Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/23**

Paper 2 Data Response **October/November 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.

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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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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.

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

Define the term 'sole trader' (line 1).

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

Must be distinct from other ownership types

Indicative content

AO1 Knowledge and understanding

- A business in which one person provides the finance and in return has full control of the business and keeps all the profits.
- An only trader has all the risk / unlimited liability.
- An only trader pays income tax.

Exemplar	Marks	Rationale
A person who invests all the capital and has unlimited liability	2	Correct definition
The only owner of the business who invests all the capital	2	Correct definition
The only owner of the business/owns a business by themselves	1	Partial knowledge
A person who owns the business	1	Partial definition
The owner of a business	1	Implied 'only'
An owner operator	1	Implies a single person
Finance may be limited	0	Limited for all business structures

ARA

</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 difference, for a business, between price and cost.

Award one mark for each point of explanation:

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Understanding of the difference between a price and a cost</td><td>1</td></tr>
<tr><td>Understanding of a cost</td><td>1</td></tr>
<tr><td>Understanding of a price</td><td>1</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

• A price is an amount paid by a customer / the amount a business sells/charges for its product/service.
• A cost is an amount paid by a business / to a supplier.
• A cost is the amount of money used to produce the goods/service.

AO2 Application

Application of the difference between a price and a cost, such as:
• Businesses receive the value of a price (from the customer) but pay the value of a cost (to a supplier).
• The difference between price and cost is profit.
</td><td>3</td></tr>
</table>

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

Knowledge of a price and a cost may be assumed from application.

<table>
<tr><th>Exemplar</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Price is more than its cost</td><td>3</td><td>The simplest form of answer</td></tr>
<tr><td>The mark-up/the profit margin/profit</td><td>3</td><td>Simplest form of answer</td></tr>
<tr><td>A price is the amount paid by a customer, a cost is the amount paid for raw materials used in the manufacture and the difference is the profit made.</td><td>3</td><td>All three elements clear</td></tr>
<tr><td>A cost is the amount the raw materials cost, whereas the price is the amount a business charges its customers for the finished product.</td><td>3</td><td>All three elements clear</td></tr>
<tr><td>Cost is the expenses incurred in making a product, whereas price includes the profit set by the seller.</td><td>3</td><td>All three elements clear</td></tr>
<tr><td>Cost is the expenses incurred in making a product. Price is the amount a business charges its customers for the finished product.</td><td>2</td><td>No difference shown</td></tr>
</table>

ARA

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

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

Calculate the profit that Obi will make from a customer who hires two vans for three days.

<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer with or without correct working or $</td><td>3</td></tr>
<tr><td>Correct calculation of TR and TC</td><td>2</td></tr>
<tr><td>Formula or correct calculation of TR or correct calculation of TC</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>

Indicative content

(Total) revenue – (Total) cost = profit

Total revenue = ($250 + $225 + $225) × 2 = **$1400**

Total cost = ($170 + $170 + $170) × 2 = **$1020**

$1400 – $1020 = **$380**

Profit = **$380**

OFR

If candidates continue to discount 10% beyond the second day, then award as a correct answer.

Common incorrect answers

<table>
<tr><th>Answer</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>$330</td><td>3</td><td>Continued use of 10% discount</td></tr>
<tr><td>$190</td><td>2</td><td>Only calculated one van – incorrect final answer but correct formulae implied by use of figures</td></tr>
<tr><td>$165</td><td>2</td><td>Only calculated one van – incorrect final answer but correct formulae implied by use of figures</td></tr>
</table>

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

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

Explain <u>one</u> factor which may affect the demand for Obi's services.

