Cambridge International AS & A Level

Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/22**

Paper 2 Data Response **May/June 2019**

MARK SCHEME

Maximum Mark: 60

Published

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

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

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

Cambridge International is publishing the mark schemes for the May/June 2019 series for most Cambridge IGCSE™, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

© UCLES 2019

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.

© UCLES 2019

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

Define the term 'public sector' (line 1).

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content
Organisations that are owned/controlled by the government (2).

ARA*

Exemplar	Mark	Rationale
Businesses that are owned by the state	2	Correct definition
The sector of the economy which is controlled by the government	2	Correct definition
A business that is owned by the state and where shares are sold on the stock exchange	1	Partial because the candidate has some confusion with PLC
Paid for by taxes	1	Partial understanding
Run for the good of society	1	Partial understanding – it is run by the state for this reason
Not in the private sector	0	No creditable content
Not for profit organisation	0	No creditable content – confusion with a charity

**ARA means 'all reasonable answers. This allows for answers which are similar to the ones in the mark scheme and are correct.*

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

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

Explain the relationship between a mission statement and a business objective

<table>
<tr><th></th><th>Rationale</th><th>Marks</th></tr>
<tr><td>C</td><td>Identification of the relationship between a mission statement and a business objective</td><td>1</td></tr>
<tr><td>B</td><td>Understanding of a business objective</td><td>1</td></tr>
<tr><td>A</td><td>Understanding of a mission statement</td><td>1</td></tr>
</table>

Note: allow any reasonable understanding of 'aims', 'targets' 'goals' in relation to mission statements and objectives. These terms are often used in completely different ways by different sources and so any reasonable use is acceptable if you believe the candidate has shown understanding of an objective and/or missions statement.

Content

- Objectives should be in line with the mission statement and move the business towards the mission statement (C)
- A mission statement is a visionary aim for a business of the direction/purpose. (A)
- An objective is a specific target that should have a time period in which to achieve it. (B)

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>ARA
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>The mission is the aim (A) but the business has the specific targets called objectives (B) to reach that aim (C)</td><td>3</td><td>All three elements</td></tr>
<tr><td>Achieving the objectives help move the business towards the mission statement (C only)</td><td>1</td><td>No explicit understanding of either an objective or a mission statement – only the relationship</td></tr>
<tr><td>The mission statement sets out the direction (A) and the objectives should help the business go in that direction (C).</td><td>2</td><td>No explicit understanding of business objectives.</td></tr>
<tr><td>A mission statement is something a business wants to aim towards that may be unattainable (A), whereas a business objective is a specific, measurable, achievable, realistic and times-based goal that can be reached (B).</td><td>2</td><td>Both mission statement and objective have been understood but the relationship is not explained.</td></tr>
<tr><td>A mission statement is a visionary aim for a business of the purpose (A). Whereas an objective is a specific target that should have a time period in which to achieve it (B).</td><td>2</td><td>Both mission statement and objective have been understood but the relationship is not explained.</td></tr>
</table></td><td></td></tr>
</table>

© UCLES 2019

Question	Answer	Marks
1(b)(i)	**Refer to Table 1.1. Calculate the rate of labour turnover for the whole of JS in 2018.**	**3**

Rationale	Marks
Correct answer with or without correct working or %	3
Identification of correct figures from Table 1.1 used in formula	2
Correct formula*	1
No creditable content	0

