td><td>No creditable content</td><td>0</td></tr> </tbody> </table> <p><b>Methods may include:</b></p> <ul style="list-style-type: none"> <li>• Internal recruitment (unlikely to be contextual)</li> <li>• External recruitment</li> <li>• Job advertisements</li> <li>• Job centre</li> <li>• Local online job websites</li> <li>• Recruitment agencies</li> <li>• Personal recommendations</li> <li>• Social media</li> <li>• Direct recruitment</li> </ul> <p><b>Context may include:</b></p> <ul style="list-style-type: none"> <li>• Requires travel around local area/town.</li> <li>• HB operates from Karen's home.</li> <li>• Laundry market.</li> <li>• No other workers currently in business.</li> <li>• No specialist qualifications required (maybe driving licence).</li> <li>• Knowledge of local area</li> <li>• HB is a small business (sole trader).</li> </ul> <p><b>ARA</b></p>	Level	Knowledge and Application	Marks	2 (APP)	Explanation of an appropriate method of recruitment in context	2	1 (K)	Identification of a method of recruitment	1	0	No creditable content	0	2
Level	Knowledge and Application	Marks												
2 (APP)	Explanation of an appropriate method of recruitment in context	2												
1 (K)	Identification of a method of recruitment	1												
0	No creditable content	0												

Question	Answer					Marks
1(d)	<b>Evaluate appropriate promotion methods for HB to target the hotel laundry market.</b>					<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Annotation</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	<b>Annotation</b>
				Justified evaluation based on arguments in context	7	EVAL + EVAL + EVAL
				Developed evaluation based on arguments in context	6	EVAL + EVAL
				An evaluative statement based on arguments in context	5	EVAL
	Shows understanding of two promotion methods in context	4	APP + APP	Arguments based on two promotion methods in context	4	DEV + DEV
	Shows understanding of one promotion method in context	3	APP	Argument based on one promotion method in context	3	DEV
	Knowledge of two promotion methods	2	K + K	Limited analysis of two promotion methods	2	AN + AN
	Shows knowledge of one promotion method	1	K	Limited analysis of one promotion method	1	AN
	No creditable content				0	
	<b>Content</b> <b>Knowledge may include:</b> <ul style="list-style-type: none"> <li>Above the line; advertising (TV, radio, newspaper, etc.)</li> <li>Below the line; direct promotion, website, leaflets, etc.</li> <li>Through the line; social media, viral promotion, etc.</li> <li>Informational and persuasive methods</li> </ul>					

Question	Answer	Marks
1(d)	<p><b>Context may include:</b></p> <ul style="list-style-type: none"> <li>• Lack of finance, due to being a sole trader</li> <li>• Small business</li> <li>• Hotel/industrial market (B2B)</li> <li>• Data from Table 1.1 <ul style="list-style-type: none"> <li>- 14 hotels in town P</li> <li>- 45 hotels within 30 mile of HB</li> <li>- 50 per cent of hotels have own laundry service (7 hotels in town P, 22/23 within 30 miles, 29/30 hotels in total)</li> </ul> </li> </ul> <p><b>Analysis may include:</b></p> <ul style="list-style-type: none"> <li>• Local advertising – appropriate to target the hotel industry – e.g. hotel trade publications, possibly local radio, billboards.</li> <li>• Sponsorship – unlikely to be targeted enough to the hotel market.</li> <li>• Public relations – could be targeted towards the hotel market if the articles/reports are in hotel related publications/programmes.</li> <li>• Personal selling – a sensible approach that has limited cost (for a small business such as HB) and could be done by Karen visiting local hotels to sell her service. Could also be done by a salesperson hired by Karen, possibly on commission only payment.</li> <li>• Direct marketing – again a sensible solution that keeps it under Karen's control. Can be done with a limited budget and Karen can target the hotels in the local area.</li> <li>• Sales promotion – unlikely to help HB enter the new market alone, but in combination with other informative methods may be a sensible approach to allow Karen to penetrate this new market.</li> <li>• Promotional price – do not reward use of price, but promotional pricing such as BOGOF, discounts sales promotions are rewardable.</li> </ul> <p>Evaluation may include:</p> <ul style="list-style-type: none"> <li>• A judgement over the most appropriate promotion method for HB</li> <li>• Evaluation of the appropriateness of different promotion methods for HB</li> <li>• What the choice of promotion method may depend upon</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
1(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Personal selling (K)	Karen could visit each hotel which does not have its own laundry service. (APP)	This should allow Karen to explain all the advantages of her service and answer the managers questions. (AN)	This might make the hotels more willing to use HB's service. (DEV)	Personal selling is likely to be a better promotion method than direct mail. (EVAL)  This is because Karen can explain the USP of HB and try to convince the hotel to use her service. (EVAL)  However, it depends on whether Karen is a good salesperson. If she is not good at selling her service, then it could be a waste of time and money. (EVAL)	
	Direct marketing (K)	Karen could send details of her service to the 14 hotels in town P. (APP)	A relatively low cost method because there are only 14 hotels. (AN)	But it may be seen as junk mail and ignored by the hotels, so HB will not gain any new customers. (DEV)		

