Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **March 2020**

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.

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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.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(i)</td><td>Define the term ‘job production’ (line 1)
<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 credible content</td><td>0</td></tr>
</table>
A correct definition should cover the following:
• one by one/made individually/one at a time
• for a specific customer/order/not repeated/high standard/custom work/skilled labour
<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>A one off product for a specific customer</td><td>Both elements covered</td><td>2</td></tr>
<tr><td>An individual product designed to a specific customer requirement</td><td>Both elements covered</td><td>2</td></tr>
<tr><td>A customised product</td><td>An understanding of customisation (no expansion)</td><td>1</td></tr>
<tr><td>An individually designed product</td><td>Only one element of the flow identified</td><td>1</td></tr>
</table></td><td>2</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term ‘opportunity cost’ (line 4)

Award one mark for each point of explanation

<table>
<tr><th>Point</th><th>Explanation</th><th>Marks</th></tr>
<tr><td>C</td><td>Example or some other way of showing good understanding – e.g. Affordability, time issues, choice, scarcity</td><td>1</td></tr>
<tr><td>B</td><td>Understanding of foregone/not used</td><td>1</td></tr>
<tr><td>A</td><td>Understanding of the concept of ‘next best’</td><td>1</td></tr>
</table>

Note: C mark can only be awarded if A and B marks have already been awarded

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>Opportunity cost is the value of the next best option foregone, due to time or cost issues.</td><td>All three elements</td><td>3</td></tr>
<tr><td>The value of the second best option that is not chosen as it is not as not as good as the first.</td><td>All three elements</td><td>3</td></tr>
<tr><td>Opportunity cost is the value of the next best option foregone</td><td>A and B</td><td>2</td></tr>
<tr><td>The next best option foregone</td><td>A and B</td><td>2</td></tr>
<tr><td>A lost option</td><td>B</td><td>1</td></tr>
<tr><td>Using the best option only</td><td>NAQ</td><td>0</td></tr>
</table>
</td><td>3</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

Refer to Table 1. Calculate the forecast profit margin for option 1.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer (with or without formula or %)</td><td>4</td></tr>
<tr><td>Attempt using correct figures</td><td>3</td></tr>
<tr><td>Correct formula and calculation of cost or revenue
OR
Correct calculation of cost and revenue
OR
Correct calculation of profit</td><td>2</td></tr>
<tr><td>Correct formula or correct calculation of one figure (cost or revenue – total or individual)</td><td>1</td></tr>
<tr><td>No credible content</td><td>0</td></tr>
</table>

$$\frac{\text{Profit}}{\text{Sales revenue}} \times 100$$

Cost of one bench = 50 + 25 + 25 = \$100

Revenue of one bench = \$100 × 1.5 = \$150

Profit = \$150 – \$100 = \$50

Profit margin $= \frac{\$50}{\$150} = 0.33 \times 100 = 33\%$

</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>

or

$$\text{Profit} = (\$150 - \$100) \times 5 = \$250$$
$$\text{Sales revenue} = 5 \times 150 \quad = \$750$$
$$= 0.33 \times 100 = 33\%$$

<table>
<tr><th>Response</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>33 (no working)</td><td>4</td><td>Correct answer, no working or % needed</td></tr>
<tr><td>50% (no working)</td><td>0</td><td>Incorrect answer – no working to back up where figure came from</td></tr>
<tr><td>$150 – $100 = $50
$50
$100 = 50%</td><td>3</td><td>Wrong base figure used – attempt using correct figures (must have working)</td></tr>
<tr><td>$750 – $500 = $250</td><td>2</td><td>Correct calculation of total profit for one bench (must have working)</td></tr>
<tr><td>$150 – $100 = $50</td><td>2</td><td>Correct calculation of profit for one bench (must have working)</td></tr>
<tr><td>$500</td><td>1</td><td>Correct calculation of total costs</td></tr>
<tr><td>$100</td><td>1</td><td>Correct calculation of cost of one bench</td></tr>
<tr><td>$750</td><td>1</td><td>Correct calculation of total revenue</td></tr>
<tr><td>$150</td><td>1</td><td>Correct calculation of revenue for one bench</td></tr>
</table>

OFR applies

</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> way in which Bob could increase the forecast profitability of option 1.
<table>
<tr><th>Level</th><th>Knowledge and application</th><th>Marks</th></tr>
<tr><td>2
(APP)</td><td>Explains one or more way in which Bob could increase forecast profitability (in context)</td><td>2</td></tr>
<tr><td>1a
(K)</td><td>Identifies one or more way in which forecast profitability could be increased (In or out of context)</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Some ways Bob could increase forecast profitability:

Bob could decrease the cost of raw materials by using cheaper wood
Could choose a different method of transportation to reduce costs
Could change to a batch method of production of benches which could reduce labour costs