**Formula can be implied through the correct use of figures*

Content

$$\frac{\text{Number of employees who left}}{\text{Total number of employees}} \times 100$$

$$\frac{6250 + 550 + 600}{25\,000 + 5000 + 10\,000} \times 100$$

$$\frac{7400}{40\,000} \times 100$$

= 18.5%

OFR*

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>Common incorrect answers
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>18.5</td><td>3</td><td>Correct answer – does not require % sign</td></tr>
<tr><td>$\frac{7400}{40\,000} = 0.185$</td><td>2</td><td>A mistake in the (implied) knowledge of the formula by not multiplying by 100 (turning it into a percentage)</td></tr>
<tr><td>0.185 (no working)</td><td>0</td><td>There is no reference to where this (wrong) answer came from, so no marks.</td></tr>
<tr><td>$\frac{40\,000}{7400} \times 100 = 540.54\%$</td><td>2</td><td>Inverted formula – but correct figures and OFR for the answer.</td></tr>
<tr><td>$\frac{6250}{25\,000} \times 100 = 25\%$</td><td>2</td><td>Implied formula correct, but wrong use of figures. However, based on those wrong figures the answer is correct using the OFR.</td></tr>
<tr><td>$\frac{6250}{25\,000} \times 100$</td><td>1</td><td>Implied formula</td></tr>
</table>
*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate's own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks.</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 one disadvantage for JS of having high labour turnover.

Level	Knowledge and Application	Marks
2b (APP)	Explanation of one disadvantage of high labour turnover in context	3
2a (K+K)	Explanation of one disadvantage of high labour turnover	2
1a (K)	Identification of one disadvantage of high labour turnover	1
0	No creditable content	0

Content

- Increased recruitment costs – these are highly trained and skilled employees so difficult to replace. Also, as a public sector organisation, this reduces funding for other government spending.
- Loss of productivity – time-lag between losing workers and gaining new workers – JS still needs to run. New employees are unlikely to be as productive as experienced employees. Might give poor customer service or result in less employment opportunities – highest labour turnover in customer service department.
- Cost of training/induction – new employees will need to be trained in customer service.
- Poor reputation – might be difficult/take longer to hire new workers
- Lowers motivation/demotivates

ARA and OFR

Example of how responses should be marked

Identification of a disadvantage (1 mark)	Explanation of a disadvantage (2 marks)	Explanation of a disadvantage in context (3 marks)
Increased costs (K)	Increased costs (K) because those workers who leave JS will need to be replaced which adds to the recruitment costs (K)	Because the workers are highly skilled and trained JS will have high recruitment costs when they leave (APP)
People might not want to work at JS (K)	People might not want to work at JS (K) which will make recruitment much more difficult (K)	It may be become very difficult to recruit people, especially in department A (APP)

**OFR in this case is if a candidate has used an incorrect answer from 1(b)(i) – if their explanation is correct using their own figures then ALL marks can be rewarded in this question.*

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

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

Analyse one economy of scale and one diseconomy of scale which may affect JS.

<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 one economy and diseconomy of scale in context</td><td>4</td><td>Developed analysis of one economy and diseconomy of scale in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one economy or diseconomy of scale in context</td><td>3</td><td>Developed analysis of one economy or diseconomy of scale in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of one economy and diseconomy of scale</td><td>2</td><td>Limited analysis of one economy and diseconomy of scale</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one economy or diseconomy of scale</td><td>1</td><td>Limited analysis of one economy or diseconomy of scale</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable response</td></tr>
</table>

LARGEST is contextual as it is stated in the case. However LARGE is not as it is generic to most/all businesses experiencing economies of scale.

Content
A candidate does not need to name an economy or diseconomy of scale – a description is good enough (for example ‘bulk buying’ is enough to award purchasing economies of scale).

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Economies of scale:

Managerial economies of scale – for example personnel managers who may be able to deal with JS labour turnover issue
Marketing economies of scale – many outlets in every main town and city means that marketing costs can be averaged out over a large number of outlets
Purchasing (allow bulk buying) economies of scale – in terms of administration items (do not accept bulk buying of inventory unless it is in context as this is a service sector business)
Technical (do not reward technological) economies of scale – better admin computer software/systems
Financial economies of scale – government backing likely to be more important than size but JS is still more likely to get favourable financial terms due to their size.
Risk bearing – unlikely to be contextual as JS only focuses on one/two services

Diseconomies of scale:

Communication problems – outlets must cooperate with each other to maintain good customer service.
Poor leadership – 25% of labour turnover is due to poor leadership – too many workers to lead?
Poor motivation – Is the high labour turnover and issues due to the size of the business?
Bureaucracy – 10 000 admin workers suggest a great deal of ‘red tape’
Duplication of effort – Each outlet likely to have the same job-role repeated.