<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2b (APP+APP)</td><td>Explanation of one factor in context</td><td>3</td></tr>
<tr><td>2a (APP)</td><td>Identification of one factor in context</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Identification of one factor</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of a factor affecting demand may include:
- (perceived) waiting/lead time
- (perceived) price
- population
- income level
- consumer tastes and preferences
- level of competition
- advertising

AO2 Application

- Price – Obi charges $250 – how do Obi's prices compare with competition?
- Population – direct correlation between number of people wanting to move and the population – Obi's service is likely to be required more often if it is located in an area with a high population.
- Income levels – higher income likely to move household/bulky items more often – and use a service as opposed to doing it themselves.
- Consumer tastes and preferences – service based so potential customers will look for reviews – Obi might have good reviews of his service from past customers.
- Level of competition in the local/national market – Obi used to be employed by a similar business – therefore some competition.
- Advertising – a service sector business and likely to be competitive – customers need to know about the service to book it.

</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>
Application (APP) is likely to come from the context, with developed application (APP+APP) from further use of that context.

Example of how responses should be marked.

<table>
<tr><th>Identification of a way
(K – 1 mark)</th><th>Application
(APP – 2 marks)</th><th>Developed application
(APP + APP – 3 marks)</th></tr>
<tr><td>Competition</td><td>from the other business he was employed by</td><td>who may reduce prices to attract Obi’s customers</td></tr>
<tr><td>Income level</td><td>is $250 per day</td><td>too expensive</td></tr>
</table>

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

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

Recommend whether Obi should purchase Van A or Van B. Justify your recommendation.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>Justified recommendation based on argument(s) in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed recommendation based on argument(s) in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement/recommendation based on argument(s) in context</td><td>5</td></tr>
<tr><td>Shows understanding of factor(s) affecting Van A AND Van B in context</td><td>4</td><td>Argument based on Van A AND Van B in context</td><td>4</td></tr>
<tr><td>Shows understanding of factor(s) affecting Van A OR Van B in context</td><td>3</td><td>Argument based on Van A AND Van B in context</td><td>3</td></tr>
<tr><td>Shows knowledge of two or more factors affecting decision making</td><td>2</td><td>Limited analysis of Van A AND Van B</td><td>2</td></tr>
<tr><td>Shows knowledge of one factor affecting decision making</td><td>1</td><td>Limited analysis of Van A OR Van B</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td></tr>
</table>

Arguments for Van A on one side and Van B on the other to show arguments for each

Indicative content

AO1 Knowledge and understanding

Knowledge of factors affecting decision making, including:
- cost(s)
- timescale
- revenue
- utility

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

Question	Answer	Marks
1(c)	**AO2 Application** Application may include: • sole trader • main business is based on the use of vans • already owns three vans • eight full-time employees • demand is growing fast • use of Table 1.2 **AO3 Analysis** Analysis of Van A may include: • lower purchase cost • higher maintenance costs • shorter lifespan • lower (slightly) insurance costs • high level of reliability • are other qualitative elements relevant? Analysis of Van B may include: • higher purchase cost • lower maintenance costs • longer lifespan • higher (slightly) insurance costs • possibly less reliable based on customer review • use of colours may provide an advertising benefit • speed of manufacturer response to break down is good • faster – may allow a speedier service (but could also have legal issues) • are other qualitative factors relevant? **AO4 Evaluation** • A recommendation about whether Ralph should choose Van A or Van B. • A judgement over the relative suitability of the vans. • Elements that the recommendation/judgement could depend upon, including availability of finance/amount of finance, how long Obi keeps his vans for on average, length of warranty, past reviews, whether he trusts his employees not to speed, fuel economy as a factor. • Weighing up of the relative impacts on Obi of the vans.	**11**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(c)</td><td>Examples of how an answer could develop and how it should be annotated.
<table>
<tr><td>K</td><td>APP</td><td>AN</td><td>DEV</td><td>EVAL</td></tr>
<tr><td>Cost</td><td>VAN A – boring but fuel efficient</td><td>Reduces direct costs of petrol</td><td>Increases profit margins</td><td rowspan="2">Should buy Van A