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>Could change to a batch method of production of benches which could reduce labour costs</td><td>One explained with direct link to the case.</td><td>2</td></tr>
<tr><td>Decrease cost of raw materials</td><td>One identified without any explanation</td><td>1</td></tr>
<tr><td>No creditable content</td><td></td><td>0</td></tr>
</table>
</td><td>2</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Analyse <u>two</u> benefits to Bob of using cost-based pricing.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of two benefits of cost-based pricing a in context</td><td>4</td><td>Developed analysis on Bob of two benefits of cost-based pricing in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one benefit of cost-based pricing in context</td><td>3</td><td>Developed analysis on Bob of one benefit of cost-based pricing in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of two benefits of using cost-based pricing</td><td>2</td><td>Limited analysis on a business of two benefits of cost-based pricing</td><td>2</td></tr>
<tr><td>Shows knowledge of one benefit of using cost-based pricing</td><td>1</td><td>Limited analysis on a business of one benefit of cost-based pricing</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>
Knowledge
A method of creating a selling price based on relevant factors
Putting the same mark up on all products regardless of other variables/factors

Benefits include:
• Easy to use
• Quick to calculate
• Covers all costs
• Can be used in a dynamic market
• Allows for pricing of ‘one-off’ products
• Can be used for new/innovative products

ARA

Context/content/analysis:
• Will never make a loss on any garden benches made (APP/AN) and will lead to better forecasting (ANAN)
• Is responsive to changes in the cost of raw materials (k) such as wood (APP) which means that costs will always be covered (an) and may reduce the selling price if costs fall (ANAN)
</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Refer to Table 1.1 and any other relevant information. Recommend which of the two options Bob should choose. Justify your recommendation.
<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>Justified recommendation based on argument in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed recommendation based on argument in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement / recommendation based on argument in context</td><td>5</td></tr>
<tr><td>Shows understanding of two factors affecting decision making of both options in context</td><td>4</td><td>A balanced argument based on analysis of both options available to Bob’s Furniture</td><td>4</td></tr>
<tr><td>Shows understanding of factor affecting decision making of one option in context</td><td>3</td><td>Argument based on analysis of one option available to Bob’s Furniture</td><td>3</td></tr>
<tr><td>Shows knowledge of two factors affecting decision making in a business</td><td>2</td><td>Limited analysis of two factors affecting decision making</td><td>2</td></tr>
<tr><td>Shows knowledge of one factor affecting decision making in a business</td><td>1</td><td>Limited analysis of one factor affecting decision making in a business</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td></tr>
</table>
Annotate the first option on the LHS and the second option on the RHS

Answers could include:

The opportunity costs associated with choosing option X over option Y (time taken, costs etc)
The upselling opportunity offered from selling a complimentary product
The potential brand dilution of selling lower quality garden furniture affecting the premium core business
Maximising usage and profit potential of raw materials for option 2

Any answer which does not reference either option 1 or 2 and focuses only on the core business cannot score higher than limited analysis (i.e. 2 + 2)
</td><td>11</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(i)</td><td>

Define the term 'market segment' (lines 5–6)

<table>
<tr><th>Knowledge</th><th>Marks</th></tr>
<tr><td>Reference to groups of potential customers with similar characteristics</td><td>2</td></tr>
<tr><td>Reference to groups of potential customers OR similar characteristics</td><td>1</td></tr>
<tr><td>No credible content</td><td>0</td></tr>
</table>

A correct definition could cover the following:
- A group of potential customers/a division of the market
- That all have similar characteristics/needs and wants

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>A group of potential customers who have similar needs and/or wants</td><td>Two elements covered</td><td>2</td></tr>
<tr><td>A part of the whole market which has similar characteristics</td><td>Two elements covered</td><td>2</td></tr>
<tr><td>Customers with similar characteristics</td><td>A simple statement</td><td>1</td></tr>
<tr><td>Different groups of potential customers</td><td>An understanding but too vague</td><td>1</td></tr>
<tr><td>customers</td><td>Too vague</td><td>0</td></tr>
</table>

</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term ‘start-up capital’ (lines 6–7)

Award one mark for each point of explanation

<table>
<tr><th>Point</th><th>Knowledge</th><th>Marks</th></tr>
<tr><td>C</td><td>Example or some other way of showing good understanding – to buy machinery / equipment / raw materials</td><td>1</td></tr>
<tr><td>B</td><td>Understanding of the time frame – initial, needed to create a business</td><td>1</td></tr>
<tr><td>A</td><td>Understanding of capital – money used within a business</td><td>1</td></tr>
</table>