Allow external economies or diseconomies of scale – ARA
<table>
<tr><td>Example of an economy of scale (K)</td><td>Examples of application/context (APP)</td><td>Examples of possible analysis (AN + DEV)</td></tr>
<tr><td>Marketing economies of scale</td><td>Because JS has an outlet in every major town and city</td><td>JS can use nationwide advertising campaigns which are likely to have less cost per potential customer who sees it (AN) which means JS has more money to spend on finding people jobs (DEV)</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
<table>
<tr><td>Example of a diseconomy of scale (K)</td><td>Examples of application/context (APP)</td><td>Examples of possible analysis (AN + DEV)</td></tr>
<tr><td>Communication diseconomies of scale</td><td>Because JS is spread out over the whole of country X</td><td>This means that messages may not get properly communicated and some jobs might not get filled (AN) meaning that JS does not get as many people out of unemployment (DEV).</td></tr>
</table>
</td><td></td></tr>
<tr><td>1(d)</td><td>Recommend how JS could improve the motivation of its employees in Department A. 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 rowspan="2">Shows understanding of (de)-motivation in the customer service department</td><td rowspan="2">3–4</td><td>Developed argument (balanced**) based on way(s) which JS could improve motivation in the customer service department</td><td>4</td></tr>
<tr><td>Developed argument (imbalanced*) based on one way which JS could improve motivation in the customer service department</td><td>3</td></tr>
<tr><td>Shows knowledge of (de)motivation</td><td>1–2</td><td>Limited analysis of way(s) which a business can improve motivation</td><td>1-2</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table>
</td><td>11</td></tr>
</table>

Question	Answer	Marks
1(d)	**Imbalanced argument is when a candidate only looks at what is good **or** bad about only <u>one way</u>.* ***Balance in an argument can be gained by looking at <u>more than one way</u> OR by having developed analysis of is <u>good</u> **and** developed analysis about what is <u>bad</u> about <u>one way</u>* **Content** • Increase pay/financial motivation – 30% of leaving employees are leaving for 'poor pay'. However, can the government of county X afford a pay increase? • Non-financial motivation – 20% leaving because of a boring job (job enrichment/enlargement/rotation – improve motivating factors etc.), more delegation etc. • Increase levels of hierarchy to improve promotion chances. 5% of workers leaving for this reason. • Allow movement between outlets – 5% have moved to another town – JS may be able to keep them in the business by offering them a job in another outlet. • Improve leadership – is JS using the right leadership styles? Do the managers need training? • Improve training – employees are highly skilled and trained, but maybe they could be offered more to keep them in the business. In particular, training on how to deal with customers as this is a major reason for the turnover. • Make more social opportunities for staff • Improve recruitment and selection processes – are people leaving because they were not the right people in the first place?	

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

ARA

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>JS could pay its workers better to motivate them (K)</td><td>This may be effective because 30% of people who leave think that JS has poor pay (APP)</td><td>This is likely to lead to less people leaving Department A (AN)</td><td>Which will decrease the recruitment costs of JS (DEV)</td><td rowspan="2">Overall pay could help to improve the motivation of the employees in Department A (EVAL)

because it has the highest labour turnover rate and the biggest reason is poor pay (EVAL).

