Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Data Response **May/June 2020**

MARK SCHEME

Maximum Mark: 60

Published

Students did not sit exam papers in the June 2020 series due to the Covid-19 global pandemic.

This mark scheme is published to support teachers and students and should be read together with the question paper. It shows the requirements of the exam. The answer column of the mark scheme shows the proposed basis on which Examiners would award marks for this exam. Where appropriate, this column also provides the most likely acceptable alternative responses expected from students. Examiners usually review the mark scheme after they have seen student responses and update the mark scheme if appropriate. In the June series, Examiners were unable to consider the acceptability of alternative responses, as there were no student responses to consider.

Mark schemes should usually be read together with the Principal Examiner Report for Teachers. However, because students did not sit exam papers, there is no Principal Examiner Report for Teachers for the June 2020 series.

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

Cambridge International is publishing the mark schemes for the June 2020 series for most Cambridge IGCSE™ and Cambridge International A & 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 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 ‘industrial market’ (line 1).

<table><tr><th>Knowledge and Application</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>
Answers could include:
Consists of businesses that sell to other businesses (B2B). One business is the consumer and another business the supplier. Examples.</td><td>2</td></tr>
<tr><td>1(a)(ii)</td><td>Explain the term ‘price elasticity of demand’ (line 24).

<table><tr><th>Knowledge and Application</th><th>Marks</th></tr><tr><td>Good explanation</td><td>2–3</td></tr><tr><td>Partial explanation/understanding</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table>
Answers could include:
Measures the responsiveness of demand to a change in the price of a product. Can be elastic or inelastic. Formula or worked example.</td><td>3</td></tr>
<tr><td>1(b)(i)</td><td>Refer to Table 1.1. Calculate the total revenue received by UF in 2019.

Correct answer. (3 marks)
Right method but mistakes. (2 marks)
Attempt (e.g. formula or identifies data). (1 mark)

Answer
$3 150 000 + $1 600 000 = $4 750 000 ($ not required)

Formula
TR = P × Q (1)

Working
$900 × 3500 = $3 150 000 (1)
$2000 × 800 = $1 600 000 (1)</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain one source of finance available to UF for purchasing new machinery.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>APAP</td><td>Explanation of a source of finance in context</td><td>3</td></tr>
<tr><td>AP</td><td>Identification of source of finance in context</td><td>2</td></tr>
<tr><td>K</td><td>Identification of a source of finance</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Context and content is likely to come from:
• Any source of finance either external or internal for 1 mark but most likely share capital, leasing, bank loan, hire purchase

Context likely to reflect UF is a plc so share capital or, because finance is required for a long-term asset – machinery - bank loan rather than overdraft, or leasing or hire purchase.
</td><td>3</td></tr>
</table>

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

Recommend which of the two options in Table 1.2 UF should choose to increase sales. 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 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>Shows understanding of the impact of each option on sales in context</td><td>4</td><td>Arguments (two sided) based on of each option in context</td><td>4</td></tr>
<tr><td>Shows understanding of the impact of one option on sales in context</td><td>3</td><td>Argument (one sided) based on the advantages or disadvantages of one option in context</td><td>3</td></tr>
<tr><td>Identifies two ways to increase sales</td><td>2</td><td>One piece of limited analysis of the impact of two options on sales</td><td>2</td></tr>
<tr><td>Identifies one way to increase sales</td><td>1</td><td>One piece of limited analysis of one way to increase sales</td><td>1</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Context/content:

Option 1 – reduce price

- Customers might be happy as they complained about high prices, but will quality be compromised?
- Price-inelastic demand will reduce revenue. If costs stay the same profits will fall so lower dividends for shareholders, possible redundancies if revenue falls. More price-competitive so could take business away from other firms but competitors may also reduce price and start a price war.

Option 2 – PRP

- Customer complaints about service so training would help address this issue but could be expensive.
- Employees unhappy if monthly salary reduced but may be motivated to improve performance with PRP which would give them an increase of 15% in their monthly pay, but would targets be realistic?
- If employees may resent the training or be unhappy with pay scheme so they may look for jobs with competitors taking their skills, experience and knowledge elsewhere.
- Costs of training and PRP scheme will increase costs so decrease profits and potentially reduced dividends for shareholders.

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

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Analyse two ways, other than the two options in Table 1.2, UF can improve customer relations.
<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 rowspan="2">2</td><td>Shows understanding of two methods to improve customer relationships in context</td><td>4</td><td>Developed analysis of two methods to improve customer relationships in context</td><td>4</td></tr>
<tr><td>Shows understanding of one method to improve customer relationships in context</td><td>3</td><td>Developed analysis of one method to improve customer relationships in context</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of two methods to improve customer relationships</td><td>2</td><td>Limited analysis of two methods to improve customer relationships</td><td>2</td></tr>
<tr><td>Shows knowledge of one method to improve customer relationships</td><td>1</td><td>Limited analysis of one method to improve customer relationships</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td><td>0</td></tr>
</table>
Could choose any two of the 4Cs: Cost, Convenience, Communication, Customer solution

Contextual analysis likely to come from:
• Business to business so must be convenient to market and size appropriate to premises.
• Are just two sizes appropriate for all premises? Maybe need another size? New product?
• Responding to customer complaints on the website.</td><td>8</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 ‘income statement’ (line 8).