Question	Answer	Marks																				
2(a)(i)	<p><b>Define the term ‘market’ (line 6).</b></p> <table><tr><th>Knowledge</th><th>Marks</th></tr><tr><td>A correct definition</td><td>2</td></tr><tr><td>A partial, vague or unfocused definition</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table> <p><b>Content</b> Consumers who want a product/service / the demand for a product/service (1) from different types/groups/segments of consumers (1) who are willing/able to pay for it (1).</p> <p>The term ‘market’ has a number of different meanings. Any legitimate definition can be used.</p> <p>The most common definition (as a means of trade) is likely to include:</p> <ul style="list-style-type: none"><li>• A system/place/facility whereby products are bought (1) and sold (1)</li><li>• Where businesses and consumers (1) trade (1)</li></ul> <p>However other definitions may include:</p> <p>Market as a group of potential customers for a product:</p> <ul style="list-style-type: none"><li>• The customers/consumers (1) who may potentially purchase a product (1)</li><li>• The businesses (1) who are competing to sell a product (1)</li><li>• The group of people (1) who the business is trying to sell to (1)</li></ul> <p>Market as a verb, i.e. to market a product</p> <ul style="list-style-type: none"><li>• The combination/mix of decisions (1) that a business uses to target a group of customers (1)</li></ul> <table><tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr><tr><td>Where buyers and sellers come to trade.</td><td>2</td><td>A correct definition.</td></tr><tr><td>Where you exchange goods and services</td><td>2</td><td>A correct definition</td></tr><tr><td>The market is a group of businesses</td><td>1</td><td>An idea of the market (from the businesses point of view) but not selling/competing</td></tr></table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Marks	Rationale	Where buyers and sellers come to trade.	2	A correct definition.	Where you exchange goods and services	2	A correct definition	The market is a group of businesses	1	An idea of the market (from the businesses point of view) but not selling/competing	2
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The market is a group of businesses	1	An idea of the market (from the businesses point of view) but not selling/competing																				

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2(a)(ii)	<p><b>Explain the term ‘profit margin’ (line 6).</b></p> <p>Award one mark for each point of explanation:</p> <table> <tr> <th></th><th>Rationale</th><th>Marks</th></tr> <tr> <td>C</td><td>Example or some other way of showing good understanding – i.e. a use of profit margins, or two different profit margins – gross, net, operating).</td><td>1</td></tr> <tr> <td>B</td><td>Understanding of the concept of a profit margin (in terms of a profit/percentage)</td><td>1</td></tr> <tr> <td>A</td><td>Understanding of profit</td><td>1</td></tr> </table> <p><b>Content</b> A profit margin is the difference between the revenue and costs/revenue minus costs (1) expressed as a proportion of revenue/divided by revenue (1) used to determine/compare performance (1). Any profit margin is acceptable (gross, net, operating).</p> <p><b>ARA</b></p>		Rationale	Marks	C	Example or some other way of showing good understanding – i.e. a use of profit margins, or two different profit margins – gross, net, operating).	1	B	Understanding of the concept of a profit margin (in terms of a profit/percentage)	1	A	Understanding of profit	1	3									
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2(b)(i)	<b>Calculate the total profit made from selling oysters in 2020.</b>	<b>2</b>								
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	No creditable content		0							
<b>Content</b>										
15% of \$100 000 = \$15 000										
25% of \$150 000 = \$37 500										
Total profit = \$52 500 (2)										



