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BUSINESS **9609/21**

Paper 2 Data Response **October/November 2016**

MARK SCHEME

Maximum Mark: 60

Published

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1 (a) (i) Define the term 'Unique Selling Point' (lines 9-10). [2]

Answers could include:

- A factor which makes the businesses product/service different from competitors.
- Can be used in marketing.
- Can be any element of the marketing mix.
- Examples.

Level	Knowledge and Application	Marks
2	Good definition	2
1	Partial definition	1
0	No creditable content	0

(ii) Briefly explain the term 'sole trader' (line 4). [3]

Answers could include:

- A business owned and controlled by one person.
- A sole trader has unlimited liability.
- The owner has full control of the business
- Able to keep all the profits.
- Does not have to publish accounts
- May contrast with a partnership
- No continuity
- Amir is an example of a sole trader or any other relevant example.

Level	Knowledge and Application	Marks
2	Good explanation	2–3
1	Partial explanation/understanding	1
0	No creditable content	0

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(b) (i) Refer to Fig. 1. Calculate the market value of BH's share of the market. [3]

Papa Joe's	10%
Mama Mia's	10%
Chao's	20%
TJ's	5%
Pizza House	5%
Pepe's	10%
Wok's	20%
Grosetto	5%
TOTAL	85%

Other = 85% of the market
100%-85% = 15% market share of BH
15% of $600,000 = $90,000

Answer = $90,000

Correct answer	3
Right method with correct use of figures/attempt (e.g. calculates wrong % for market share so final answer incorrect)	2
Attempt by using appropriate figures/right method but incorrect figures i.e. formula given/only calculates market share % (15%)	1
No creditable content	0

(ii) Explain <u>one</u> benefit to Amir of carrying out market research. [3]

Answers could include:
- Allows Amir to understand what his customers want (or potential customers) and then adapt his business to these requirements. So he could start offering different foods if customers want this.
- Amir can minimise the risk of launching a new product/service, such as Oriental food
- Allows Amir to know his main competitors and use this to develop a USP, such as lower prices, better delivery etc.
- Helps Amir to establish trends in the market and then develop his marketing to anticipate these, such as identifying a trend for Oriental food.

Context could come from:
- Launch of new product such as Oriental food
- Developing a USP
- Very competitive market

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Level	Knowledge and Application	Marks
2	Shows understanding of one benefit of market research in the context of the business	3
2	Shows knowledge of market research in the context of the business	2
1	Shows knowledge of market research - simple statements	1
0	No creditable content	0

(c) Analyse the advantages and disadvantages to Amir of becoming a private limited company. [8]

Level	Knowledge and Application (4 marks)	Analysis (4 marks)
2	Explanation of advantage(s) **and** disadvantage(s) in context – 4 marks Explanation of advantage(s) **or** disadvantage(s) in context – 3 marks	Analysis of advantage(s) **and** disadvantage(s) in context – 4 marks Analysis of advantage(s) **or** disadvantage(s) in context - 3 marks
1	Identification of (but no further explanation) advantages **and** disadvantages – 2 marks Identification (but no further explanation) of advantages **or** disadvantages – 1 mark Shows knowledge of a private limited company – 1 mark	Analysis of advantage(s) **and** disadvantage(s) – 2 marks Analysis of advantage(s) **or** disadvantage(s) – 1 mark
0	No creditable content 0 marks	

Analysis will come from developing the issues

Answers could include:

Advantages

- Amir would gain limited liability, which would mean that his potential loss from the business would be limited to the amount that he has invested, not his personal possessions and wealth (e.g. his house).
- BH would gain its own legal personality, which would mean that if BH was taken to court (e.g. for selling poor/contaminated products) then the business would be sued not Amir.
- BH would gain continuity, which would mean that Amir's son could inherit the business on Amir's death.
- BH could potentially take on more investors by selling shares which would increase the sources of finance open to BH and could fund the potential expansion into Oriental food.

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Disadvantages

- There will be some legal formalities and paper work involved in becoming a private limited company which will be an additional cost to the business that Amir must fund.
- End of year accounts must be made available for public inspection, which could lead to competitors gaining information about BH which Amir would not want to be known. This is especially important in such a competitive market.
- Staff may feel that the business is becoming larger and may worry that they could lose their personal relationship with Amir.
- *If* Amir takes on further investors as shareholders of the business, then this may lead to a loss of control and less profit for him.

(d) Recommend whether BH should start to sell oriental food. Justify your answer. [11]

Level	Knowledge and Application (4 marks)	Analysis and Evaluation (7 marks)
2	**Two or more** reasons in context – 4 marks **One** reason in context – 3 marks	Fully justified and balanced judgement in context – 7 marks Fully justified judgement in context – 6 marks Judgement based on contextual analysis – 5 marks Good analysis of **two or more** reasons in context – 4 marks Good analysis of **one** reason in context – 3 marks
1	Identification of two or more reasons – 2 marks Identification of one reason – 1 mark	Analysis of two or more reasons – 2 marks Analysis of one reason – 1 mark
0	No creditable content 0 marks	

Answers could include:

- BH does not currently sell Oriental food but 40% of the market purchases Oriental food, so this would allow BH to take customers away from Wok's and Chao's and increase market share.
- Neither Wok's nor Chao's offer a deliver service which could give BH a USP over these businesses and increase their market share.
- By offering more than one type of food, BH could gain a competitive advantage over its current rivals. They could cater for families who want more than one type of food in an order, again giving them a competitive advantage.