However, it depends on whether JS can afford to increase pay enough to make a real difference to the motivation of the employees (EVAL).</td></tr>
<tr><td>However, money does not motivate everyone (K)</td><td>And there are many other reasons why employees leave JS, such as the 25% of people who leave because of poor leadership (APP)</td><td>So, the extra pay may not motivate the employees but will increase costs (AN)</td><td>Which means that JS has less money available to meet their mission statement (DEV)</td></tr>
</table>

</td><td></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 'cash flow' (line 21).

<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>

Content
The movement of money (1) in and out of a business (1).

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>The transfer/movement of money in and out of the business</td><td>2</td><td>All areas covered</td></tr>
<tr><td>The receiving of money in to the business</td><td>1</td><td>Only one direction covered – defining cash inflow</td></tr>
<tr><td>The spending of money within/out of a business</td><td>1</td><td>Only one direction covered – defining cash outflow</td></tr>
<tr><td>The movement of money/cash within a business</td><td>1</td><td>No reference to direction (in and out)</td></tr>
<tr><td>A businesses flow of cash</td><td>0</td><td>Tautological</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 'brand' (line 1).

Award one mark for each point of explanation:

<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</td><td>1</td></tr>
<tr><td>B</td><td>An explanation that it distinguishes from competition (unique)</td><td>1</td></tr>
<tr><td>A</td><td>An explanation of name/logo/design/feature etc.</td><td>1</td></tr>
</table>

Content
A brand is a name, term, design, symbol, or other feature that distinguishes an organisation or product from its rivals in the eyes of the customer. Brands are used in business, marketing, and advertising.

ARA

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A brand is the name (A) or logo that differentiates a product or service (B) from the competitors, like McDonalds golden arches (C)</td><td>3</td><td>All three aspects</td></tr>
<tr><td>A brand, like Coke (C), helps a business distinguish itself (B) from competitors because people know to look out for the logo (A)</td><td>3</td><td>All three aspects</td></tr>
<tr><td>A unique (B) feature (A) that is used to advertise a product (C)</td><td>3</td><td>All three aspects</td></tr>
<tr><td>A logo (A) that makes a business unique (C)</td><td>2</td><td>A and B marks</td></tr>
<tr><td>Something about a business that makes it stand out (B) such as a name (A) like Too Tasty</td><td>2</td><td>Do not reward TT as an example since we tell them it is a brand in the data (ie REP)</td></tr>
<tr><td>A brand is a big business like Pepsi (C)</td><td>1</td><td>C mark as it is an example</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. Calculate the effect of a price increase to $1.10 on the level of sales of the carrot variety of chips.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or m</td><td>3</td></tr>
<tr><td>Correct calculation of percentage change in QD (–15%)</td><td>2</td></tr>
<tr><td>Formula* or correct calculation of percentage change in P (10%)</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
*Formula can be implied from the use of numbers

Content

$\frac{\%\text{ change in QD}}{\%\text{ change in P}} = \text{PED}$

$\frac{\%\text{ change in QD}}{10\%} = -1.5$

So % change in QD = –15%

So, change in QD = 2.55m units (a decrease of 0.45m units) – allow either</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>OFR*
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>–0.45
Decrease of 0.45</td><td>3</td><td>A correct answer (the change in QD)– working not required</td></tr>
<tr><td>2.55</td><td>3</td><td>Also a correct answer (the total QD after the price change) – working not required</td></tr>
<tr><td>0.45</td><td>2</td><td>Calculation correct but not identified the decrease. Allow, even without working</td></tr>
<tr><td>(Change of) 15%
–15%</td><td>2</td><td>Correctly calculated the percentage change, but not the change in level of sales. Allow, even without working</td></tr>
<tr><td>$\frac{\$0.10}{\$1} \times 100 = 10\%$</td><td>1</td><td>Correctly calculated the change in price</td></tr>
</table>
*OFR means the use of the own figure rule – this aims to reward a candidate for the stages of a calculation that are correct, even if an earlier stage or figure used is incorrect. An early mistake, for example, would create all following calculations to have wrong answers, but these are still rewardable (if correct when using a candidate's own figures) Therefore the candidate cannot gain marks for the stage that was incorrect, but can gain all the subsequent marks</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 one way in which the price elasticity of demand figures may be useful to TT.

