CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/33**

Paper 3 Business Decision-making **May/June 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 May/June 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 standardisation 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
	For objective points that are correct.
	For objective points that are wrong.
TV	When the candidate has attempted something, but the mark/skill has not been awarded as the answer is not sufficiently clear.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
SEEN	To show a page/section has been seen/read.
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. The number of Ks should match the mark awarded.

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Annotation	Meaning
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
L2 AN	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
L2 EVAL	When AO4 at Level 2 has been awarded.
L2	When AO3 or AO4 has been awarded at Level 2.
L3	When AO4 has been awarded at Level 3.

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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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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>
Analyse <u>two</u> ways the external influences referred to in lines 8–12 may impact on WCP.
<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>
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1	**Note:** • If more than two impacts are referred to, reward the best two. All annotation (K APP AN L2) should be in the left margin. Responses may include: **AO1 Knowledge and understanding** Definition of external influences (max K1) might include: • External influences are outside the control of the business and act as both a constraint and an enabler for WCP's activities. • Definition of external influences such as inflation, economic growth, interest rates and social trends. Knowledge of impact of external influences might include (max K2): • Increased running costs • WCP may have to increase prices • Increased borrowing costs • Increased consumer interest in ethically produced products • Decreased sales of premium priced products • Cost of living increase impacting low and middle income consumers **AO2 Application** *Limited application, APP applies knowledge to WCP once.* *Developed application, APP + APP applies knowledge to WCP twice.* *Max one APP for application for the first external influence/impact and max one APP for application for the second external influence/impact.* **Note:** Application is making use of relevant case information not just repeating it.	**8**

Question	Answer	Marks
1	• WCP products are premium/high priced due to ethical sourcing and production. Cheaper substitutes available. • Cost of sustainable resources likely to increase. • High income earners less impacted by inflation and interest rates and these are the target market. • WCP products; toilet paper is an 'essential'. • Ethical/environmentally consumers' interest in support for improving sanitation in low-income countries. Use of data on price elasticity of demand and income elasticity of demand. **AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *- candidate shows two or more links in the chain of analysis OR offers a two-sided analysis* • High inflation leading to increased production costs may reduce profit margins AN resulting in reduced profit L2 AN • Increased interest rates will lead to higher borrowing costs and may constrain lending and firms willingness to borrow AN thus leading to lower growth of WCP L2 AN. • Ethical production and support for sanitation in developing countries may lead to price inelastic demand and therefore demand would be relatively unaffected by increased prices AN which may limit impact on profits of WCP L2 AN • Higher income earners will be less affected by 'cost of living' pressures, so sales may not decrease AN • WCP products are 'essentials' and they have a loyal customer base so sales may not decrease AN but even high-income customers may 'trade down' to cheaper paper products L2 AN (two-sided analysis) Accept all valid responses.	**8**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>
Analyse <u>two</u> possible effects on WCP's efficiency of an increase in its scale of operations.
<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>
</td><td>8</td></tr>
</table>

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Question	Answer	Marks
2	**Note:** • Only reward effects on WCP. • If more than two effects are referred to, reward the best two. All annotation (K APP AN L2) should be in the left margin. Responses may include: **AO1 Knowledge and understanding** Definition of scale of operations or efficiency or economies of scale (max K1) might include: • Increasing scale of operations means that the firm has the ability to produce at a higher level. • Efficiency means the ability of the firm to convert inputs into outputs • Economies of scale are factors which cause average costs to decrease as output increased, such as purchasing, managerial, technical, and marketing. Knowledge of impact on efficiency might include (max K2): • Wider range of products to sell. • Ability to meet the needs of more customers. • Ability to benefit from economies of scale, such as technical, managerial, purchasing, marketing, financial. • Risk of diseconomies of scale, such as poor communication and industrial relations problems. **AO2 Application** *Max one APP for application to the first effect on efficiency of increasing the scale of operations and max one APP for application to the second effect on efficiency of increasing the scale of operations.* • WCP use sustainable resources • If WCP take over GC this will be an increase in the scale of paper cleaning products operations • GC could add to range of eco-friendly paper products, increasing its product portfolio. • Potential economies of scale such as purchasing recycled paper or paper for recycling • Potential diseconomies of scale due to difficulties of communicating over long distances geographically • GC is based in the US, so there may be a chance of extending WCP's market there	**8**

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Question	Answer	Marks
2	**AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *- candidate shows two or more links in the chain of analysis.* • Increase in scale increases output and may add to WCP's portfolio, meaning wider product range and more potential customers increasing revenue AN and therefore may increase profit L2 AN. • Increased output leading to economies of scale and decreased average costs may lead to WCP able to decrease price AN and increase revenue if demand is price elastic L2 AN • Increasing scale of operations will enable the company to diversify and grow, increasing sales AN • Diseconomies of scale may lead to increasing average costs due to communication problems, decreasing profit. AN Accept all valid responses.	**8**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(a)</td><td>

Using the data in Table 1.2, calculate the operating profit margin for WCP in 2025.