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2(b)(ii)	<p><b>Explain <u>two</u> possible reasons why the profit margin for the consumer market is higher than the profit margin for the industrial market.</b></p> <table border="1"> <thead> <tr> <th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr> </thead> <tbody> <tr> <td>2b (APP+ APP)</td><td>Explanation of two possible reasons why the profit margin for the local consumer market is higher than the profit margin for the industrial market</td><td>4</td></tr> <tr> <td>2a (APP)</td><td>Explanation of one possible reason why the profit margin for the local consumer market is higher than the profit margin for the industrial market</td><td>3</td></tr> <tr> <td>1b (K+K)</td><td>Identification of two possible reasons for different profit margins</td><td>2</td></tr> <tr> <td>1a (K)</td><td>Identification of one possible reason for different profit margins</td><td>1</td></tr> <tr> <td>0</td><td>No creditable content</td><td>0</td></tr> </tbody> </table> <p><b>Content may include:</b></p> <ul style="list-style-type: none"> <li>Consumers may be willing to pay a <b>higher price</b> (K) <ul style="list-style-type: none"> <li>of \$3 per oyster. (APP)</li> <li>because oysters are a premium product. (APP)</li> <li>because consumers are purchasing customer service as well as the oysters (visit the farm). (APP)</li> <li>because they do not buy in bulk. (APP)</li> </ul> </li> <li>Consumer market may have <b>lower costs</b> (K) <ul style="list-style-type: none"> <li>because the consumer market may be subsidised by the larger industrial market. (APP)</li> <li>because the consumer market is 50% bigger, but may only be allocated half of the fixed costs. (APP)</li> </ul> </li> <li>Industrial market may demand a <b>lower price</b> (K) <ul style="list-style-type: none"> <li>of \$1.25 per oyster. (APP)</li> <li>because the restaurant industry is very competitive (many restaurants). (APP)</li> <li>because each restaurant buys in bulk. (APP)</li> <li>because there are many substitute foods that the restaurant could use. (APP)</li> <li>because the restaurant must re-sell the oysters for a profit. (APP)</li> </ul> </li> <li>Industrial market may have <b>higher costs</b> (K) <ul style="list-style-type: none"> <li>because LO have to transport the Oysters to the restaurants (APP)</li> <li>because restaurants use the website, which may be an additional cost to LO (APP)</li> </ul> </li> </ul> <p><b>ARA</b></p>	Level	Knowledge and Application	Marks	2b (APP+ APP)	Explanation of two possible reasons why the profit margin for the local consumer market is higher than the profit margin for the industrial market	4	2a (APP)	Explanation of one possible reason why the profit margin for the local consumer market is higher than the profit margin for the industrial market	3	1b (K+K)	Identification of two possible reasons for different profit margins	2	1a (K)	Identification of one possible reason for different profit margins	1	0	No creditable content	0	4
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2(c)	<b>Analyse why <u>two</u> of the elements of the triple bottom line are important to LO.</b>						<b>8</b>
	<b>Level</b>	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>		<b>Analysis (4 marks)</b>	<b>Marks</b>	
	2b	Shows understanding of <b>two</b> elements of the triple bottom line in context	4	APP + APP	Good analysis of <b>two</b> elements of the triple bottom line in context	4	
	2a	Shows understanding of <b>one</b> element of the triple bottom line in context	3	APP	Good analysis of the importance of <b>one</b> element of the triple bottom line in context	3	
	1b	Shows knowledge of <b>two</b> elements of the triple bottom line	2	K + K	Limited analysis of the importance of <b>two</b> elements of the triple bottom line	2	
	1a	Shows knowledge of <b>one</b> element of the triple bottom line	1	K	Limited analysis of the importance of <b>one</b> element of the triple bottom line	1	
	0	No creditable content					