Level	Knowledge and Application	Marks
2b (APP)	Explanation of one use of PED figures in context	3
2a (K+K)	Explanation of one use of PED figures	2
1a (K)	Identification of one use of PED figures	1
0	No creditable content	0

Content
Uses:
- To predict the effect of price changes
- To predict changes in revenue/profit
- To decide how to change/set a price
- To understand the effects of a sale/promotional pricing

Context may include:
- Should not increase the price of **carrot** or **potato** varieties – will lose revenue –could decrease (**both PED elastic**)
- Should increase the price of **beetroot** and **parsnip** varieties – will gain revenue – should not decrease (**both PED inelastic**)

ARA and OFR*

Example of how responses should be marked

Identification of a use (1 mark)	**Explanation of a disadvantage (2 marks)**	**Explanation of a disadvantage in context (3 marks)**
To see what might happen when prices change (K)	If TT raises price and it is inelastic then they will gain more revenue (K)	For example the beetroot crisps are inelastic (APP)
PED can inform TT about the best price to set for their products (K)	An answer of more than 1 means that they should not increase the price, but should decrease it (K)	As seen with the carrot crisps (APP)
		The carrot crisps are elastic, so the figures suggest they should not increase the price or they may lose revenue (APP)

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>*OFR in this case is if a candidate has used an incorrect answer from 2(b)(i) – if their explanation is correct using their own figures then ALL marks can be rewarded in this question.</td><td></td></tr>
<tr><td>2(c)</td><td>Analyse one <u>method</u> of primary market research and one source of secondary market research which the Marketing Director could use to help develop a new variety of vegetable chip.
<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 one method of primary and one source of secondary market research in context</td><td>4</td><td>Developed analysis of one method of primary and one source of secondary market research in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one method of primary or one source of secondary market research in context</td><td>3</td><td>Developed analysis of one method of primary or one source of secondary market research in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of one method of primary and one source of secondary market research</td><td>2</td><td>Limited analysis of one method of primary and one source of secondary market research</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one method of primary or one sources of secondary market research</td><td>1</td><td>Limited analysis of one method of primary or one sources of secondary market research</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>
Note: Annotate marks for primary market research in the left -hand margin and secondary market research in the right-hand margin.</td><td>8</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
Content
Primary methods:
• Survey- could survey current customers about new varieties they might like
• Questionnaires – Could ask about new possible varieties
• Focus groups – ask a group to try the new varieties and give feedback on them
• Observation – could observe what potential customers are buying from retailers – new varieties/flavours etc.
• Testing – could hand out free samples for feedback

Secondary sources:
• Printed – trade magazines, research done by competitors
• Paid for – from market research agencies, census etc.
• Internet – demographics, new products in other markets etc.

