Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **May/June 2021**

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 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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[Turn over

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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Social Science-Specific Marking Principles (for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)

b DO credit alternative answers/examples which are not written in the mark scheme if they are correct

c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).

d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)

e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities

f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).

g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

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

Define the term ‘service’ (line 1).

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

Content
An intangible product/process (1) which is offered to / paid for by customers (1).

An action (1) sold by business (1).

A correct definition will include the following points:
- something sold by a business / bought by a customer / to satisfy needs or wants
- an idea of intangibility.

Exemplar	Marks	Rationale
Something a customer buys which cannot be touched.	2	Both elements covered
A process sold by a business.	2	Both elements covered
An intangible product.	1	One element
Something sold by a business.	1	One element
A tertiary business	0	Not a definition of a service.

</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 term ‘sole trader’ (line 1).

Award one mark for each point of explanation:

<table>
<tr><td>B</td><td>One mark for each of the following (up to a maximum of two marks):
• unlimited liability
• shared legal identity with business
• no continuity
• no requirement to produce or make available accounts
• no shares/shareholders
• unincorporated
• likely to be a small business
• the owner keeps all the profits or bears the losses
• has all the risk
• has full control
• makes all decisions themselves
• example of a sole trader.</td><td>1–2 marks</td></tr>
<tr><td>A</td><td>One individual or one person (must be a clear idea of a single person)</td><td>1 mark</td></tr>
</table>

<table>
<tr><th>Exemplar</th><th>Rationale</th><th>Marks</th></tr>
<tr><td>A sole trader is owned by one person (A) who has unlimited liability (B) and does not need to publish financial accounts (B).</td><td>All three elements</td><td>3</td></tr>
<tr><td>Owned and controlled by one person who bears the risk.</td><td>All three elements</td><td>3</td></tr>
<tr><td>A sole trader is owned by a single person (A) and does not have shareholders (B)</td><td>A and B</td><td>2</td></tr>
<tr><td>A one person business (A)</td><td>One mark only</td><td>1</td></tr>
<tr><td>A business where there is unlimited liability (B), no need to produce financial accounts, no continuity and no shareholders.</td><td>B only, which cannot be awarded without the A mark.</td><td>0</td></tr>
<tr><td>Owned business.</td><td>Tautology</td><td>0</td></tr>
</table>

ARA

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

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

Refer to Fig 1.1 and any other relevant information. Calculate HB's share of the laundry service market.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or units.</td><td>4</td></tr>
<tr><td>Attempt using some of the correct figures.</td><td>3</td></tr>
<tr><td>Formula* and identification of correct numbers
(i.e. 20% of 60 000).</td><td>2</td></tr>
<tr><td>Formula* or identification of correct numbers
(i.e. 20% of 60 000).</td><td>1</td></tr>
<tr><td>No creditable content.</td><td>0</td></tr>
</table>

Content

$$\text{Formula} - \frac{\text{Current share of the market}}{\text{Total market size}} \times 100$$

Total market = 60 000 households
Percentage who use a laundry service = 20%

20% of 60 000 = 12 000 households

$$\frac{300 \text{ households}}{12\,000 \text{ households}} \times 100 = 2.5\%$$

Answer = 2.5% (allow 2.5)

OFR

</td><td>**4**</td></tr>
</table>

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

Analyse <u>two</u> factors which could affect the scale of HB.

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows understanding of two factors which could affect the scale of a business in context</td><td>4</td><td>APP + APP</td><td>Good analysis of two factors which could affect the scale of a business in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows understanding of one factor which could affect the scale of a business in context</td><td>3</td><td>APP</td><td>Good analysis of one factor which could affect the scale of a business in context</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of two factors which could affect the scale of a business</td><td>2</td><td>K + K</td><td>Limited analysis of two factors which could affect the scale of a business</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one factor which could affect the scale of a business</td><td>1</td><td>K</td><td>Limited analysis of one factor which could affect the scale of a business</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="6">No creditable content</td></tr>
</table>

Content

Factors affecting scale are about the ability of a business to supply products, not the demand of the market. These factors are likely to involve:

- Capital – the quantity and quality of the capital items in a business, such as machinery – this can include human capital.
- Labour – the quantity and quality of the workforce.
- Enterprise – the ability and willingness of an entrepreneur to take risks, find business opportunities.
- Land – the quantity and quality of natural resources available to the business