Table 1.2 Extracts from WCP's financial statements

<table>
<tr><td></td><td>Year ending 30 April 2025 ($m)</td><td>Year ending 30 April 2024 ($m)</td></tr>
<tr><td>Revenue</td><td>21</td><td>17.5</td></tr>
<tr><td>Cost of sales</td><td>12</td><td>10</td></tr>
<tr><td>Operating profit</td><td>3</td><td>2</td></tr>
<tr><td>Profit for the year</td><td>1.5</td><td>1.5</td></tr>
<tr><td></td><td>30 April 2025 ($m)</td><td>30 April 2024 ($m)</td></tr>
<tr><td>Non-current liabilities</td><td>10</td><td>8</td></tr>
<tr><td>Capital employed</td><td>16</td><td>15</td></tr>
</table>

OPM = operating profit / Revenue × 100 (1 mark if no correct calculation)
3 / 21 × 100 = 14.29 % OR 14.3 % or 14 % (2 marks)
2024 figures 2 / 17.5 × 100 = 11.4 % OR 11.4 % OR 11 % (1 mark)

Notes
Allow 14.28 % (2)
14.28 (1)

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

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Question	Answer	Marks
3(b)	**Using the data in Table 1.2, calculate the gearing ratio as at 30 April 2025.** Gearing = Long term liabilities / capital employed × 100 (1 mark if no correct calculation) 2025 10 / 16 × 100 (1) = 62.5 % OR 63 % (2 marks) 2024 8 / 15 × 100 = 53.3 % OR 53 % (1 mark) **Notes** 62.5 (1)	**2**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>Evaluate whether WCP should finance the proposed GC takeover with long-term bank loans.
<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>
</table></td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>

<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>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>

Responses may include:

AO1 Knowledge and understanding

Limited knowledge K *will be demonstrated through knowledge of takeovers or possible sources of finance*
Developed knowledge K + K *+ will be demonstrated through knowledge of takeovers and possible sources of finance*
Responses may include:

AO1 Knowledge and understanding

Limited knowledge K *will be demonstrated through knowledge of takeovers or possible sources of finance*
Developed knowledge K + K *+ will be demonstrated through knowledge of takeovers and possible sources of finance*

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
3(c)	Knowledge of takeovers Definition of takeover, external growth, when one firm buys a controlling share in another or integration when one firm buys another. • May eliminate a competitor • May spread risk External growth is faster than internal growth Knowledge of sources of finance • Crowd funding • Bank loans • Venture capital • More finance from shareholders in a private limited company • Becoming a plc, equity finance Knowledge of factors in the decision • Control • Cost Gearing – risk **AO2 Application** *Limited application,* APP *applies knowledge to WCP once.* *Developed application,* APP + APP *applies knowledge to WCP twice.* • Takeover will cost $8m much higher than profit for the year $1.5m. • Profit for the year has remained stable 2024/2025. • 50% of profit donated to foundation to improve sanitation in developing countries. • Gearing is over 50% (quite high) and has increased by nearly 10%. • Crowdfunding part of the amount from WCP's loyal paper products customers may be an opportunity. • Difference of opinion over source of finance between Aldin and Finance Director.	**12**

