CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Business Concepts 2 **February/March 2025**

MARK SCHEME

Maximum Mark: 60

Published

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

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

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

Cambridge International is publishing the mark schemes for the February/March 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

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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 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.

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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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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).

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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.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning	To award
	For objective points that are correct.	Correct
	For objective points that are wrong.	Incorrect
	When there is a misunderstanding in a response.	Unclear
	When the candidate has attempted something, but the mark/skill has not been awarded.	Too Vague
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.	Highlight
	When the candidate has attempted something, and the mark/skill has been awarded.	Benefit of doubt
	When the context has not been used.	Not using text
	To show a page/section has been seen/read.	Seen

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Annotation	Meaning	To award
NAQ	When the response is not focussed on answering the question.	Not answering question
REP	The repetition of a previous point in a response **or t**he candidate is copying the case study/data.	Repetition
OFR	The own figure rule applies – acts as a mark/tick.	Own figure rule
K	When AO1 has been awarded. The number of Ks should match the mark awarded.	Knowledge (AO1) L1
		Knowledge (AO1) L2
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.	Application (AO2) L1
		Application (AO2) L2
AN	When AO3 at Level 1 has been awarded.	Analysis (AO3) L1
DEV	When AO3 at Level 2 has been awarded.	Analysis (AO3) L2
EVAL	When AO4 at Level 1 has been awarded.	Evaluation (AO4) L1
E	When AO4 at Level 2 has been awarded.	Evaluation (AO4) L2
EE	When AO4 at Level 3 has been awarded.	Evaluation (AO4) L3

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Guidance on using levels-based marking

Marking of work should be positive, rewarding achievement where possible, but clearly differentiating across the whole range of marks, where appropriate.

The examiner should look at the work and then make a judgement about which level statement is the best fit. In practice, work does not always match one level statement precisely so a judgement may need to be made between two or more level statements.

Once a best-fit level statement has been identified, use the following guidance to decide on a specific mark:

- If the candidate's work **convincingly** meets the level statement, award the highest mark.
- If the candidate's work **adequately** meets the level statement, award the most appropriate mark in the middle of the range.
- If the candidate's work **just** meets the level statement, award the lowest mark.
- L1, L2 etc. must be clearly annotated on the response at the point where the level is achieved.

Assessment objectives

AO1 Knowledge and understanding
Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application
Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis
Analyse business problems, issues and situations by:
- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impact and consequences
- distinguishing between factual evidence and opinion or value judgement
- drawing valid inferences and making valid generalisations.

AO4 Evaluation
Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

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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 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.

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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> method of measuring the size of a business.** **Indicative content** Identification of a method ✓ may include: • Capital employed • Market capitalisation • Market share • Revenue (allow sales, sales turnover or turnover) • Quantity sold • Value of output • Number of employees • Area/space • Number of outlets • Number of customers Do not allow profit – which is a measure of success or performance, but not size. *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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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 *primary sector*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content
AO1 Knowledge and understanding
Knowledge of primary sector [K] will include (max 1 mark):
- Natural resources / raw materials

OR
- An example of the processes involved in the primary sector, such as extraction/agriculture/farming/growing/fishing/mining etc.

AO2 Application
Explanation of primary sector [APP] will include (max 1 mark):
- Natural resources / raw materials

AND
- An example of the processes involved in the primary sector, such as extraction/agriculture/farming/growing/fishing/mining etc.

</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(a)(ii)</td><td>
Context applied to primary secto APP , including (max 1 mark):
• Any example of primary sector, including:
– A valid example of a primary sector business (do not allow FF as an example, unless it is clear that it is focussed on the farming element of the business (because it is in the primary and tertiary sectors).
– A valid example of a primary sector product, such as ‘fruit’, ‘oil’ or ‘metal’ etc.

Accept all valid responses
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Businesses in the primary sector are involved in natural resources K. For example, Frank farms APP oranges APP .</td><td>3</td><td>An answer which starts with the knowledge and then has an example of the process and the product.</td></tr>
<tr><td>Businesses that extrac APP raw materials K. For example, growing oranges APP .</td><td>3</td><td></td></tr>
<tr><td>A business could mine K coal APP , which has been dug up from the ground.</td><td>2</td><td></td></tr>
<tr><td>Getting things from nature K , such as farming APP .</td><td>2</td><td>Clear knowledge. Some application.</td></tr>
<tr><td>The extraction K of raw materials. APP</td><td>2</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>It is about producing goods TV</td><td>0</td><td>No knowledge of the primary sector. Too vague.</td></tr>
</table>
</td><td></td></tr>
</table>