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

Question	Answer	Marks
1(b)(ii)	Context may include: • Karen is a sole trader – limited availability of finance to purchase washing machines, irons etc. • Machinery – Karen only owns two washing machines, two dryers and one iron • The use of washing machine / dryer / iron – affects the batch size of washing • The use of batch production • The time HB takes to do a load of washing (two hours) • The transport used by Karen (van) and the amount of laundry she can carry • Karen as an entrepreneur • The new worker Analysis may include: • The impact this factor may have on the scale of HB • The factor may (or have the potential to) increase HB's scale • The factor may (or have the potential to) decrease HB's scale Development of this affect may be on HB's revenue, costs and/or profit or another likely objective of HB, such as expansion or the industrial market.	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>
Explain <u>one</u> appropriate method of recruitment for Karen to find a new employee to do collections and deliveries.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2 (APP)</td><td>Explanation of an appropriate method of recruitment in context</td><td>2</td></tr>
<tr><td>1 (K)</td><td>Identification of a method of recruitment</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Methods may include:
• Internal recruitment (unlikely to be contextual)
• External recruitment
• Job advertisements
• Job centre
• Local online job websites
• Recruitment agencies
• Personal recommendations
• Social media
• Direct recruitment

Context may include:
• Requires travel around local area/town.
• HB operates from Karen’s home.
• Laundry market.
• No other workers currently in business.
• No specialist qualifications required (maybe driving licence).
• Knowledge of local area
• HB is a small business (sole trader).

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

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

Evaluate appropriate promotion methods for HB to target the hotel laundry market.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Annotation</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th><th>Annotation</th></tr>
<tr><td></td><td></td><td></td><td>Justified evaluation based on arguments in context</td><td>7</td><td>EVAL + EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>Developed evaluation based on arguments in context</td><td>6</td><td>EVAL + EVAL</td></tr>
<tr><td></td><td></td><td></td><td>An evaluative statement based on arguments in context</td><td>5</td><td>EVAL</td></tr>
<tr><td>Shows understanding of two promotion methods in context</td><td>4</td><td>APP + APP</td><td>Arguments based on two promotion methods in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>Shows understanding of one promotion method in context</td><td>3</td><td>APP</td><td>Argument based on one promotion method in context</td><td>3</td><td>DEV</td></tr>
<tr><td>Knowledge of two promotion methods</td><td>2</td><td>K + K</td><td>Limited analysis of two promotion methods</td><td>2</td><td>AN + AN</td></tr>
<tr><td>Shows knowledge of one promotion method</td><td>1</td><td>K</td><td>Limited analysis of one promotion method</td><td>1</td><td>AN</td></tr>
<tr><td colspan="4">No creditable content</td><td colspan="2">0</td></tr>
</table>

Content
Knowledge may include:
- Above the line; advertising (TV, radio, newspaper, etc.)
- Below the line; direct promotion, website, leaflets, etc.
- Through the line; social media, viral promotion, etc.
- Informational and persuasive methods

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

Question	Answer	Marks
1(d)	**Context may include:** • Lack of finance, due to being a sole trader • Small business • Hotel/industrial market (B2B) • Data from Table 1.1 – 14 hotels in town P – 45 hotels within 30 mile of HB – 50 per cent of hotels have own laundry service (7 hotels in town P, 22/23 within 30 miles, 29/30 hotels in total) **Analysis may include:** • Local advertising – appropriate to target the hotel industry – e.g. hotel trade publications, possibly local radio, billboards. • Sponsorship – unlikely to be targeted enough to the hotel market. • Public relations – could be targeted towards the hotel market if the articles/reports are in hotel related publications/programmes. • Personal selling – a sensible approach that has limited cost (for a small business such as HB) and could be done by Karen visiting local hotels to sell her service. Could also be done by a salesperson hired by Karen, possibly on commission only payment. • Direct marketing – again a sensible solution that keeps it under Karen's control. Can be done with a limited budget and Karen can target the hotels in the local area. • Sales promotion – unlikely to help HB enter the new market alone, but in combination with other informative methods may be a sensible approach to allow Karen to penetrate this new market. • Promotional price – do not reward use of price, but promotional pricing such as BOGOF, discounts sales promotions are rewardable. Evaluation may include: • A judgement over the most appropriate promotion method for HB • Evaluation of the appropriateness of different promotion methods for HB • What the choice of promotion method may depend upon **ARA**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>Examples 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>Personal selling (K)</td><td>Karen could visit each hotel which does not have its own laundry service. (APP)</td><td>This should allow Karen to explain all the advantages of her service and answer the managers questions. (AN)</td><td>This might make the hotels more willing to use HB’s service. (DEV)</td><td rowspan="2">Personal selling is likely to be a better promotion method than direct mail. (EVAL)

