Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/22**

Paper 2 Written **May/June 2022**

MARK SCHEME

Maximum Mark: 80

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.

Cambridge International is publishing the mark schemes for the May/June 2022 series for most Cambridge IGCSE, Cambridge International A and AS Level and Cambridge Pre-U components, and some Cambridge O Level components.

This document consists of **22** printed pages.

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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.

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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).

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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.

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.

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Question	Answer	Mark	Guidance
1(a)(i)	**What is an insurance premium?** • Payment for insurance cover/used to buy insurance/used to buy a policy/cover against risk/amount given by insured to insurer	**1**	
1(a)(ii)	**Which occupation in Fig. 1.1 is in the secondary industry?** • Machinist	**1**	
1(b)	**Explain <u>two</u> factors, apart from occupation, for the high premiums charged to students for motor car insurance.** • Inexperience (1) younger drivers less able to judge speeds / road conditions (1) • Age (1) younger drivers more likely to be involved in an accident compared to older drivers (1) • More likely to take risks/driving at night (1) e.g. cutting in and out of traffic / driving too fast / use of drink/drugs / more likely to get into accidents (1) • More easily distracted while driving (1) e.g. use of mobile phone / friends in car / selecting music to play (1) • Value/type/model of motor (student may only afford low value) (1) the greater the value, the higher the premium (1) • Age of motor (student may only afford older/cheaper) (1) the newer the motor, the higher the premium (1) • Size of car (1) bigger the engine, the higher the premium (1) • Cost of repairs (1) a more valuable motor is more expensive to repair (1) • District where motor is driven/stored (1) e.g. an accident 'blackspot' / high crime area would increase the premium (1) • Past record of driver (1) e.g. previous accidents or driving offences would increase the premium (1) • Previous claims made (1) the more claims, the higher the premium (1)	**4**	1 mark for each factor and 1 mark for each explanation × 2 Note: Points can be mixed and matched from any of the bullet points if suitably linked

Question	Answer	Mark	Guidance
1(c)	**Should individuals specialise in particular occupations? Give reasons for your answer.** Yes – become more skilled/greater knowledge/more experience (1) perform better/at what they are good at (1) becomes an expert (1) less chance of unemployment (1) may get a better job/promotion (1) may receive higher pay (1) increases efficiency/output (1) less time wasted (1) produces higher quality (1) reduces costs/wastage/less errors (1) leads to economies of scale (1) increases economic growth (1) No – can become bored (1) less quality (1) less job satisfaction (1) feel less valued (1) can face being unemployed / less job security if skills are no longer required (1) if worker is absent, affects output (1)	**3**	Up to 3 marks for justified reasoning of no and/or yes responses.
1(d)	**Circle the correct answer to complete each of the following sentences.** An increased number of motor vehicles is a cause of **global warming.** Imported car parts will often be stored in a **manufacturer's warehouse.**	**2**	

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>1(e)</td><td>Khalid, a student, could pay his motor car annual insurance premium either by monthly direct debit or the total in advance by credit card.

Discuss each of these two options. Which would you recommend? Give reasons for your answer

Direct debit is a bank service that enables recurring regular or irregular payments to be paid from a bank account when requested by the creditor.

Credit card allows consumers to buy goods or services when needed and repay the credit provider later.

Direct debit:
• Saves time and effort as there is no need for Khalid to worry about remembering to pay his premium
• Loss of personal control over bank account as insurance company might take more than expected in a payment
• Khalid must have sufficient funds in his account to meet the direct debit payment or he will have to pay bank charges
• Most insurance companies will offer a discount for paying by direct debit however, some insurers might add an extra fee for monthly payments and charge interest, adding to Khalid’s costs.

Credit card:
• Free credit is obtained by Khalid for at least a month, so he buys the insurance without paying for it immediately
• By paying the credit card in advance, the debt has been cleared
• Interest to be paid if the credit card balance is not paid off in full which can make it more costly if Khalid does not repay on time however, he will control how and when he repays the credit provider
• Some credit cards offer a 0% interest period that effectively lets Khalid borrow for free, providing that he meets his payment at the end of the period
• Can receive reward points on some credit cards, which can be useful to make other purchases</td><td>8</td><td>
<table>
<tr><th>Level</th><th>Mark</th><th>Description</th></tr>
<tr><td>3</td><td>7–8</td><td>The candidate is able to offer a thorough evaluation, with recommendation, of whether Khalid should be using direct debit or a credit card to pay his annual car insurance premium.</td></tr>
<tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of the advantages and/or disadvantages of Khalid using direct debit and/or credit card to pay his annual car insurance premium without recommendation.</td></tr>
<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding, with application Khalid to pay his annual insurance premium by direct debit or a credit card.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
</td></tr>
</table>