Question	Answer	Marks
1(b)(i)	**Refer to Table. 1.1. Calculate the number of oranges that Frank needs to sell to break even in July 2025.** **Indicative content** Formula to find the break-even quantity • $\frac{\text{Fixed costs}}{\text{(price per unit – variable cost per unit) (1)}}$ **OR** • $\frac{\text{Fixed costs}}{\text{Contribution (1)}}$ Variable cost per unit = \$2825 / 5650 = \$0.50 (1) Contribution per unit = \$0.80 – \$0.50 = \$0.30 (1) Final answer = 1350 / (\$0.30) = 4500 (1) **4500 oranges or 4500** (3) **ALT 1** 0.80 × 5650 = 4520 (total revenue) 4520 – 2825 (TVC) = 1695 (total contribution) (1) 1695 / 5650 = 0.30 (contribution per unit) (1) 1350 / 0.3 = 4500 (1) **4500 oranges or 4500** (3) *OFR applies for final answer and contribution per unit*	**3**

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

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
4500 oranges or **4500**</td><td>**Working and oranges/units/percentage sign do not matter**.</td></tr>
<tr><td>2 marks</td><td>**BOTH** of the following:
• Correct formula
• Correct calculation of variable cost per unit ($0.50)

OR
Correct calculation of contribution per unit ($0.30)

OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR
OR
• Two OFR and a ✗</td></tr>
<tr><td>1 mark</td><td>**One** of the following:
• Correct formula
• Correct calculation of variable cost per unit</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be a minimum of one ✗</td></tr>
</table>

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

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

Explain <u>one</u> limitation for Frank of using break-even analysis.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of a limitation of break-even analysis (K) :
- Fixed costs may not be constant
- Assumption that output equals sales.
- Assumption that unit variable costs remain constant.
- Assumption that price will remain constant.
- Only useful for individual (or limited number of) product lines.
- Does not take into account external changes.
- Only a forecast/estimate.
- Difficult to allocate fixed costs.

AO2 Application
Explanation of a limitation of using break-even analysis (APP) (max 1 mark), including:
- Fixed costs may not be constant – may change in long run
- Assumption that output equals sales – but not all output may be sold
- Assumption that unit variable costs remain constant – but may not be at all output levels
- Assumption that price will remain constant – but may not be at all output levels

</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)(ii)</td><td>

- Only useful for individual (or limited number of) product lines – must be done for each product
- Does not take into account external changes – such as social, legal, economic, political, technological
- Only a forecast/estimate – so may not be reliable.

Context applied to **FF** APP (max 1 mark), including:

- Frank is a sole trader
- Frank grows the fruit sold on his farm
- Frank sells the fruit from a market
- Competitors are a national supermarket and fruit seller who sells from a shop
- Freshness is Frank's USP / fruit is a perishable product
- Competitive pricing
- Objective is to increase profit by 10% by the end of 2026

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A limitation is that it assumes that only one product is sold K because break-even analysis has to be done for each produc APP . Frank sells oranges and lemons on his farm APP .</td><td>3</td><td>A clear limitation K that is explained APP and has contex APP .</td></tr>
<tr><td>Assumes the selling price stays the same K which is not appropriate for Frank as he uses competitive pricing APP .</td><td>2</td><td>A limitation identified K . The context of Frank's pricing strategy is applied APP , but no explanation.</td></tr>
<tr><td>Assumes no stock of oranges are kep K so it is appropriate for Frank's business to make more profit. NAQ</td><td>1</td><td>Knowledge of a factor. The rest of the answer is not answering the question, so NAQ (Not Answering Question).</td></tr>
<tr><td>Break-even analysis does not tell Frank the amount of cash generated from selling oranges TV .</td><td>0</td><td>No valid knowledge is shown, so no marks can be awarded.</td></tr>
</table>

</td><td></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 Frank of operating as a sole trader.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first benefit in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of the benefits of operating as a sole trader (max K s), may include: • Keep all profit made / no sharing of profit • Can make all business decisions without having to consult other owners / no consultation • Total control • Freedom to choose own work hours • Can employ staff • Relatively low start-up costs • Financial data is private • Easy to set up / less administration **AO2 Application** *Max one APP for application in the first benefit and max one APP for application in the second benefit.* Application of knowledge of benefit of operating as a sole trader to Frank/FF (max APP s), including • Frank grows the fruit sold on his farm • Frank sells the fruit from a market • Frank used all of his redundancy money from his job with large company to set up the business • Competitors are a national supermarket and fruit seller who sells from a shop • Freshness is Frank's USP • Competitive pricing • Objective is to increase profit by 10% by the end of 2026 **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.* • Frank is able to make all decisions. No time is wasted consulted with other owners which enables the decisions to be implemented quicker/before competitors and therefore generate more profit. • The sole trader can keep a larger amount of profit as it doesn't have to be shared with other owners. • The costs of setting up a sole trader are typically less than other forms of ownership so less capital will be needed to start the business. • The owner can choose their own working hours and so enjoy a better work-life balance. This can help the sole trader make better business decisions and increase its market share.	

