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

9707/22 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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UNIVERSITY of CAMBRIDGE
International Examinations

1 Kidz

(a) Explain the following terms:

(i) partnership [3]

Content:
Structure for a business, though not necessarily a separate legal identity. Formed by two or more people to carry on business together with shared capital investment and, usually, shared responsibility. Usually unlimited liability but can be limited partnership. There may be deed of partnership.

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

(ii) market segment. [3]

Content:
Part of a market defined by properties of customers such as income, age, gender etc. Useful for targeting marketing.

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

(b) (i) Calculate the value of X in Table 1. [2]

Shop B: $5/40 \times 100 = 12.5\%$

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

(ii) Comment on the training needs of Kidz that this calculation and Table 1 suggest. [4]

Shop A lower percentage but less skilled/experienced staff and younger. All point to higher training needs for shop A.
Any reasonable answer (ARA).

Knowledge and Application	
Level 2: Shows understanding of training in context.	(3–4 marks)
Level 1: Simple statements.	(1–2 marks)

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(c) Analyse possible changes to the marketing mix of Kidz if it decides to extend the product range to include school uniforms. [8]

Product: durability now more important. Different designs, more exacting, less choice.

Price: difficult to say but must be affordable. Perhaps not so cheap.

Promotion: different market. Through schools? Location will not be so important.

Place: presumably remains retail.

ARA.

Evaluation likely to come from prioritising influences.

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

(d) Using Table 2 and other information, recommend the best site for the third shop. Justify your answer. [10]

Content:

Response must use data in Table 2 to get above level 1.

Can argue for any site. What is important is the justification.

ARA.

Evaluation likely to come through justification of recommendation.

Knowledge and Application	Analysis and Evaluation
Level 2: Shows understanding of location in context of the business. (3–4 marks)	Level 2: Recommendation/evaluation in context. (3–6 marks)
Level 1: Shows understanding of location factors. (1–2 marks)	Level 1: Analysis of the sites. (1–2 marks)

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2 Rex Cinema

(a) Explain the following terms:

(i) profits before tax (net profits) [3]

Content:
Profits after most deductions (cost of sales, expenses etc.). Before deduction of tax. Appears on P&L/Income statement.

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

(ii) fixed costs. [3]

Content:
Costs that do not vary with the level of output, e.g. rent, overheads. Some costs, e.g. wages, may be fixed or semi-variable.

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

(b) (i) Calculate the price that Ike would need to charge in order to break even at 150 people per extra film show. [3]

BE = fc/(price – vc)

Price = fc/BE + vc = (300/150) + 0.5 = $2.50

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

(ii) If Rex charged $2 then the break-even would increase to 200 people. Comment briefly on the usefulness to Ike of this break-even information. [3]

Helps in decisions.
The lower the price the more people need to attend.
200 is more than cinema capacity. 150 is close to capacity. Ambitious?

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>methods</u> of primary research that Ike and Tina could use before making a decision about the extra film shows. [8]

Primary research:

- customer needs/film choices
- prices they might pay
- facilities they need.

Surveys. Samples? Sampling method?
Consumer panels. How? How many people?

ARA.

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

(d) Discuss the extent to which Rex's overall objective is being achieved. [10]

Depends what is meant by 'best'.

Profits falling but seems normal for industry. At least Rex is still open.
Some customers unhappy.

However good reviews.

ARA.

Evaluation likely to come from balancing arguments.

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

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