Cambridge Assessment International Education

Cambridge O Level

COMMERCE **7100/23**

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 **21** 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)	**Identify <u>one</u> form of advertising where pop-ups can be found.** • Smartphone • Internet/computer/laptop/tablet/website/digital/online • Social media	**1**	
1(a)(ii)	**Which method of appeal is shown in Fig. 1.1?** • Adventure/leisure • Freedom/escape/excitement • Speed • Affluence/status/ambition/success/luxury • Social acceptance	**1**	**Note**: 0 marks for cool
1(b)	**Explain <u>two</u> reasons why taking out insurance will be important to Keisha.** • Required by law (1) to have a minimum of third party insurance (1) to cover injury or damage to others (1) • The motorcycle may be at risk of being damaged/stolen (1) so the insurance company will provide compensation/loss covered/minimise risk/reduce financial losses (1) • If Keisha is injured in an accident (1) the insurance can cover medical expenses/provide compensation (1) • If she takes out comprehensive cover (1) repairs can be covered if the accident is Keisha's fault (1) • Provides confidence/security (1) that Keisha will be protected from risk (1)	**4**	Any 2 reasons and explanation (needs application to context) of each to a maximum of 4 marks **Note**: Points can be mixed and matched from any of the bullet points if suitably linked
1(c)	A motorcycle is an example of a human **want.** Major roads used to link cities are known as **express road routes.**	**2**	1 mark for each correct circled answer

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Question	Answer	Mark	Guidance
1(d)	**Do you think using motorcycles to deliver packages is good for the environment? Give reasons for your answer.** Yes – emit less toxic gases/carbon dioxide/exhaust fumes (1) than cars/other vehicles (1) as they use less fuel (1) and stand in traffic less / faster moving through traffic / can easily move through traffic jams / less traffic congestion (1) leading to less pollution (1) less harm to the environment (1) No – motorcycles emit pollutants/gases (1) such as carbon dioxide (1) contributes to global warming (1) can leak petrol on the road (1) which is bad for health for people in urban areas (1) some motorcycles noisy (1) disturbs peoples lifestyles (1) leading to noise pollution (1) as they can only deliver small packages (1) this leads to many journeys (1) than cars to carry the same quantity (1) leading to pollution (1) more harm to the environment (1) better to use bicycles (1)	**3**	Up to 3 marks for justified reasoning of yes and/or no responses.

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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>Keisha could finance the motorcycle using cash or hire purchase. Discuss both options. Which would you recommend? Give reasons for your answer.

Cash:
• Cash is legal tender and is widely accepted / no paperwork involved.
• Cash requires no authorisation so no need to use a third party.
• The use of cash does not involve any transaction fees or extra charges.
• It avoids paying interest which makes the total cost of buying cheaper than by credit. Keisha can save $2500.
• Cash is an easy-to-carry form of payment with no special hardware required to complete a transaction.
• Cash provides leverage in negotiating a better discount on the cost the motorcycle which may make it even cheaper than the $10 000 cash price advertised.
• The drawback of using cash is that Keisha could lose the money or it could be stolen with no means to replace it.
• It can get relatively bulky and heavy to carry large amounts of cash.
• Keisha would have to have enough cash, or may take a long time to save, to pay for the motorcycle.</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 recommendation with a thorough evaluation of the two sources of finance.</td></tr>
<tr><td>2</td><td>5–6</td><td>Candidate offers a satisfactory analysis of one or two sources of finance with or without a recommendation.</td></tr>
<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding of sources of finance.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
Note: Can obtain up to 7 marks for discussing one option.
</td></tr>
</table>

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Question	Answer	Mark	Guidance
1(e)	Hire purchase: • Keisha can use the motorcycle before paying for it in full, so improving her standard of living / making her more mobile for work / saving costs of using public transport. • Able to spread payments over e.g., three years enables Keisha to budget and save for other things / assists her cash flow. • Sellers sometimes add servicing packages or accessories into the HP deal. • Bikes with high resale values can have low monthly repayments because they will be worth more at the end of the term. • The drawbacks are she will not own the motorcycle until she pays her last instalment. • The motorcycle can be repossessed if Keisha does not keep up with repayments. • Total cost is higher than paying cash because of interest to be paid. • Keisha cannot sell the motorcycle until final payment is made. **Evaluation:** Yes, paying by cash would be the cheaper option for Keisha if she has the money in the bank. However, paying $10 000 for a motorcycle is an expensive purchase so this is unlikely. Therefore, she might think it would be better to spread her payments through hire purchase and, at the same time, have the protection of being less exposed to risk if anything goes wrong with the motorcycle and it needs repair.		