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

As a sole trader, there is no separate legal identity for FF. Therefore, any financial impact on the business, is also an impact on Frank and can be awarded as analysis and developed analysis.

Accept all valid responses.

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Frank can keep all of the profit made as a sole trader K,</td><td>and it was his own redundancy money that he used to set up FF APP .</td><td>Which increases Franks income AN and could lead to a better lifestyle for him DEV.</td></tr>
<tr><td>It is easier and cheaper to set up as a sole trader K,</td><td>Which is likely to help Frank meet his 25% profitability target by 202(APP .</td><td>This is because he will have lower setup costs AN and therefore increase the profit made from selling his fruit DEV.</td></tr>
</table>

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Evaluate whether Frank should introduce price skimming.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
1(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of price skimming (max 2 s), including: • Price skimming is where a product is priced at a higher price than competitors • Maximises the selling price • May create a luxurious/exclusive product image • Often used for a new product to the market or where a producer has a strong USP (so a high price can be charged) • Price may need to be reduced as the market becomes more competitive • Low price elasticity of demand (inelastic PED, so high price can be charged) **AO2 Application** *Limited application – applies knowledge of cost information to OFD once.* *Developed application – applies knowledge of cost information to OFD twice.* • Frank is a sole trader • Frank grows the fruit sold on his farm • Frank sells the fruit from a market • Frank used all of his redundancy money from his job with large company to set up the business • Competitors are a national supermarket and fruit seller who sells from a shop • Freshness is Frank's USP • Competitive pricing • Objective is to increase profit by 10% by the end of 2026 **AO3 Analysis** *Limited analysis – candidate shows one link in the chain of analysis.* *Developed analysis – candidate shows two or more links in the chain of analysis.* • Price skimming means that a higher price will be charged for the oranges. Assuming that the costs remain the same, Frank will make a higher profit per orange sold. • Frank has a USP for freshness which gives his products an advantage over competitors. This quality may mean that demand for the product will be retained at current levels despite the increase in price. Customers may be less sensitive to increases in price. • Increase in price may mean that demand reduces by a larger proportion so Frank's profitability will reduce. • Competitive pricing means that Frank's products will not have an advantage/disadvantage compared to the prices charged by competitors. Currently uses competitive pricing so demand will remain the same.	

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

- Frank sells his products from a market so overheads likely to be lower than those of the supermarket and shop so Frank's profitability is likely to be higher than his main competitors.

AO4 Evaluation
Limited evaluation EVAL *- unsupported judgement and/or a weak attempt at evaluative comment*
Developed evaluation E *– supported judgement and/or reasonable evaluative comment*
Developed evaluation in context EE *– supported judgement in context and/or reasonable evaluative comment in context.*

- The impact on profitability depends on the price elasticity of demand.
- Frank has a USP for freshness which gives his products an advantage over competitors. This quality may mean that demand for the product will be retained at current levels despite the increase in price. Customers may be less sensitive to increases in price.
- Impact of other external factors
- A judgement that other factors are more important than price alone.

Accept all valid responses.

Exemplars for awarding evaluation

<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>He should introduce price skimming.</td><td>He should introduce price skimming because this will allow him to have a much higher level of profitability for his products.</td><td>He should introduce price skimming because this will allow him to have a much higher level of profitability for his products and meet his objective of increasing profit by 10%</td></tr>
<tr><td>It depends upon the reaction of Frank's customers to the price skimming.</td><td>It depends upon the reaction of Frank's customers to the price skimming. If customers are price elastic, then he should not introduce it.</td><td>It depends upon the reaction of Frank's customers to the price skimming. If customers are price elastic, then he should not introduce it because customers will simply choose to shop at the national supermarket.</td></tr>
</table>

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

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> method of primary market research.** *Primary research is the first-hand collection of data by an organisation for its own needs.* *Award any <u>method</u> that meets this definition.* Identification of a primary market researcl ✓ may include: • Questionnaires/surveys/feedback • Focus groups • Interviews • Observations • Consumer trials/samples	**1**

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

Explain the term *qualitative data*.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding
Knowledge of qualitative data K may include:
- Qualitative data describes customer opinions/qualities/characteristics/subjective.