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Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *- candidate shows two or more links in the chain of analysis.* • Takeover is costly and the relatively high gearing of WCP increases risk of further borrowing AN causing cash flow problems for WCP L2 AN if GC is not immediately profitable. • Finance from a venture capitalist may mean Aldin and other shareholders giving up a % of WCP leading to a possible loss of control AN. • Given the current gearing of 62.5% further borrowing of $8m would increase gearing to 18m/24m 75% which is very high AN and would decrease profits due to repayments L2 AN . Converting to a plc may raise more finance that does not need to be repaid so less impact on profit AN but also risks loss of control if more than 50% of WCP is sold L2 AN **AO4 Evaluation** *Limited evaluation* EVAL *- limited supported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* L2 EVAL *- supported judgement and/or reasonable evaluative comment* *Developed evaluation in context* L3 EVAL *- supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about whether a bank loan is the best source of finance. • Elements that the evaluation/judgement might depend on: – Cost issues, repayment versus loss of control to venture capitalists – If current shareholders are all willing to go through sale of company/conversion to plc – How quickly the finance is needed • Other factors to consider e.g. – Social objectives of WCP, to what extent will donations be affected – Depends on availability of finance linked to relatively high gearing and interest rate. – Crowdfunding unlikely to raise a significant amount – Opportunity cost of this project. What other future plans may WCP have? • Weighing up of the factors and their relative influence on WCP's decision on the most suitable source of finance. • Converting to a plc may raise more finance that does not need to be repaid so less impact on profit AN but risks loss of control if more than 50 % of WCP is sold EVAL Accept all valid responses.	**12**

Question	Answer	Marks
4(a)	**Use the data in Table 1.1 and Table 1.2 and assume no other changes. Calculate the expected revenue for the year ending 30 April 2026 if WCP increases promotional spending from $2.5million to $3 million.** PrED = % change in quantity demanded / % change in promotional spending (1 mark if no correct calculations) Change in promotional spending = 20 % (1) % change in quantity demanded / 20 % = 0.7 (2) 20 % × 0.7 = 14 % (3) $ 21 m × 1.14 = $ 23.94 m (4) **Note:** 23.94 m (4) but $ 23.94 (3)	**4**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

Evaluate the most important element of a new marketing plan for WCP to sell its toilet paper through supermarkets.

<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>
</table>

</td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

<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>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>

Responses may include:

AO1 Knowledge and understanding

Limited knowledge K *will be demonstrated through a definition of a marketing plan or understanding of the role of one element of a marketing plan*
Developed knowledge K + K *will be demonstrated through a definition of a marketing plan **AND** the role of one element of a marketing plan **OR** through understanding of the role of two elements of a marketing plan.*

Knowledge of a marketing plan.
- A coordinated marketing strategy integrates all aspects of the marketing mix, objectives and budget.
- Marketing plan is part of marketing strategy to achieve marketing objectives within a budget.
- Marketing mix as part of planning consists of price, place, promotion and product

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
4(b)	Knowledge of elasticity of demand • Understanding of different elasticity concepts: – promotional elasticity measures responsiveness of demand to changes in promotional spending – price elasticity measures responsiveness of demand to a change in price – income elasticity measures the responsiveness of demand to a change in income. • Understanding of inelastic - not responsive and elastic - responsive to change in price/promotion/income. **AO2 Application** *Limited application,* APP *applies knowledge to WCP once.* *Developed application,* APP + APP *applies knowledge to WCP twice.* • Supermarkets are a new sales outlet for WCP products. • Different supermarkets may target different groups, such as low- or high-income customers. • Current marketing plan focuses on on-line selling and loyal customers, who order in large quantities. • WCP are effective in customer relationship marketing, as evidenced by loyal customer base. • Estimated PED is −1.2. This is price elastic. An increase in price will result in a greater % decrease in demand. • Estimated promotional elasticity of demand is 0.7. Demand is promotion inelastic i.e. relatively unresponsive. • Answer from (a) (allow OFR) a 20 % increase in promotional spending will lead to a 14 % increase in revenue. • Estimated YED is 1.6 so elastic and a normal good • Levels of income and unemployment will vary by sales region. This will impact elasticity measures. • Ethical customers may have an impact on elasticity as willing to pay premium prices. **AO2 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *- candidate shows two or more links in the chain of analysis.* • Knowledge of PED is useful to WCP making decisions about pricing. For example, elastic PED would indicate that an increase in price would decrease revenue AN and therefore decrease profit L2 AN. • Supermarkets will sell many substitute products therefore the WCP brand will need to stand out AN therefore packaging will need to attract customer attention in order to encourage them to try WCP's product L2 AN.	**12**