<table><tr><th>Knowledge and Application</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>
A financial statement that reports the revenue, cost of sales, gross profit, operating profit etc.
For full marks there should be some reference to revenue, cost of sales and profit.</td><td>2</td></tr>
<tr><td>2(a)(ii)</td><td>Explain the term ‘viral marketing’ (line 20).

<table><tr><th>Knowledge and Application</th><th>Marks</th></tr><tr><td>Good explanation</td><td>2–3</td></tr><tr><td>Partial explanation/understanding</td><td>1</td></tr><tr><td>No creditable content</td><td>0</td></tr></table>
Promoting a product using social networks. The name refers to how consumers spread information about a product to other people in their social networks. The basis of viral marketing is in the spread of information by word-of-mouth, nowadays mostly using internet-based applications such as email, social networking sites, web forums etc. Relatively low cost.</td><td>3</td></tr>
<tr><td>2(b)(i)</td><td>Refer to table 2.1. Calculate the gross profit margin.

Correct answer. (3 marks)
Right method but mistakes. (2 marks)
Attempt (e.g. formula or identifies data). (1 mark)

Answer = 392 000 / 980 000 X 100 = 40%

392 000/980 000 = 0.4 (2)

980 000 – 588 000 = 392 000 (1)
Revenue – cost of sales / revenue × 100 (1)</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>

Explain one reason why HH needs accurate cost data.

Level	Knowledge and Application	Marks
APAP	Explains a benefit of accurate cost data to HH	3
AP	Identifies a benefit of accurate cost data to HH	2
K	Identifies a benefit of accurate cost data	1
0	No creditable content	0

Context and content is likely to come from:
- Set a price that provides a profit
- Set objectives
- Effective management of the business

Context may include:
- Provide partners with financial information
- Expensive product so need an accurate budget
- Inform expansion of the business / set up website
- Inform finance / budget for viral marketing campaign
- Ensure business can pay suppliers for expensive materials
- Ensure business can pay wages of production workers
- High (40%) gross profit margin

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

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

Analyse one advantage and one disadvantage to HH of using job production.

<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 rowspan="2">2</td><td>Shows understanding of one advantage and one disadvantage of using job production in context</td><td>4</td><td>Developed analysis of one advantage and one disadvantage of using job production in context</td><td>4</td></tr>
<tr><td>Shows understanding of one advantage or one disadvantage of using job production in context</td><td>3</td><td>Developed analysis of one advantage and one disadvantage of using job production</td><td>3</td></tr>
<tr><td rowspan="2">1</td><td>Shows knowledge of one advantage and one disadvantage of using job production</td><td>2</td><td>Limited analysis of one advantage and one disadvantage of using job production</td><td>2</td></tr>
<tr><td>Shows knowledge of one advantage or one disadvantage of using job production</td><td>1</td><td>Limited analysis of one advantage or one disadvantage of using job production</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td><td>0</td></tr>
</table>

Contextual advantages likely to come from:
- Luxury nature of the handbags
- Custom made designs – unique and made to customer specifications
- Flexible and possible to make changes during production if customer requires
- Hannah and Kwom can easily supervise and inspect the work
- Employee satisfaction – only 4 employees who can work as a team
- High gross profit margin of 40%
- The impact on HH reputation and brand as able to produce high quality products
- Success of the method in encouraging HH to expand

Contextual disadvantages likely to come from:
- High unit costs compared to other production methods which might not be suitable for the new online range of bags
- Need highly skilled labour especially as a premium / high quality product
- Can take a long time to produce – 6 weeks, batch or flow would be quicker and more suitable for the new range

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

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

Evaluate the likely success of the marketing mix for the new product.

<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 judgement of the marketing mix in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation of the marketing mix in context</td><td>6</td></tr>
<tr><td></td><td></td><td>Evaluation of the marketing mix in context</td><td>5</td></tr>
<tr><td>Shows understanding of more than one element of the marketing mix in context</td><td>4</td><td>Developed analysis of more than one element of the marketing mix in context</td><td>4</td></tr>
<tr><td>Shows understanding of one element of the marketing mix in context</td><td>3</td><td>Developed analysis of one element of the marketing mix in context</td><td>3</td></tr>
<tr><td>Shows understanding of more than one element of the marketing mix</td><td>2</td><td>Limited analysis of more than one element of the marketing mix</td><td>2</td></tr>
<tr><td>Shows understanding of one element of the marketing mix</td><td>1</td><td>Limited analysis of one element of the marketing mix</td><td>1</td></tr>
<tr><td colspan="3">No creditable content</td><td>0</td></tr>
</table>

Context/content:

- Applies elements of the 4Ps
- Price - likely to be lower than current range as targeting a potentially larger online market and not custom made. Launch of a new product so possibly penetration pricing.
- Product - which designs to choose? Will materials be of same quality as custom made? Flow or batch production more suitable for new range so staff training in new processes required. Likely to need new premises as a building in the garden is not likely to be suitable for mass production.
- Promotion - via a viral marketing campaign, likely to be expensive as business intends to use a marketing agency. How effective and what budget?
- Place - online distribution but what about selling to shops as well? It could be another way of promoting as well as distributing.

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

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