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Question	Answer	Mark	Guidance
1(e)	• Credit cards can make life easier, but they can also make overspending easier which can lead to debt • Credit cards, unlike direct debit, can be stolen and used to steal money from the holder and/or for identity fraud. Evaluation: Khalid will usually pay less for car insurance if he can afford to pay in advance for the entire year, using his credit card, especially with a 0% interest credit card. By doing so he can benefit from the discount most insurers offer to those that pay in full, and then repay the credit card balance before the end of the 0% offer period. But with so many other costs to deal with, he may still prefer to pay for his car insurance in more manageable, monthly direct debit payments, especially from an insurance company who does not charge extra for direct debit.		Note: Can obtain up to 7 marks for discussing one option.

Question	Answer	Mark	Guidance
2(a)	**Explain <u>one</u> example of oral communication that might be used by the cricket club.** • Loudspeaker/tannoy (1) e.g. to announce the score, or messages to supporters at ground (1) • Radio/online interviews (1) e.g. by captain after the match (1) • Telephone calls / voice messages (1) e.g. with supporters about tickets (1) • Team meetings / face-to-face (1) e.g. between players before the match / e.g. to discuss changes at a members meeting (1) • Videoconferencing / video calls (1) e.g. between club and players on tour (1)	**2**	1 mark for example and 1 mark for explanation (has to be applied to context of cricket club)

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Question	Answer	Mark	Guidance
2(b)	**Explain why letters are used by the club when signing new players.** • To confirm details / detailed information (1) can clarify/refer to points (1) can clearly understand what is in contract (1) such as length of contract / amount to be paid (1) that players/club need to follow (1) • To maintain records (1) e.g. for tax purposes (1) if involved in a dispute (1) • It is written/formal (1) record (1) can be used as evidence/proof (1) to reduce disagreements/misunderstandings (1) • Need signature (1) legal requirements (1) kept for future reference (1)	**3**	Up to 3 marks for relevant explanation Note: Points can be mixed and matched from any of the bullet points if suitably linked
2(c)	**Do you think negative social media reviews from supporters are always bad for sports clubs? Give reasons for your answer.** Yes – Members/supporters look at reviews before purchasing a good or service (1) if the review is negative, it will put the customer off purchasing / change their opinion (1) can be seen as bad publicity (1) damaging reputation/image (1) leading to lost sales (1) lose sponsorship deals (1) players may be reluctant to join a club (1) some players may want to leave the club (1) positive social media reviews will make the club more confident (1) No – it can act as important feedback/advice (1) motivates them to do better (1) that there is a problem that the club needs to act upon (1) reduce their mistakes (1) before other customers have the same problem (1) it will show that the club cares about its members/supporters (1) still provides publicity for the club (1) and negative reviews may be ignored/seen as trolls on the internet (1)	**3**	Up to 3 marks for justified reasoning of no and/or yes responses.

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Question	Answer	Mark	Guidance
2(d)	**Sports clubs need to consider several factors, such as the nature of the equipment to be carried, before deciding to send their equipment by air transport.** **Evaluate <u>two</u> other factors sports clubs should consider before choosing air transport to send their equipment. Give reasons for your answer.** The equipment is likely to be high-value and low-volume, so is very suitable to be carried by air. Factors to be considered are: • Speed – air transport is the quickest form of transport so the equipment can arrive in good time for sports teams to prepare for an event • Distance – air transport can deliver the equipment to any country where it is required • Cost/budget – air transport is expensive although costs are decreasing owing to competition between airlines • Security – there will be greater supervision of the equipment leading to less theft • Reliability of carrier – as the equipment is going to be moved on a regular basis, it is important that the carrier has a good record for getting the equipment to the right place at the right time • Quantity/bulk of equipment – if the equipment is in small quantities, it is suitable to be carried by air as there will not be a problem with capacity • Weight of equipment – some airplanes have weight restrictions so restricting some equipment loads • Value of equipment – needs to have enough insurance, to cover losses in transit • Environment – air transport pollutes the most of all transport so the sports team will have to decide how ethical it wants to be	**6**	Up to 2 marks for **describing** air transport/factors of transport Up to a further 2 marks for **analysing** factors affecting choice of air transport Up to a final 2 marks for **evaluating** factors affecting choice of air transport Note: Allow comparisons with other types of transport to analyse points Note: 0 marks for fragile