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Question	Answer	Marks
4(b)	• Selling through supermarkets will mean that some change in packaging is needed, as customers will not want to buy in large quantities, perhaps increasing production costs AN and therefore decrease profit L2 AN. • Increase in spending and a PrED of 0.7 will lead to an increase in demand but a lesser % than the increase in spending suggesting that promotion is less effective AN. • As WCP sell a premium priced product choosing the right supermarkets to distribute through will be important in order to reach the high-income customers and maximise sales AN. **AO3 Evaluation** *Limited evaluation* EVAL *- limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *- supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *- supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about the most important element of the marketing plan. • In a marketing plan, WCP will also consider other factors e.g. changing products and customers' view towards ethical trading. These changes to the marketing mix can increase sales and impact profit. • The customer profile of supermarkets will be different, therefore some of WCP estimates of elasticity may be inaccurate, will very much depend on the supermarket. • A judgement about the usefulness of elasticity to marketing planning decisions. • A judgement about the limitations of elasticity calculations. – Measurement of elasticity is difficult and likely to be inaccurate due to large range of factors that will affect outcomes, for instance competitors entering the market. Other things don't remain equal in markets. • Factors that the judgement could depend on including: – The degree of competitive rivalry in the market – Other elements of marketing plan are important e.g. integrated marketing mix to ensure consistency in message communicated to potential customers and therefore attract sales. Accept all valid responses.	**12**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>

Evaluate the most important factor Aldin should consider before changing the HRM approach at GC if the takeover goes ahead.

<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>
</table>

</td><td>12</td></tr>
</table>

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>

<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>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>

Responses may include:

AO1 Knowledge and understanding

Limited knowledge K *will be demonstrated through knowledge of HRM approaches* ***OR*** *knowledge of relevant factor(s).*
Developed knowledge K + K *+ will be demonstrated through knowledge of HRM approaches* ***AND*** *knowledge of relevant factor(s).*

Knowledge of HRM approaches:
- Hard versus soft HRM approaches.
- Need for whole company integrated HRM approach.
- General links with motivation
- Flexible employment contracts versus full-time contracts

</td><td>12</td></tr>
</table>

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Question	Answer	Marks
5	Knowledge of factors in the decision • Highly motivated employees make for better productivity and low labour turnover • Target setting may help to meet overall objectives • Flexible employment contracts may mean needs of the business are met, but full-time contracts may lead to higher employee satisfaction and loyalty • Changing HRM strategy may involve costs, such as redundancy payments or recruitment. • A takeover will be successful if HRM can integrate strategies • Nature of the workforce: Hard HRM may be suitable for less skilled workforce. Soft HRM may be more suitable more skilled workforce. **AO2 Application** *Limited application,* APP *applies knowledge to WCP once.* *Developed application,* APP + APP *applies knowledge to WCP twice.* **Note:** Application is making use of relevant case information not just repeating it. • WCP seems to follow a soft HRM approach. • WCP has gained a reputation as an ethical employer. • Labour turnover at WCP is low. • GC seems to follow a hard HRM approach, possible culture clash may result. • Flexible employment contracts used by GC contrast with full-time contracts at WCP. • Consideration by Aldin of an integrated consistent approach after takeover of GC. **AO3 Analysis** *Limited analysis* AN *- candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *- candidate shows two or more links in the chain of analysis.* • Soft HRM at WCP has led to motivated workers and low labour turnover AN and therefore less costs of recruiting and training new employees. L2 AN • Flexible employment contracts at GC, targets and 'boring jobs' suggest hard HRM leading to high turnover AN. However, flexible contracts suit some workers who have other commitments, and they may be very productive when at work L2 AN	**12**

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Question	Answer	Marks
5	• Flexible contracts, such as zero hours mean workers are present when needed by the business and this may lead to lower wage costs AN and increased profits L2 AN • After the takeover of GC, WCP may want to change HRM approach at GC, may lead to higher motivation and productivity AN If many workers at GC are low skilled then the hard HRM approach may lead to efficiency and targets achieved AN **AO4 Evaluation** *Limited evaluation* L1 EVAL *- limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *- supported judgement and/or reasonable evaluative comment.* *Developed evaluation in context* L3 EVAL *- supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about the most important factor Aldin should consider before making the change. • Hard HRM approach at GC would be hard to change and will take time and careful management of change • There will be costs as well, have these been considered? • Managers at GC may not be willing and/or able to change their approach • It will also depend on the nature of the workers at GC, are they mainly unskilled? • HRM approach needs to fit with the company's social and ethical objectives • What exactly might success mean in HR terms? More profit? More motivated workers? • Might there be room for more than one approach? Accept all valid responses.	**12**

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