OR
- Qualitative data is not measurable in financial or numerical terms.

AO2 Application
Explanation of qualitative data APP (max 1 mark), including:
- Qualitative data describes customer opinions/qualities/characteristics/subjective.

AND
- Qualitative data is not measurable in financial or numerical terms.

Context applied to qualitative data APP (max 1 mark), including:
- An example of a specific piece of qualitative data
- An example of a use of qualitative data
- An example of a way of presenting/summarising/analysing

</td><td>3</td></tr>
</table>

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

Application can be made to RCR or any other scenario/context/business/person.

Accept all valid responses.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Qualitative data is not numerical K. For example, the owners can obtain data about customers' satisfaction APP with the speed of car repairs APP.</td><td>3</td><td>Both points covered (K and APP) with an example from the context (APP).</td></tr>
<tr><td>Data about customer views and opinions K which is not measurable APP for example happiness APP .</td><td>3</td><td>Both points and a generic (but rewardable) example.</td></tr>
<tr><td>Not numbers K such as opinions APP .</td><td>2</td><td>Both points but no further example.</td></tr>
<tr><td>Data which can not be measured K , such as how much customers like a chocolate bar APP .</td><td>2</td><td>Can not be measured and an example.</td></tr>
<tr><td>Qualitative data is harder to analyse as it includes information about customer opinions and characteristics K .</td><td>1</td><td>Opinions and characteristics, but only one point and no context.</td></tr>
<tr><td>Data that can be used to make decisions. TV</td><td>0</td><td>Too vague. All data can be used to make decisions. No knowledge of qualitative data specifically.</td></tr>
</table>

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

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Question	Answer	Marks
2(b)(i)	**Refer to Table 2.1 and other information. Calculate the market growth for car repairs in city B between 2023 and 2024.** Total value of sales in market (2023) = $700 000 (given in text) Formula: $\frac{\text{New market size}}{\text{Original market size} \times 100}$ (1) OR The percentage change in the total size of a market (1) OR Total value of sales in market (2024) = (123 165 / 17) × 100 = 7245 × 100 = 724 500 (1) Market growth = 724 500 – 700 000 = 24 500 (1) **Answer = $24 500 (3)**	**3**

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

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$24 500 or 24 500
OR 3.5% or 3.5</td><td>Working and units do not matter.
Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>ONE of the following:
• Correct calculation of 2024 market size (724 500)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct formula</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be
• Three ✗</td></tr>
</table>

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

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

Explain <u>one</u> reason why RCR's objectives may change over time.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of a reason why objectives might change (K) may include:

- changing internal factors
- changing external factors
- the achievement of previous objectives.

AO2 Application

Explanation of a reason why business objectives may change over time (APP) (max 1 mark), including:

- changing internal factors
  - the business might have more resources available
  - a significant number of workers may have left
  - a new manager employed.
- changing external factors
  - new competitors enter the market
  - an increase in market size
  - customer demand changes

</td><td>3</td></tr>
</table>

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Question	Answer	Marks
2(b)(ii)	• the achievement of previous objectives – if a business has survived then it may now try to be profitable Context applied to a reason why RCR's objectives may change over tim (max 1 mark) including: • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Employ two mechanics • Kye uses a democratic style of management • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • Suppliers have supplied RCR since it started five years ago • RCR has an objective of increasing efficiency • Partners thinking of introducing Just in Time (JIT). Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Once RCR has achieved its business objectives they will need to change K. For example RCR may have previously had an objective to have at least a 15% share of the market when it was set up five years ago APP , but now the business has a 17% share of the market APP .</td><td>3</td><td>Reasonable knowledge of a reason with two examples of application.</td></tr>
<tr><td>The business may face more competition K so may need to change its objective from increasing efficiency APP .</td><td>2</td><td>Knowledge of a reason (competition is an external influence) and some context.</td></tr>
<tr><td>New objectives may be needed if internal factors change K .</td><td>1</td><td>The answer is brief, but shows some knowledge of why objectives may change over time</td></tr>
<tr><td>Objectives give owners direction when making business decisions NAQ.</td><td>0</td><td>There is no knowledge of a reason why objectives may change, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse <u>two</u> advantages to RCR of Kye using a democratic management style.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Annotate the first advantage in the left-hand margin and the second in the right-hand marking.