Note: C mark can only be awarded if A and B marks have already been awarded

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>It is the initial investment needed to fund a new business, used to buy new machinery or premises</td><td>All three elements</td><td>3</td></tr>
<tr><td>Seed money used to invest in a new business venture, such as licences</td><td>All three elements</td><td>3</td></tr>
<tr><td>Money for a new business</td><td>A and B</td><td>2</td></tr>
<tr><td>Seed money</td><td>A and B</td><td>2</td></tr>
<tr><td>Money used in a business such as buying raw materials.</td><td>A only</td><td>1</td></tr>
<tr><td>Money used in a business</td><td>A only</td><td>1</td></tr>
<tr><td>Capital used to start up a business</td><td>Tautology</td><td>0</td></tr>
<tr><td>No identifiable content</td><td></td><td>0</td></tr>
</table>
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
Refer to Table 2.1 and Table 2.2. Calculate the break-even level of sales for JS in the summer.
<table>
<tr><th>Level</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>2</td><td>Correct answer (with or without working and/or units)</td><td>2</td></tr>
<tr><td>1</td><td>Correct formula/understanding of breakeven/correct use of wrong figures</td><td>1</td></tr>
<tr><td>0 mark</td><td>No credible content</td><td>0</td></tr>
</table>
Break even = $\dfrac{\text{Fixed costs}}{\text{Contribution per unit (selling price} - \text{variable costs}}$
Break even $= \dfrac{10\,000}{(6-2)} = 2500$ units
Common incorrect answers
<table>
<tr><th>Answer</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>2500</td><td>Correct answer (no units)</td><td>2</td></tr>
<tr><td>FC/CPU</td><td>Correct formula</td><td>1</td></tr>
<tr><td>1667</td><td>No creditable content</td><td>0</td></tr>
</table>
</td><td>2</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>Explain <u>two</u> factors which may influence the demand for Joe's product.

<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2 (APP)</td><td>Explanation of two factors influencing demand in context</td><td>4</td></tr>
<tr><td>2 (APP)</td><td>Explanation of one factor influencing demand in context</td><td>3</td></tr>
<tr><td>1b (KK)</td><td>Knowledge of two factors affecting demand</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Knowledge of one factor affecting demand</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Context is likely to come from:
• The weather – smoothies are more likely to be consumed in summer
• The ingredients used in the smoothies – local tastes
• The price – comparable to competitors/whether the drinks are affordable
• The health culture – is it important?
ARA</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analyse <u>two</u> methods of primary market research that Joe could use.
<table>
<tr><th>Level</th><th>Knowledge and application</th><th>Marks</th><th>Analysis</th><th>Marks</th></tr>
<tr><td rowspan="2">2</td><td>Understanding of two methods of primary market research in context</td><td>4</td><td>Developed analysis of two appropriate methods of primary research in context</td><td>4</td></tr>
<tr><td>Understanding of one method of primary market research in context</td><td>3</td><td>Developed analysis of one appropriate method of primary research in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Knowledge of two methods of primary market research</td><td>2</td><td>Limited analysis of two methods of primary research</td><td>2</td></tr>
<tr><td>Knowledge of one method of primary market research</td><td>1</td><td>Limited analysis of one method of primary research</td><td>1</td></tr>
<tr><td>0</td><td colspan="3">No creditable content</td><td></td></tr>
</table>
Annotate the first method in the left hand margin and the second in the right hand margin. If more than two methods are attempted, mark the ones that would give the candidate the highest mark allocation.

Note: Quantitative and qualitative are not methods of primary market research

Content/context and analysis:
• Field research: testing the product on potential customers
• Surveys and questionnaires: can gain a wider range of potential customer opinions and feedback
• Focus groups: can have justified potential customer feedback
ARA
Do not reward sampling as a method
</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>

Discuss sources of finance Joe could use to start up his business.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>Justified evaluation based on arguments in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation based on arguments in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement based on arguments in context</td><td>5</td></tr>
<tr><td>Understanding of two sources of finance in context</td><td>4</td><td>Developed argument of two or more external sources of finance in context</td><td>4</td></tr>
<tr><td>Understanding of one source of finance in context</td><td>3</td><td>Developed argument of one external source of finance in context</td><td>3</td></tr>
<tr><td>Knowledge of two sources of finance</td><td>2</td><td>Limited analysis of two sources of finance</td><td>2</td></tr>
<tr><td>Knowledge of one source of finance</td><td>1</td><td>Limited analysis of one source of finance</td><td>1</td></tr>
</table>

Annotate the first source in the left hand margin and the second in the right hand margin. If more than two sources are attempted, mark the ones that would give the candidate the highest mark allocation.

Contextual analysis likely to come from:

- Bank overdraft as the costs are low and likely to be repaid in the short term
- Bank loan as the capital investment of $2k may be too high for an overdraft
- Government start-up grant as he is setting up a new business and may create jobs

Evaluation is likely to come from:

- Short and long term ambitions of Joe
- Joe's attitude to risk
- Joe's ability to persuade banks to lend him the start-up capital

ARA

</td><td>11</td></tr>
</table>