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Question	Answer	Mark	Guidance
2(d)	**Evaluation:** Sports clubs will have to consider all factors before choosing air transport. Although the most economic method of transport is chosen for most goods, sports team equipment usually needs to arrive at its destination before the match takes place, and cannot be late, so this is the most important factor for a sports club. As the equipment is high-value and low-volume it is very suitable to be carried by air.		

Question	Answer	Mark	Guidance
3(a)	**Do the calculations to complete the gaps at (i), (ii) <u>and</u> (iii) in the table in Fig. 3.1.**		
3(a)(i)	$10 600	**1**	1 mark for each correct answer. OFR
3(a)(ii)	$31 200	**1**	
3(a)(iii)	$2720	**1**	
3(b)	**Define *revenue.*** • Income received from sales/Quantity sold × Sales Price/money generated by business/amount earned/receipts from sales/total sales	**1**	

Question	Answer	Mark	Guidance
3(c)	**Explain <u>two</u> possible disadvantages to Aisha of buying her meat pies from a wholesaler.** • The wholesaler may not stock all the types of meat pies required (1) so Aisha will end up losing sales or having to look elsewhere for the pies (1) • More expensive to use a wholesaler (1) which increases her costs/has to pay commission (1) compared to buying from a manufacturer (1) • Will have to buy in bulk (1) which might be more than she needs or can afford (1) will need a warehouse (1) such as cold storage warehouse (1) • No direct contact with the pie maker (1) so cannot tell them directly what is needed (1) • Meat pies are perishable (1) might be less fresh/stale/expire buying from a wholesaler (1) especially if wholesaler does not have refrigerated warehouse (1) could affect her reputation (1) • May have to pay for delivery (1) extra costs involved (1)	**4**	1 mark for each disadvantage and 1 mark for each explanation × 2 Note: Points can be mixed and matched from any of the bullet points if suitably linked

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>3(d)</td><td>

Aisha would like to increase her revenue.

Two possible solutions are:
- **Offer a discount of 20% if customers buy 10 cakes. Each cake costs $3.**
- **Hire someone for $600 to design a website to advertise both products.**

Discuss each of these solutions. Recommend a course of action. Give reasons for your answer.

Discount option:
- A quick way for Aisha to increase sales as customers like a good deal
- Attracts new customers, especially for customers who are not sure about buying Aisha's cakes, who might then like the cakes and keep buying from her
- Helps build a relationship with customers as customers will feel loyalty is recognised
- Profit will be reduced unless the cost of $3 per cake can also be reduced by 20%
- Aisha will receive $24 if all 10 cakes are sold
- Discount may only attract customers who like a bargain and will not want to buy any more cakes after the offer finishes
- Will there be many customers who wish to buy and consume 10 cakes?

Website option:
- Helps to advertise Aisha's business as she can provide more details e.g. pictures of cakes, opening times
- Website can be seen more widely and 24/7
- Saves money on other advertising e.g. printing leaflets / local newspapers
- Website can be changed and updated easily
- It will cost $600 which a new business might not be able to afford
- Aisha will have to determine whether the $600 investment will result in sufficient increase in sales

</td><td>**8**</td><td>

Level	Mark	Description
3	7–8	The candidate is able to offer a thorough evaluation, with recommendation, of whether Aisha should be offering a discount or hiring someone to design a website to increase revenue.
2	5–6	Candidate offers a satisfactory analysis of the advantages and/or disadvantages to Aisha of offering a discount or hiring someone to design a website to increase revenue, without recommendation.
1	1–4	Candidate demonstrates some knowledge and understanding, with application to small cake shop, of offering a discount or hiring someone to design a website to increase revenue.
0	0	No creditable response.

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

Question	Answer	Mark	Guidance
3(d)	• Design of website important to avoid order and delivery processing problems if it enables online sales • As she is a local business dealing with local customers, a website might attract too many distant customers and she might not be able to meet such demand **Evaluation:** Discounts can be a great way to increase sales and widen her customer base with new customers. However, it is a short-term tactic whereas a website may have more long-term benefit. If she can afford the website, it will make her business look more professional and, if it offers online sales, orders may well increase from a wider customer base. In fact, with a combined profit of $10,270 on meat and cakes she could afford the website.		Note: Can obtain up to 7 marks for discussing one solution.

