UNIVERSITY OF CAMBRIDGE INTERNATIONAL EXAMINATIONS

GCE Advanced Subsidiary Level and GCE Advanced Level

MARK SCHEME for the October/November 2011 question paper for the guidance of teachers

9707 BUSINESS STUDIES

9707/21 Paper 2 (Data Response), maximum raw mark 60

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.

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International Examinations

1 Now

(a) Explain the following terms:

(i) private limited company [3]

Content:
Incorporated business with limited liability for owners (shareholders). Distinguished from public by limitations on trading shares on the open market.

Level 2: Good explanation. (2–3 marks)
Level 1: Partial explanation/understanding. (1 mark)

(ii) mass market [3]

Content:
Marketing term used to describe situation where a product is targeted at a very large/wide market. Opposite of niche.

Level 2: Good explanation. (2–3 marks)
Level 1: Partial explanation/understanding. (1 mark)

(b) (i) Calculate the percentage difference in wages at Now compared with its main competitor. [2]

Now's wages 4.00
Competitor's 5.00
Difference 1.00

1.00/5.00 × 100 = 20% (sign not necessary)

Alternatively

1.00/4.00 × 100 =25%

Correct answer (2 marks)
Formula or identifies all the data but flawed calculation (1 mark)

(ii) Briefly analyse <u>two</u> methods that Now could use to improve recruitment at its existing shops. [4]

Issues should be two of:

Wages
Methods of advertising jobs/style
Help with journeys to work
Reviewing job specifications
Any reasonable answer (ARA).

Knowledge and Application	
Level 2: Shows understanding/analysis of recruitment in context.	(3–4 marks)
Level 1: Shows understanding of recruitment.	(1–2 marks)

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(c) Recommend changes to the marketing mix if Now introduces a range of maternity clothes. Justify your answer. [10]

ARA.

No longer mass market so:
- different types of advertising
- different image
- different price structure.

Product no longer fashion? Durable?
Cost may be more important therefore different pricing. Value for money?
ARA.
Evaluation likely to come from justifying changes.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of marketing mix in context of the business. (3–4 marks)	Level 2: Supported recommendation. (3–6 marks)
Level 1: Shows understanding of marketing mix. (1–2 marks)	Level 1: Analysis of changes. (1–2 marks)

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(d) Analyse the factors that might influence Now's decision as to whether to open a shop in the new shopping centre. [8]

Content:

What is market:
- Demand: near a large housing development.
- Greater competition.
- Will it be a suitable location for working women? Pregnant women?

Costs:
- Higher rents but more modern facilities are likely to mean higher sales revenues.

Employment:
- Might it help solve recruitment problems?

The market:
- declining
- government pressures
- consumers (supermarkets and their customers) more aware of waste issues.

ARA.

Knowledge and Application	Analysis
Level 2: Shows understanding of location factors/decisions in context of the business. (3–4 marks)	Level 2: Evaluation of the factors. (3–4 marks)
Level 1: Shows understanding of location factors/decisions. (1–2 marks)	Level 1: Analysis of the factors. (1–2 marks)

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2 Newtown Arts Centre

(a) Explain the following terms:

(i) public sector [3]

Content:
That part of the economy owned by the state (central/local government). Often involved in the provision of essential services. Size varies significantly from country to country. Objectives often less clear than private sector.

Level 2: Good explanation. (2–3 marks)
Level 1: Partial explanation/understanding. (1 mark)

(ii) direct costs. [3]

Content:
The costs that are directly associated with running an activity, e.g. the arts centre. These could include heating and lighting as well as some wages. It would not include overheads.

Level 2: Good understanding. (2–3 marks)
Level 1: Partial explanation/understanding. (1 mark)

(b) (i) Calculate how many days NAC needs to rent out the art galleries in order to break even. [3]

FC = $8000
VC = $100
P = $500
BE = FC/(p – vc)
= 8000/(500 – 100) = 20 days

Correct answer (3 marks)
Correct method but simple mistakes (2 marks)
Formula or identifies all the data but flawed calculation (1 mark)

(ii) Explain the limitations to NAC of your break-even calculation. [3]

Issues include:

Own figure rule (OFR)
Only assumptions
Can they let 20 days?
ARA.

Knowledge and Application	
Level 2: Shows understanding of break-even in the context of the business.	(2–3 marks)
Level 1: Simple statements.	(1 mark)

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(c) Analyse the <u>sources</u> of market research information that NAC might use to improve its knowledge of the potential market for conferences. [8]

Secondary research:
- research similar businesses
- get idea of 'population' size
- who to contact.

Primary research:
- customer needs
- prices they might pay
- facilities they need.

ARA.

Knowledge and Application	Analysis
Level 2: Shows understanding of market research/sources in the context of the business. (3–4 marks)	Level 2: Good analysis of sources in context. (3–4 marks)
Level 1: Shows understanding of market research/sources. (1–2 marks)	Level 1: Limited analysis of sources/ methods. (1–2 marks)

(d) Discuss the extent to which NAC has been ethical in its business activities. [10]

Which are ethics and which are the law: minimum wage? Charges? Discrimination?

Some activities that might be thought of as ethical but might also be thought of as duties for a public service: encouraging young and local artists, minorities and so on.

ARA.

Evaluation likely to come from balancing points of view.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of ethics in the context of the business. (3–4 marks)	Level 2: Evaluation of ethics. (3–6 marks)
Level 1: Shows understanding of ethics. (1–2 marks)	Level 1: Analysis of issues. (1–2 marks)

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