Question	Answer	Marks
2(c)	<p><b>Content:</b> Knowledge includes:</p> <ul style="list-style-type: none"> <li>• economic (financial), social and environmental targets</li> </ul> <p>Application and analysis may include:</p> <p>Economic (financial)</p> <ul style="list-style-type: none"> <li>• Dar family will require profit to be made as shareholders of LO – owners income.</li> <li>• Retained profit – need finance for expansion plans to purchase the new farm.</li> <li>• Potential grant from government for oyster farms – subsidise operations/growth.</li> </ul> <p>Social</p> <ul style="list-style-type: none"> <li>• Provides employment for six local workers – improve image of LO in locality.</li> <li>• Provides an opportunity for local customers to purchase oysters – market opportunity.</li> <li>• Pays local taxes – improve locality.</li> <li>• Provides pleasant area for the local community – increases reputation.</li> </ul> <p>Environmental</p> <ul style="list-style-type: none"> <li>• Oyster farming reduces pollution – improves area, quality of life for owners.</li> <li>• Better for the environment if lakes are managed / regenerating disused lakes – improves local area / reputation.</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
2(d)	<b>Refer to Table 2.2 and any other relevant information. Recommend which location LO should choose. Justify your recommendation.</b>					<b>11</b>
	<b>Knowledge and Application (4 marks)</b>	<b>Marks</b>	<b>Annotation</b>	<b>Analysis and Evaluation (7 marks)</b>	<b>Marks</b>	<b>Annotation</b>
				Justified recommendation based on arguments of two factors in context	7	EVAL + EVAL + EVAL
				Developed recommendation based on arguments of two factors in context	6	EVAL + EVAL
				An evaluative statement/recommendation based on arguments of two factors in context	5	EVAL
	Shows understanding of two factors affecting location in context	4	APP + APP	Argument based on two factors in context	4	DEV + DEV
	Shows understanding of one factor affecting location in context	3	APP	Argument based on one factor in context	3	DEV
	Shows knowledge of two factors affecting location	2	K + K	Limited analysis of two factors affecting location	2	AN + AN
	Shows knowledge of one factor affecting location	1	K	Limited analysis of one factor affecting location	1	AN
	No creditable content					

Question	Answer	Marks
2(d)	<p><b>Content</b></p> <p>Knowledge may include:</p> <ul style="list-style-type: none"> <li>Any factor that may affect the location of a business.</li> </ul> <p>Application may include:</p> <ul style="list-style-type: none"> <li>LO is a private limited company (limited finance)</li> <li>Consumer and industrial (restaurant) markets</li> <li>The new location is to be a second location – it does not replace the original LO location</li> <li>Data in Table 2.2</li> </ul> <p>Analysis may include:</p> <p>Location A</p> <ul style="list-style-type: none"> <li>Used to be an oyster farm – less time and cost to set up for LO</li> <li>Lower purchase price – less finance needed to purchase</li> <li>Lower start-up costs – LO could reduce price and/or increase profit</li> <li>Lower operating costs – increased profitability.</li> </ul> <p>Location B</p> <ul style="list-style-type: none"> <li>Much closer than Location A – lower costs, e.g. transportation, management, are easier</li> <li>Can produce 50% more oysters than Location A – more profit in long-term? If there is the demand / additional oysters are sold at a good price</li> <li>Higher operating costs, but lower variable cost of production (\$1.33 per oyster compared with \$1.5 at Location A)</li> </ul> <p><b>ARA</b></p>	

Question	Answer					Marks
2(d)	Examples of how an answer could develop and how it should be annotated.					
	K	APP	AN	DEV	EVAL	
	Previous use (K)	Location A is already an oyster farm (APP)	Which may mean that LO can start selling oysters more quickly and keep the costs low. (AN)	Which may allow LO to increase their profits. (DEV)	<p>Location A is the better option for LO. (EVAL)</p> <p>This is because there is less risk involved since the costs are lower. (EVAL)</p> <p>However, it depends on whether LO can make immediate use of the extra capacity since Location B could actually produce much higher output and profit in the long run. (EVAL)</p>	
	Output (K)	Location B can produce 50% more oysters than Location A. (APP)	Which would allow LO to increase their sales more than Location A. (AN)	Allowing the business to expand faster. (DEV)		