This is because Karen can explain the USP of HB and try to convince the hotel to use her service. (EVAL)

However, it depends on whether Karen is a good salesperson. If she is not good at selling her service, then it could be a waste of time and money. (EVAL)</td></tr>
<tr><td>Direct marketing (K)</td><td>Karen could send details of her service to the 14 hotels in town P. (APP)</td><td>A relatively low cost method because there are only 14 hotels. (AN)</td><td>But it may be seen as junk mail and ignored by the hotels, so HB will not gain any new customers. (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 ‘market’ (line 6).

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

Content
Consumers who want a product/service / the demand for a product/service (1) from different types/groups/segments of consumers (1) who are willing/able to pay for it (1).

The term ‘market’ has a number of different meanings. Any legitimate definition can be used.

The most common definition (as a means of trade) is likely to include:

- A system/place/facility whereby products are bought (1) and sold (1)
- Where businesses and consumers (1) trade (1)

However other definitions may include:

Market as a group of potential customers for a product:
- The customers/consumers (1) who may potentially purchase a product (1)
- The businesses (1) who are competing to sell a product (1)
- The group of people (1) who the business is trying to sell to (1)

Market as a verb, i.e. to market a product
- The combination/mix of decisions (1) that a business uses to target a group of customers (1)

Exemplar	Marks	Rationale
Where buyers and sellers come to trade.	2	A correct definition.
Where you exchange goods and services	2	A correct definition
The market is a group of businesses	1	An idea of the market (from the businesses point of view) but not selling/competing

</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 ‘profit margin’ (line 6).

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 – i.e. a use of profit margins, or two different profit margins – gross, net, operating).</td><td>1</td></tr>
<tr><td>B</td><td>Understanding of the concept of a profit margin (in terms of a profit/percentage)</td><td>1</td></tr>
<tr><td>A</td><td>Understanding of profit</td><td>1</td></tr>
</table>
Content
A profit margin is the difference between the revenue and costs/revenue minus costs (1) expressed as a proportion of revenue/divided by revenue (1) used to determine/compare performance (1).
Any profit margin is acceptable (gross, net, operating).

ARA
</td><td>3</td></tr>
<tr><td>2(a)(ii)</td><td>
<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Net profit/revenue × 100. It can be used to compare business performance.</td><td>3</td><td>A, B and C</td></tr>
<tr><td>It is the proportion of revenue that is profit. A 15% profit margin means that for every $1 of revenue, the business makes $0.15 profit.</td><td>3</td><td>A, B and C</td></tr>
<tr><td>$\frac{\text{Gross profit}}{\text{Revenue}}(\times 100)$</td><td>2</td><td>A formula gains the A and B marks. Could be expressed as a ratio, not percentage.</td></tr>
<tr><td>The proportion of revenue that is profit.</td><td>2</td><td>Although there is not an explicit understanding of profit, if a candidate gains the B mark, then they also gain the A mark.</td></tr>
<tr><td>It is the difference between costs and revenue.</td><td>1</td><td>Understanding of profit, but no the margin.</td></tr>
<tr><td>It is how much profit a business makes.</td><td>0</td><td>No understanding of profit or the margin.</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>Calculate the total profit made from selling oysters in 2020.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or $</td><td>2</td></tr>
<tr><td>Correct calculation of the profit for restaurants or local customers</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
Content

15% of $100 000 = $15 000
25% of $150 000 = $37 500

Total profit = $52 500 (2)</td><td>2</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(ii)</td><td>
Explain <u>two</u> possible reasons why the profit margin for the consumer market is higher than the profit margin for the industrial market.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b (APP+ APP)</td><td>Explanation of two possible reasons why the profit margin for the local consumer market is higher than the profit margin for the industrial market</td><td>4</td></tr>
<tr><td>2a (APP)</td><td>Explanation of one possible reason why the profit margin for the local consumer market is higher than the profit margin for the industrial market</td><td>3</td></tr>
<tr><td>1b (K+K)</td><td>Identification of two possible reasons for different profit margins</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Identification of one possible reason for different profit margins</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Content may include:

• Consumers may be willing to pay a higher price (K)
– of $3 per oyster. (APP)
– because oysters are a premium product. (APP)
– because consumers are purchasing customer service as well as the oysters (visit the farm). (APP)
– because they do not buy in bulk. (APP)

• Consumer market may have lower costs (K)
– because the consumer market may be subsidised by the larger industrial market. (APP)
– because the consumer market is 50% bigger, but may only be allocated half of the fixed costs. (APP)

• Industrial market may demand a lower price (K)
– of $1.25 per oyster. (APP)
– because the restaurant industry is very competitive (many restaurants). (APP)
– because each restaurant buys in bulk. (APP)
– because there are many substitute foods that the restaurant could use. (APP)
– because the restaurant must re-sell the oysters for a profit. (APP)

• Industrial market may have higher costs (K)
– because LO have to transport the Oysters to the restaurants (APP)
– because restaurants use the website, which may be an additional cost to LO (APP)

ARA
</td><td>4</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>Analyse why <u>two</u> of the elements of the triple bottom line are important to LO.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th></th><th>Analysis (4 marks)</th><th>Marks</th><th></th></tr>
<tr><td>2b</td><td>Shows understanding of two elements of the triple bottom line in context</td><td>4</td><td>APP + APP</td><td>Good analysis of two elements of the triple bottom line in context</td><td>4</td><td>DEV + DEV</td></tr>
<tr><td>2a</td><td>Shows understanding of one element of the triple bottom line in context</td><td>3</td><td>APP</td><td>Good analysis of the importance of one element of the triple bottom line in context</td><td>3</td><td>DEV</td></tr>
<tr><td>1b</td><td>Shows knowledge of two elements of the triple bottom line</td><td>2</td><td>K + K</td><td>Limited analysis of the importance of two elements of the triple bottom line</td><td>2</td><td>AN + AN</td></tr>
<tr><td>1a</td><td>Shows knowledge of one element of the triple bottom line</td><td>1</td><td>K</td><td>Limited analysis of the importance of one element of the triple bottom line</td><td>1</td><td>AN</td></tr>
<tr><td>0</td><td colspan="5">No creditable content</td><td></td></tr>
</table></td><td>8</td></tr>
</table>

Question	Answer	Marks
2(c)	**Content:** Knowledge includes: • economic (financial), social and environmental targets Application and analysis may include: Economic (financial) • Dar family will require profit to be made as shareholders of LO – owners income. • Retained profit – need finance for expansion plans to purchase the new farm. • Potential grant from government for oyster farms – subsidise operations/growth. Social • Provides employment for six local workers – improve image of LO in locality. • Provides an opportunity for local customers to purchase oysters – market opportunity. • Pays local taxes – improve locality. • Provides pleasant area for the local community – increases reputation. Environmental • Oyster farming reduces pollution – improves area, quality of life for owners. • Better for the environment if lakes are managed / regenerating disused lakes – improves local area / reputation. **ARA**	

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

Question	Answer	Marks
2(d)	**Content** Knowledge may include: • Any factor that may affect the location of a business. Application may include: • LO is a private limited company (limited finance) • Consumer and industrial (restaurant) markets • The new location is to be a second location – it does not replace the original LO location • Data in Table 2.2 Analysis may include: Location A • Used to be an oyster farm – less time and cost to set up for LO • Lower purchase price – less finance needed to purchase • Lower start-up costs – LO could reduce price and/or increase profit • Lower operating costs – increased profitability. Location B • Much closer than Location A – lower costs, e.g. transportation, management, are easier • Can produce 50% more oysters than Location A – more profit in long-term? If there is the demand / additional oysters are sold at a good price • Higher operating costs, but lower variable cost of production ($1.33 per oyster compared with $1.5 at Location A) **ARA**	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>Examples 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>Previous use (K)</td><td>Location A is already an oyster farm (APP)</td><td>Which may mean that LO can start selling oysters more quickly and keep the costs low. (AN)</td><td>Which may allow LO to increase their profits. (DEV)</td><td>Location A is the better option for LO. (EVAL)

This is because there is less risk involved since the costs are lower. (EVAL)

However, it depends on whether LO can make immediate use of the extra capacity since Location B could actually produce much higher output and profit in the long run. (EVAL)</td></tr>
<tr><td>Output (K)</td><td>Location B can produce 50% more oysters than Location A. (APP)</td><td>Which would allow LO to increase their sales more than Location A. (AN)</td><td>Allowing the business to expand faster. (DEV)</td><td></td></tr>
</table></td><td></td></tr>
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