Because lower direct costs more important than long-term budgeting

Even though the image may be impacted</td></tr>
<tr><td>Lifespan1</td><td>VAN B – lasts 9 years</td><td>Capital cost spread over a longer time</td><td>Helps long-term budgeting</td></tr>
</table>
ARA</td><td></td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Analyse <u>two</u> factors which may influence the source of finance that Obi chooses for the new van.
<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows understanding of two factors which may influence the source of finance in context</td><td>4</td><td>Good analysis of two factors which may influence the source of finance in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows understanding of one factor which may influence the source of finance in context</td><td>3</td><td>Good analysis of one factor which may influence the source of finance in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two factors which may influence the source of finance</td><td>2</td><td>Limited analysis of two factors which may influence the source of finance</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one factor which may influence the source of finance</td><td>1</td><td>Limited analysis of one factor which may influence the source of finance</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding

Knowledge factors affecting sources of finance, including:
• size/structure of business
• cost of finance
• costs of the business
• flexibility
• need to retain control
• use of the finance
• level of existing debt
</td><td>8</td></tr>
</table>

Question	Answer	Marks
	AO2 Application • Sole trader • Main business is based on the use of vans • Already owns three vans • Eight full-time employees • Demand is growing fast • Use of Table 1.2 – may be based on recommendation made in Q.1(c) **AO3 Analysis** • Speed of acceptance – requires a source of finance that will allow immediate purchase – capitalise on the increased demand – • Running costs – some sources of finance may allow this to be included (such as leasing or hire purchase) – reduces variable outgoings • Flexibility – Obi may need to repay over the lifetime of the van, or he may be able to reduce the cost of finance and repay earlier if demand remains high – can manage cashflow • Need to retain control – Obi likes to be in control so is unlikely to want a source of finance that means he loses control (such as taking a partner or selling shares) – • The use of the finance – acquiring a van – some sources of finance are more suited to longer term options (such as bank loans) or the acquisition of a capital item that loses value (such as leasing or hire-purchase) • Level of existing debt – Obi used his savings to set up VM so he has no debt – has to use external sources Examples of how an answer could develop and how it should be annotated. **K** / **APP** / **AN** / **DEV** Cost of finance / $30/40k loan / Higher loan = larger repayments / Reduces cashflow/profits Level of existing debt / Savings used so no debt / Means has to use external sources / Which may involve loss of control **ARA**	

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

Define the term ‘flow production’ (line 2).

<table>
<tr><th>Knowledge</th><th>Marks</th></tr>
<tr><td>A correct definition</td><td>2</td></tr>
<tr><td>A partial, vague or unfocused definition</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

- The continuous movement of products through the production process.
- When one task is finished, the next task starts immediately.
- The creation of a product in a series of stages on a production line.
- Identical/standardised products are created on an assembly line.

<table>
<tr><th>Exemplar</th><th>Marks</th><th>Rationale</th></tr>
<tr><td>Continuous production for non-customised products</td><td>2</td><td>Clear flow production</td></tr>
<tr><td>Continuous making of products</td><td>1</td><td>Only one element</td></tr>
<tr><td>Continuous line/automated</td><td>1</td><td>No expansion of a process or standardisation</td></tr>
</table>

ARA

</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 'psychographic market segmentation' (line 3).

Award one mark for each point of explanation:

Rationale	Marks
*Example or some other way of showing good understanding	1
Understanding of psychographic	1
Understanding of market segmentation	1

*No application without both pieces of knowledge

Indicative content

AO1 Knowledge and understanding

Market segmentation
- Selecting the most likely buyers
- Select groups of consumers based on similar characteristics

Psychographic
- Based on their interests, activities and lifestyle choices
- Qualitative method of studying consumers based on psychological characteristics and traits
- Such as: beliefs, values, lifestyle, social status, opinions and activities
- Beyond general demographic data such as age, gender or race

AO2 Application

Application of an example or some other way of showing good understanding, such as:
- a business selling holidays to people based on the sports they enjoy such as golf/cycling holidays
- any examples from case allowable

Exemplar	Marks	Rationale
Selecting the most likely buyers based on beliefs and values instead of geographic factors	3	All three elements met
Selecting the most likely buyers based on beliefs and values	2	No understanding
Breaking up/separating the market	1	No psychological

ARA

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

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

Refer to Table 2.1. Calculate SC's revenue (X) for 2020.