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2(c)	Indicative content **AO1 Knowledge and understanding** Democratic management style is where the manager actively involves employees in decision making. Knowledge of advantages of using a democratic management style (max K s), may include: • Increased motivation • Low labour turnover • More ideas from workforce • Better ideas from workforce (potentially) • More experiences are considered in decision making • May allows for more efficient problem solving (do not accept 'quicker' unless this is explained) **AO2 Application** *Max one APP for application in one advantage and max tw APP for application in two advantages.* • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Freya and Kye have no experience of repairing cars • Employ two mechanics • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • RCR has an objective of increasing efficiency **AO3 Analysis** *Limited analysis AN – candidate shows one link in the chain of analysis.* *Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.*	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Analysis of advantages may include:

RCR's customers like the speed of service offered. The employees are likely to be more motivated as consulted about decisions. Motivated employees are likely to be more productive and offer a quicker work rate.
Two employees are experienced and worked for RCR since it was launched so contributions are likely to lead to more successful decision making, increasing profitability/customer satisfaction.
Lower recruitment costs/time to train new employees etc. due to the low level of labour turnover.

Accept all valid responses.

Exemplar and annotations
<table>
<tr><th></th><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>Exemplar of an advantage</td><td>Better decision making K</td><td>as the opinions of the two mechanics can be considered APP .</td><td>This could help the business to identify other ways of increasing efficiency AN which could help it to operate more profitably DEV .</td></tr>
</table>
</td><td></td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate whether RCR should introduce Just in Time (JIT).
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

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Question	Answer	Marks
2(d)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of JIT (max 2 s), including: • JIT is an inventory management system • JIT is where inventory is ordered to be delivered at the time that the part is needed by the business. • Less/zero inventory held • JIT is often used when the customer order initiates the ordering of inventory. **AO2 Application** *Limited application applies knowledge of the use of JIT to RCR once.* *Developed application - applies knowledge of the use of JIT to RCR twice.* • RCR is a partnership • Business operated for five years • Repair a wide range of cars • Freya carried out primary market research to understand her customer's needs and wants • Collected qualitative data • Customers like the speed of RCR's service • RCR's market share has increased annually over the past five years • RCR has a 17% share of the market • Freya and Kye have no experience of repairing cars • Employ two mechanics • Kye uses a democratic style of management • Experienced mechanics who have worked for the business since it started five years ago • Holds a large quantity of inventory • Each car type needs different parts • Buys parts from two suppliers • RCR has an objective of increasing efficiency	

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Question	Answer	Marks
2(d)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* DEV *– candidate shows two or more links in the chain of analysis.* Analysis for the introduction of JIT, including: • Reduces inventory holding costs – increased profitability • May reduce wastage of materials/inventory – reducing total costs • Reduces capital tied up in inventory – which could be spent on extra marketing to increase sales (opportunity cost) • Responsive to changes in demand – reducing costs / increasing efficiency • Improved cash flow – improving RCR's liquidity/ working capital (opportunity cost) • May improve supplier relationship – reduced prices / increased demand Analysis against the introduction of JIT, including: • Business would be vulnerable to supply chain disruptions – lower sales / poor customer satisfaction • May exacerbate poor supplier relationships – need to find a new/ more reliable supplier. • Increased transportation costs (due to more deliveries) – reduced profitability • Increased inefficiency (if inventory is not delivered on time) – reduced productivity • Less control over supply chain – increased costs • May not be suitable for large fluctuations/ unexpected changes in demand – lower sales/revenue • Requires careful coordination of production process and inventory ordering – increased training costs **AO4 Evaluation** *Limited evaluation* EVAL *– unsupported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* E *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* EE *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement whether RCR should introduce JIT, with justification. • A judgement that RCR should continue without using JIT (or continue to use Just in Case – JIC). • What the judgement might depend upon, such as, suppliers, geography, objectives, external environment, actions of competitors, short term vs long term etc. • A discussion of the impact of technology (for example electric cars) on RCR's decision. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>RCR should introduce JIT.</td><td>RCR should introduce JIT to avoid having to have lots of inventory in stock.</td><td>RCR should introduce JIT to avoid having to have lots of car components in stock.</td></tr>
<tr><td>RCR should not introduce JIT.</td><td>RCR should not introduce JIT because most customers want a speedy repairs.</td><td>RCR should not introduce JIT because most customers want a speedy repairs, in 24 hours.</td></tr>
<tr><td>Whether RCR should introduce JIT depends on the relationship with its suppliers.</td><td>Whether RCR should introduce JIT depends on the relationship with its suppliers because they will need regular supplies delivered.</td><td>Whether RCR should introduce JIT depends on the relationship with its suppliers because they will need regular supplies delivered to achieve its objective of increasing efficiency.</td></tr>
</table></td><td></td></tr>
</table>

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