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However:

- BH has no experience of selling Oriental food. Therefore they may not be able to offer a quality service which could damage their reputation.
- BH may need to provide training and/or hire new workers to offer Oriental food which would increase the costs of the business.
- Wok's and Choa's may decide to do the same and start selling burgers, kebabs, pizzas and side orders and therefore make the market even more competitive and possibly reduce BH's market share.
- There are likely to be increased marketing costs involved in launching this new service; new menus, advertising etc.

2 (a) (i) Define the term 'industrial market' (line 2). [2]

Level	Knowledge and Application	Marks
2	Good definition	2
1	Partial definition	1
0	No creditable content	0

Answers could include:

- An industrial market is one where the goods or services are sold by one business to another business. (2 marks)
- An industrial market is one where the goods or services are sold to business. (1 mark)
- As opposed to a consumer market or an example (1 mark)

(ii) Briefly explain the term 'laissez-faire style of leadership' (line 7). [3]

Level	Knowledge and Application	Marks
2	Good explanation	2–3
1	Partial explanation/understanding	1
0	No creditable content	0

Answers could include:

- Laissez-faire leadership allows workers to make decisions and carry out tasks themselves. (1 mark)
- As opposed to other (named) leadership style. (1 mark)
- Little input from management. (1 mark)
- Most effective when there is a level of expertise or creativity required in the work, e.g. creating software or other relevant example. (1 mark)

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(b) (i) Refer to Table 2. Calculate the labour turnover rate for the Testing team in 2015. **[2]**

No. of workers who left = 4
Total No. of workers in the team = 8
4 / 8 *100 = 50%
Answer = the team has a 50% labour turnover rate
2 marks – correct answer (accept 50)
1 marks – right method (e.g., forgets to multiply by 100 i.e.0.5), correct use of figures, attempt (i.e. uses other figures from the table)
1 mark – attempt by using appropriate figures/right method but incorrect figures e.g. formula given

(ii) Analyse the disadvantages to SC of a high labour turnover rate in the Testing team. **[8]**

Level	Knowledge and Application (4 marks)	Analysis (4 marks)
2	Explanation of two or more disadvantages in context – 4 marks Explanation of one disadvantage in context – 3 marks	Analysis of two or more disadvantages in context – 4 marks Analysis of one disadvantage in context – 3 marks
1	Identification of two or more disadvantages (but no further explanation) – 2 marks Identification (but no further explanation) of one disadvantage – 1 mark Shows knowledge of labour turnover – 1 mark	Analysis of two or more disadvantages – 2 marks Analysis of one disadvantage – 1 mark
0	No creditable content 0 marks	

Analysis will come from developing the issues
Limited analysis in context: Marks limited to 4+2=6
Analysis of only one disadvantage in context: Marks limited to 3+3=6

Answers could include:
- Unable to design, create and test software
- Poorer quality software
- May be a sign of low motivation
- Could increase costs at SC (temporary workers, overtime etc.)
- Poor motivation/training may mean software may not run correctly causing customers to be dissatisfied, especially important because of the nature of the industrial market
- Customer complaints may increase and the customers may demand refunds which can increase SC's costs
- The reputation of SC may reduce - in an industrial market (and also an IT market) such as this, it is likely that recommendations will form a large part of their marketing and recruitment
- Poor quality software (due to inexperience in the team) could cause IT systems to crash which may lead the customer to sue SC
- May make recruitment difficult

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(c) Explain how the Testing team add value to the software created by SC. [4]

Level	Knowledge and Application	Marks
2	Shows understanding of methods to add value in the context of the Testing team	4
2	Shows understanding of adding value in the context of the Testing team	3
1	Shows understanding of methods to add value – simple statements	2
1	Shows understanding of adding value - simple statements	1
0	No creditable content	0

Answers could include:
- Can market their product as being more reliable
- Can market their product as having better quality
- Creates a better image for the firm giving a better reputation in the market
- May create a USP for SC

(d) Evaluate the motivation methods used at SC. [11]

Level	Knowledge and Application (4 marks)	Analysis and Evaluation (7 marks)
2	Shows understanding of **two or more** motivation methods in context – 4 marks Shows understanding of **one** motivation method in context – 3 marks	Fully justified judgement of **two or more** methods in context – 7 marks Fully justified judgement of **one** method in context – 6 marks Judgement based on contextual analysis – 5 marks Good analysis of **two or more** methods in context – 4 marks Good analysis of **one** method in context – 3 marks
1	Shows understanding of **two or more** motivation methods- 2 marks Shows understanding of **one** motivation method -1 mark	Analysis of **two or more** motivation methods – 2 marks Analysis of **one** motivation method -1 mark
0	No creditable content 0 marks	

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Context is likely to come from:

- Work in teams
- Laissez-faire leadership
- Specialisation
- Target setting
- Performance related pay
- Skilled workers

Answers could include:

- Teamwork; workers may feel more motivated if they work in teams, could link with Maslow and Herzberg. Likely to be very useful in creative areas such design teams. May also reduce mistakes in quality and testing teams.
- Laissez-faire leadership; useful in creative industries and allows workers to achieve objectives in whatever way is most appropriate. Likely to motivate because of the nature of the workers (i.e. skilled workers), more likely to be Theory Y.
- Specialisation; allows workers to become experts in their area and this may link to Maslow and allow recognition and eventually self actualisation by becoming masters of their area. However could also become boring and repetitive but unlikely in this industry.
- Targets/Management by objectives; ensures/encourages minimum requirements/productivity is met – customer focussed business. Allows for laissez-faire leadership. Skilled workers may be able to manage their own time/workload to meet targets best – link to Maslow/Herzberg
- Performance related pay; Link to Taylor, can reward harder workers. Links with laissez-faire leadership.

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