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

9707/23 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 Suave

(a) Explain the following terms:

(i) public limited company [3]

Content:
Legal structure for a business with limited liability. Shares can be traded without restriction usually on stock markets. Information public. Example.

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

(ii) niche market. [3]

Content:
Segment of a larger market. Can be exploited. Targeting helps reduce overall marketing costs.

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

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

32/40 × 100 = 80

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

(ii) Using Table 1, briefly analyse <u>one</u> reason for the difference in labour turnover between the two shops. [4]

Significant differences: wages, types of workers (students vs full-time), management style, size of shops etc.

Any reasonable answer (ARA).

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

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(c) Recommend a marketing mix for the new range of casual clothes. Justify your answer. [10]

Promotion:
What is most effective method? Probably not quality newspapers. New image, brand name?

Price:
No longer premium. What sort of price would people pay for casual clothes?

Place:
Different outlets? Where?

Product:
No longer best materials, highest quality. Comfort more important.

ARA.

Evaluation likely to come from justification of recommendation.

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

(d) Using Table 2 and other information provided, analyse the factors Suave should consider when deciding whether or not to relocate its factory. [8]

Content:
Must use Table 2.

Could include:
- market issues
- support
- workforce issues
- costs
- transport links
- development costs.

ARA.

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

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2 The Dreambox Theatre

(a) Explain the following terms:

(i) profits [3]

Content:
Difference between revenue and costs. Can be net, gross, retained, before or after tax.

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

(ii) variable costs [3]

Content:
Costs which vary in relation to the level of operation of a business. Examples should only be fully rewarded if unambiguous.

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

(b) (i) If Ho charges $6 per student, calculate how many tickets DT would need to sell to break even. [3]

BE = FC/(p – vc)
= 500/(6 – 1) = 100

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

(ii) If Ho changed the price to $3 per student, the break-even would become 250 tickets. Comment on the usefulness to Ho of these break-even calculations. [3]

Far more than theatre capacity. Would make a loss.
Example of 'what if'?
Helps decisions.

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 possible <u>sources</u> of secondary information that might be useful to Yaya. [8]

Secondary research:
Purpose:
- research similar businesses
- get idea of 'population' size (schools in area)
- likely demand (drama studies at school etc.)
- education authorities.

Sources:
Libraries, government, Internet, market research organisations, company records etc.

ARA.

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

(d) Discuss the extent to which business ethics are important to DT. [10]

Important when dealing with young people.
May have impact on types of audience.
May deter customers.

But:
Is any publicity good publicity?
Theatres should be adventurous.
What do performers want?

ARA.

Evaluation likely to come from balancing arguments.

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 extent. (3–6 marks)
Level 1: Shows understanding of ethics. (1–2 marks)	Level 1: Analysis of ethics. (1–2 marks)

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