**Formula can be implied through use of figures*

Rationale	Marks
Correct answer with or without correct working or $ or m	3
Calculation of total market revenue	2
Formula*	1
No creditable content	0

Content

Market share × total market revenue

Total market = $60m × 2.5 = $150m

34% of $150m = **$51m**

SC's sales revenue = $51m

OFR

Common incorrect answers

Answer	Marks	Rationale
60m * 0.4 = 20.4m	1	OFR – final; mark only
60m – (60*0.34) = 39.6	0	Incorrect formula and figures

</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 <u>one</u> possible disadvantage to SC of using secondary market research.

Level	Knowledge and Application	Marks
2b (APP+APP)	Explanation of one possible disadvantage of secondary market research in context	3
2a (APP)	Identification of one possible disadvantage of secondary market research in context	2
1a (K)	Knowledge of a disadvantage of secondary market research	1
0	No creditable content	0

Note: some disadvantages are unlikely to be able to be contextualised – good answers will have been selective over which disadvantage to use.

Indicative content

AO1 Knowledge and understanding

Knowledge of a possible disadvantage of using secondary market research may include:
- may be out of date
- may be inaccurate
- may not be specific
- been compiled by someone else
- may be under copyright

AO2 Application

- May be out of date – this was data from 2019/20 (two years old) – what elements may have changed?
- May be inaccurate – was the $60m a ‘normal’ revenue? Published accounts are unlikely to be inaccurate but may have been window dressed
- May not be specific – unlikely to be the case in this context as this is their main competitor (market leader), so could be difficult to contextualise
- Been compiled by someone else – OK’s published accounts may have been window dressed – is $60m a normal revenue figure or a promotional campaign?
- May be under copyright – again unlikely to be contextual since published accounts are in the public domain

</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>Example of how responses should be marked.

<table>
<tr><th>Identification of a way (K – 1 mark)</th><th>Application (APP – 2 marks)</th><th>Developed application (APP+APP – 3 marks)</th></tr>
<tr><td>Out of date</td><td>Published accounts</td><td>Due to window dressing</td></tr>
<tr><td>May be out of date</td><td>Two years old</td><td>Elements may have changed</td></tr>
</table>

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

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

Analyse <u>two</u> primary market research methods that SC could use.

<table>
<tr><th>Level</th><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis (4 marks)</th><th>Marks</th></tr>
<tr><td>2b</td><td>Shows knowledge of two primary market research methods in context</td><td>4</td><td>Good analysis of two primary market research methods in context</td><td>4</td></tr>
<tr><td>2a</td><td>Shows knowledge of one primary market research method in context</td><td>3</td><td>Good analysis of one primary market research method in context</td><td>3</td></tr>
<tr><td>1b</td><td>Shows knowledge of two primary market research methods</td><td>2</td><td>Limited analysis of two primary market research methods</td><td>2</td></tr>
<tr><td>1a</td><td>Shows knowledge of one primary market research method</td><td>1</td><td>Limited analysis of one primary market research method</td><td>1</td></tr>
<tr><td>0</td><td colspan="4">No creditable content</td></tr>
</table>

Content

Indicative content

AO1 Knowledge and understanding

Knowledge of primary market research methods include:
- questionnaires (if q's and surveys in one element, then should be counted as one method)
- surveys
- focus groups
- observation
- trial/test marketing

AO2 Application

- PLC
- Low sugar candy
- Natural flavourings/flavours
- Flow production
- Psychographic segmentation
- Corporate Social responsibility
- Plastic/plastic in packaging
- CSR as a new business objective