Question	Answer	Mark	Guidance
4(a)	**Identity a form of business organisation that Wasi could choose to set up.** • Sole trader • Private limited company	**1**	

Question	Answer	Mark	Guidance
4(b)	**Explain <u>one</u> advantage and <u>one</u> disadvantage of using mobile banking to make payments.** Advantages: • It can be used on the move / anywhere / at home (1) not always requiring an internet connection (1) • Convenient/fast to make payments / no need to use cash (1) by clicking on payment function/technology / payment is immediate (1) • No need to go to bank branch / queue at bank / post remittances (1) saving time/money (1) • Mobile banking is available 24/7 (1) wherever there is mobile network reception (1) • Most people have smartphones (1) easy to transfer payments (1) Disadvantages: ▪ Mobile banking users are at risk of receiving fake SMS messages / scams / hackers (1) leading to loss of money (1) may not want to buy from Wasi (1) ▪ Extra cost (1) if bank charges a fee for the service/app (1) ▪ Less personal customer service (1) than visiting a branch (1) ▪ Usually needs an internet connection/use of smartphone (1) so some people may not have wi-fi or phone access/connection problems (1) ▪ May still need to go to bank (1) to pay in cheques (1)	**4**	1 mark for advantage and 1 mark for explanation 1 mark for disadvantage and 1 mark for explanation Note: Points can be mixed and matched from any of the bullet points
4(c)(i)	**Explain <u>one</u> reason why obtaining finance might be difficult for Wasi.** • He is self-employed/sole trader (1) seen as a high risk (1) that he will not be able to repay (1) • No credit history / lack of creditworthiness / past track history (1) unable to prove he can make repayments from a new business (1) • Limited assets / small business size / lack of collateral (1) to offer lender as security in case repayments are not made (1)	**2**	1 mark for reason and 1 mark for each explanation

Question	Answer	Mark	Guidance
4(c)(ii)	**Do you think a loan would be the most suitable source of finance for Wasi to choose? Justify your answer.** A loan is medium or long-term finance provided by banks. It is borrowed for a set period within an agreed repayment schedule. The repayment amount will depend on the size and duration of the loan and the rate of interest. Suitability of loan: • The loan is not repayable on demand, so long as regular repayments are made • Interest rates are usually fixed so Wasi will know the level of repayments for the duration of the loan which will help him to plan his cash flow • The bank will not take any profits or own a share of the business • Wasi could have difficulty making regular repayments if his customers don't pay him promptly • Some loans are secured against the assets of the business or personal possessions, e.g. Wasi's home, so his assets or home could be at risk if he cannot make the repayments • There may be a charge if Wasi wants to repay the loan before the end of the loan term • Alternative forms of finance might be better for Wasi e.g. – a mortgage on his house or selling some of his personal assets – buy from a supplier that offers hire purchase – if the interest charged was less than for the loan, and if he has the cash to pay the deposit usually required for HP – take out a mortgage, if the lender is prepared to lend against a studio	**6**	Up to 2 marks for **describing** loans/sources of finance Up to a further 2 marks for **analysing** suitability of loan for Wasi Up to a final 2 marks for **evaluating** whether a loan would be the most suitable source of finance for Wasi Note: As the question says 'the most suitable source of finance' other sources of finance can be discussed and credited

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Question	Answer	Mark	Guidance
4(c)(ii)	**Evaluation:** The studio will become a fixed asset of the business once Wasi buys it. Loans are more suited to this purpose than overdrafts which are used to pay day-to-day expenses. So, a loan seems most suitable if he doesn't have enough cash available, but it will depend on how much the studio costs. If it is a large amount of money, which would have to be repaid over a longer time, then a mortgage may be a more suitable option because it would charge less interest.		