ARA

A chain of analysis could come from an analysis of the benefits and costs of a method or source (See below).
<table>
<tr><th>Example of a method of primary market research (K)</th><th>Examples of application/ context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Questionnaire</td><td>Asking parents about what varieties of chip their children like most.</td><td>Which could give TT useful information about the new product so they can gain high sales (AN). However questionnaires are expensive to ask enough people to make them representative so this could increase TT’s costs (DEV)</td></tr>
<tr><th>Example of a source of secondary market research (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>The internet</td><td>To see what flavours of vegetable chips TT’s competition are selling</td><td>This would be a cheap way of finding out secondary data which lowers the cost of the research (AN) however it will not tell TT about flavours which are in development so the research may be a waste of time (DEV)</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Or a chain of analysis could come from the development of a benefit or a cost to TT (See below)
<table>
<tr><th>Example of a method of primary market research (K)</th><th>Examples of application/ context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>Questionnaire</td><td>Asking parents about what varieties of chip their children like most.</td><td>Which could give TT useful information about the new product so they can gain high sales (AN) and make a bigger profit (DEV)</td></tr>
<tr><th>Example of a source of secondary market research (K)</th><th>Examples of application/context (APP)</th><th>Examples of possible analysis (AN + DEV)</th></tr>
<tr><td>The internet</td><td>To see what flavours of vegetable chips TT’s competition are selling</td><td>This would be a cheap way of finding out secondary data which lowers the cost of the research (AN) and therefore it is more likely that TT will be able to maintain their high profit margin (DEV)</td></tr>
</table></td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Evaluate concerns that the factory manager might have about the joint venture between TT and the supermarket group.
<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 argument in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation based on argument in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement based on argument in context</td><td>5</td></tr>
<tr><td>Shows understanding of two concerns that the factory manager might have about the joint venture</td><td>4</td><td>Developed argument based on two concerns/disadvantages of the joint venture</td><td>4</td></tr>
<tr><td>Shows understanding of one concern that the factory manager might have about the joint venture</td><td>3</td><td>Developed argument based on one concern/disadvantage of the joint venture</td><td>3</td></tr>
<tr><td>Shows knowledge of joint ventures</td><td>1–2</td><td>Limited analysis of two concerns/disadvantages of a joint venture</td><td>2</td></tr>
<tr><td></td><td></td><td>Limited analysis of one concern/disadvantage of a joint venture</td><td>1</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table></td><td>11</td></tr>
</table>

Question	Answer	Marks
2(d)	*Note An answer that makes no reference to factory/operations concerns can only be awarded a maximum of 2+2, no matter how developed the argument is or whether it uses other (non-operations based) context* *Application (APP) marks are about applying the knowledge of a joint venture to the operations of the factory – the context can include:* • *On the production of chips* • *quality of chip production* • *TT use of flow production* • *TT's specific production process (sliced, cooked, flavoured, packaged)* • *Different flavours produced each day* • *Capacity of factory – factory runs 24 hours a day, 5 days a week* • *Four flavours produced* • *New variety to be produced* **Content** **A joint venture involves two separate businesses working together but not becoming one business (ie it is not a merger or takeover)** • Will the factory have capacity to produce the chips for the supermarket – currently running 24 hours a day, five days a week – would it require producing less TT branded chips? • Will the factory need to run at weekends – overtime payments? When would the machines be maintained/cleaned etc.? • Might the 'own label' chips damage the TT brand if people found out they were the same? • Would demand reduce for TT chips when the new supermarket chips are sold? • Will the supermarket continue to stock TT chips if the business does not agree to make the own label chips? • What will the profit margin be on the new chips? Would it make more profit to turn down the order and maintain the high profit margins? • Will this stop the new variety being produced and therefore jeopardise the expansion of the product portfolio?	

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

ARA

An example of how an answer could develop and how it should be annotated.

<table>
<tr><th>K</th><th>APP</th><th>AN</th><th>DEV</th><th>EVAL</th></tr>
<tr><td>TT will produce more crisps for the supermarket to sell (K)</td><td>Which may mean that TT has to open the factory <u>for six days a week instead of five</u> (APP)</td><td>This will increase TT’s costs (AN)</td><td>And with a lower profit margin, TT may make a loss from this joint venture (DEV)</td><td rowspan="2">The biggest concern is likely to be about having to open an extra day each week (EVAL)

which will mean more strain on the machinery (EVAL).

However, in the long term a reduction in profit could be more of a concern, especially if it leads to the business shutting down (EVAL).</td></tr>
<tr><td>It may also mean that TT does not concentrate as much on it’s branded crisps because they are making ones for joint venture (K)</td><td>Which may mean that TT cannot produce the <u>new variety</u> (APP)</td><td>This might lead to less sales in the future (AN)</td><td>Which may damage TT’s profit (DEV)</td></tr>
</table>

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