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

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

AO3 Analysis

- Questionnaires and surveys – depend on people being willing to answer and give honest answers
- Focus groups – can ask qualitative opinions on factors and discuss potential solutions
- Observation – if some customers prefer products which actively promote the reduction in plastic packaging, can focus on these; however, limited scope
- Trial/test marketing – see if the sales/revenue are affected by altering factors, which is more likely to be a response than asking questions

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></tr>
<tr><td>Questionnaires</td><td>Target market, e.g. nature and sports</td><td>Via ecommerce will provide quick results</td><td>Depends, however, on the honesty of respondents</td></tr>
<tr><td>Focus groups</td><td>Ask specific questions about low sugar candy</td><td>To understand customer opinion</td><td>And make a decision on whether to change business objectives</td></tr>
</table>

ARA

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

Evaluate the benefits to SC of having corporate social responsibility (CSR) as a business objective.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th></tr>
<tr><td></td><td></td><td>Justified evaluation based on argument in context</td><td>7</td></tr>
<tr><td></td><td></td><td>Developed evaluation based on argument in context</td><td>6</td></tr>
<tr><td></td><td></td><td>An evaluative statement based on argument in context</td><td>5</td></tr>
<tr><td>Shows understanding of CSR as a business objective in context</td><td>4</td><td>Argument based on two or more benefits of CSR as a business objective in context</td><td>4</td></tr>
<tr><td>Shows understanding of CSR in context</td><td>3</td><td>Argument based on one benefit of CSR as a business objective in context</td><td>3</td></tr>
<tr><td>Shows knowledge of CSR and business objectives</td><td>2</td><td>Limited analysis of two or more benefits of CSR as a business objective</td><td>2</td></tr>
<tr><td>Shows knowledge of CSR or business objectives</td><td>1</td><td>Limited analysis of one benefit of CSR as a business objective</td><td>1</td></tr>
<tr><td colspan="4">No creditable content</td></tr>
</table>

Content

Indicative content

AO1 Knowledge and understanding

Knowledge of corporate social responsibility:
- triple bottom line
- social, environmental and profit objectives

Knowledge of business objectives:
- SMART
- analysing, assessing and understanding where you are now and where you want to be in the future

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

Question	Answer	Marks
2(d)	**AO2 Application** Application may include: • PLC • low sugar candy • natural flavourings • flow production • psychographic segmentation • food manufacturing business lost customers • use of plastic packaging • use of Table 2.1 **AO3 Analysis** Analysis of benefits may include: • increased reputation – customers may choose SC because of its reputation of focusing on CSR increasing revenue from $51m – increases revenue/profits • long term cost savings – CSR may lead to long term cost savings, especially if the loss of plastic leads to a recyclable alternative – which may reduce unit costs (but may increase short term costs) • could lead to growth – SC may be able to increase their market share (currently 43%) – overtake OK as market leader • increased sales – media reports suggest this is becoming a big issue for customers – SC may align with customers' preferences • decreased price elasticity of demand – customers may be happier to pay higher prices for candy which is more in line with their beliefs, especially parents – increases revenues • better staff retention and employment – may align with employees' beliefs – may improve motivation and/or retention • easier access to capital – may attract investment from ethical sources due to focus on TBL – may reduce cost of investment in new packaging materials and processes **AO4 Evaluation** • A recommendation about whether SC should have CSR as a business objective. • A judgement over the relative benefits of CSR as a business objective. • Elements that the recommendation/judgement could depend upon, including cost, competitor actions, customer requirements and purchasing habits, market research. • Weighing up of the relative impacts on SC of CSR as a business objective for SC.	

<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>Triple bottom line</td><td>Reducing use of plastic</td><td>Improves reputation</td><td>Increases number of customers</td><td>CSR is very beneficial

As the reduction of plastic is likely to increase profits overall

Even though the cost may be high initially</td></tr>
<tr><td>SMART</td><td>Psycho-graphic segment-ation</td><td>Customers may be happier to pay higher prices for candy which is more in line with their beliefs</td><td>Increases revenues</td><td></td></tr>
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