Question	Answer	Mark	Guidance
5(a)	**State <u>two</u> characteristics of a supermarket, apart from self-service checkouts.** • Sell food and household goods/variety of goods • Goods displayed on shelves / in freezers • Self-service • Use of trollies/baskets • Competitive/low prices • Sales promotions/loss leaders • Use of store cards/credit cards • Car parking • Large site • Air conditioning • Vending machines • After-sales service or example • Long opening hours • Online/home delivery • Security/CCTV • ATMs	**2**	1 mark for each characteristic

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Question	Answer	Mark	Guidance
5(b)	**Explain <u>two</u> advantages of self-service checkouts to supermarkets.** • Reduces labour (1) less wages to pay / lower costs (1) • Better use of space (1) can repurpose extra floor space to increase sales (1) • Better use of labour (1) one supervising member of staff can replace five to six cashiers / reducing labour cost (1) • Some people prefer them (1) so more likely to use supermarkets that have them / stay competitive / greater customer satisfaction (1) • Fewer errors/greater accuracy (1) less mistakes in undercharging customers (1) • Keeps some supermarkets ahead of competition (1) gives competitive edge (1) • Some customers prefer to shop where there are these machines (1) leading to increased sales/profits (1) • No need to train staff (1) can use staff to do other jobs in supermarket (1) • Faster (1) than normal checkouts/cashier tills (1)	**4**	1 mark for each advantage and 1 mark for each explanation × 2 Note: This question is requiring advantages to supermarkets, not to customers

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<table>
<tr><th>Question</th><th>Answer</th><th>Mark</th><th>Guidance</th></tr>
<tr><td>5(c)</td><td>Do you think introducing new technology into supermarkets benefits the customer? Give reasons for your answer.

Yes – self-service checkouts (1) can increase speed of transaction / save customers' time / more efficient (1) less need to queue (1) less errors (1) no overcharging (1)
scan and shop devices (1) give a real-time overview on spending (1) save money (1)
improves customer satisfaction (1) some customers do not want social interaction (1)
Online ordering (1) goods delivered directly to customers (1) saves time for customer (1)
Can result in lower costs (1) which can be passed on in lower prices to customers (1)

No – sometimes an item may not scan (1) there may be a problem with the barcode (1) an assistant must resolve the issue (1) increasing time spent at checkout (1) no assistance with packing (1) some customers prefer social interaction (1)
Some groups of people/such as the elderly (1) may find difficulty in using technology (1)</td><td>3</td><td>Up to 3 marks for justified reasoning of no and/or yes responses.</td></tr>
<tr><td>5(d)</td><td>Which of these statements about the location of retail units are true and which are false?

<table><tr><th></th><th>TRUE</th><th>FALSE</th></tr><tr><td>Department stores locate in neighbourhood areas</td><td></td><td>✓</td></tr><tr><td>Shopping centres locate near to transport routes</td><td>✓</td><td></td></tr><tr><td>Hypermarkets locate where car parking is available</td><td>✓</td><td></td></tr></table></td><td>3</td><td>1 mark for each correct answer</td></tr>
</table>

Question	Answer	Mark	Guidance
5(e)	**The supermarket imports much of its perishable stock from overseas suppliers.** **Evaluate two difficulties faced by the supermarket when using this supply chain. Give reasons for your answer.** • Shelf life – perishable items will have a shorter shelf life than locally sourced products • Tariffs/cost of importing – additional costs of custom/import duties so charging higher prices to customers • Distance – items will take longer to arrive causing shortages in the supermarket if there are delays • Language – need for translators increasing costs • Risk in transit – perishables may be damaged • Quotas on some imported goods **–** may not be able to buy as many as required to meet demand • Documentation – exporters have to keep more documents/records which increases their selling price to the supermarket • Exchange rate differences – fluctuations make transactions more complicated • Difference in economic conditions – supply chain may be inconsistent e.g. low wages may mean that overseas products are cheaper but that may change in the future e.g. fairtrade initiatives • Ethical and moral issues – bad publicity for not using home producers / using 'cheap' overseas labour	**6**	Up to 2 marks for **describing** difficulties faced by importers Up to a further 2 marks for **analysing** difficulties faced by importers Up to a final 2 marks for **evaluating** difficulties faced by importers

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Question	Answer	Mark	Guidance
5(e)	**Evaluation:** The risk of not receiving goods on time to stock the supermarket is probably the biggest difficulty the supermarket has because they do not want to have empty shelves and lose customers. The price that the overseas suppliers charge the supermarket may well be cheaper, but the supermarket will have to carefully consider whether, with the additional costs of importing, they can still be competitive. Importing helps the supermarket to diversify its product range, compared to competitors who may only sell local brands, which may help it to increase profits and overcome the other difficulties of this supply chain.		

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