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Question	Answer	Mark	Guidance
2(a)	**State <u>two</u> reasons why retailers set up stores at airports.** • Large footfall / travellers pass by airport stores / attracts tourists • Many passengers go shopping before the flight • Passengers tend to be wealthy / have money to spend • Can charge higher prices / increased profits • Airports can be busy 24/7 • Airport delays can mean travellers may spend more time shopping • People often forget to pack items such as sunglasses • Sunglasses are popular items to buy at airports • Duty-free shops attract tourists / increases sales / pay in any currency • Travellers like to purchase gifts/souvenirs	**2**	1 mark for each reason
2(b)	**State <u>one</u> characteristic of a public sector organisation.** • Owned by the state / national or local government • Finance for public sector organisations usually comes from government / through tax • Profits may be put back into the business (no shareholders to pay dividends to) or be used by the government to subsidise other enterprises • Often run on a non-profit basis / provides a service that may be too expensive for a private business to fund • Provides affordable services to the public	**1**	
2(c)	**Kafu buys sunglasses for $30 each and sells them at a 60% mark-up.** **Calculate Kafu's selling price. Show your working.** Correct answer $48 (2) $30 × 0.6 = $18 (1) $30 + $18 = $48	**2**	Award full marks for the correct answer without working OFR applies

Question	Answer	Mark	Guidance
2(d)	**Do you think it is better for consumers to buy their sunglasses at Kafu's airport store or online? Give reasons for your answer.** Kafu's airport store – 24/7 (1) no wait for delivery/can buy sunglasses immediately (1) no need to wait for delivery at home (1) customers can feel/inspect/check for quality/try on the sunglasses (1) before getting on their flight or purchasing (1) will know immediately whether they like the design/if they fit (1) might be cheaper to buy duty-free sunglasses (1) no online delivery charge (1) but is usually more expensive than online (1) can be given advice by Kafu's sales staff (1) Online – More convenient (1) no queuing at airport/no crowds/no need to go to airport (1) can receive goods at home (1) saves time/money (1) e.g. transport costs (1) more variety from many online retailers (1) able to find almost any brand of sunglasses (1) 24/7 (1) to see if they are in stock (1) able to make price comparisons between retailers (1) more offers/cheaper prices (1) read customer reviews (1) lower overhead costs (1) cannot check quality (1) could be damaged during delivery (1)	**3**	Up to 3 marks for justified reasoning of yes and/or no responses

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Question	Answer	Mark	Guidance
2(e)	**Discuss the importance to retailers of selling own brand goods. Give reasons for your answer.** Own brands are products that have the label or name of the retailer which sells them • Own brands allow retailers to offer something distinct to their customers. It is a way to separate the retailer from its competitors / gives it a competitive edge • It is a way to build customer loyalty from people who like the business' products. • The business will be able to create its own unique image, which in return promotes a stronger customer recognition • The products can be manufactured and packaged the way the business wants it • As they are cheaper than other branded goods, consumers are attracted to buy them / increase sales • Enables consumers to shop more quickly / builds preference for retailer's own brands • Own brand goods sold at a lower price so possible lower profit margins • Until an own brand builds its reputation, there is not the same assurance of quality as a branded good **Evaluation:** Own brands are important as retailers can build their own brand image and market as they want to. If consumers like the own brand goods that a retailer sells, they are likely to buy other own brand goods from the same retailer. This enhances the retailer's image as well obtaining higher profits from higher sales.	**6**	Up to 2 marks for **describing** retailers/own brands Up to a further 2 marks for **analysing** the importance to retailers of selling own brands Up to a final 2 marks for **evaluating** the importance to retailers of selling own brands

Question	Answer	Mark	Guidance
3(a)	**Which type of goods has the second highest rate of inventory turnover?** • Music	**1**	
3(b)	**A furniture wholesaler has opening stock of $20000, closing stock of $14000 and cost of goods sold of $85000.** **Calculate the rate of inventory turnover. Show your working.** . Correct answer = 5 (3) $20 000 + $14 000 / 2 = $17 000 (1) $85 000 / $17 000 (1) = 5	**3**	Award full marks for the correct answer without working **Note**: Allow 2 marks for 2.5 OFR applies
3(c)	**Do you agree that a wholesaler should make sure that the warehouse is always fully stocked? Give reasons for your answer.** Yes – retailers want to receive goods quickly (1) to meet demand (1) especially for bulk orders (1) and seasonal goods (1) important not to run out of stock (1) prevents shortages in the market (1) improves reputation/trust if they have the stock available (1) so not to lose sales (1) No – hard to predict demand / no guarantee that goods will be sold (1) there is a risk of having too much money tied up in stock (1) increases storage costs (1) leading to cash flow difficulties (1) not having enough money to buy stock that is more in demand (1) if there are not goods stocked to meet their request / not enough to sell (1) the wholesaler will lose custom (1) might have too many perishable / fashion / furniture goods stored (1) can lead to decay / tastes changing / damage (1) increases losses (1)	**3**	Up to 3 marks for justified reasoning of yes and/or no responses

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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>The wholesaler could increase its sales turnover by offering discounts or improving delivery. Discuss both options. Which would you recommend? Give reasons for your answer.

Discounts:
• People prefer buying things on sale and discounts attract more retailers to buy more goods
• Because the discounts attract more retailers, the wholesaler will have more potential customers for other items not on sale
• Discounting items enables wholesaler to make space in warehouse for new stock to sell
• Discounts cuts profit margins and may lead to the wholesaler having to raise prices on other goods which would affect revenue.
• If the discount is too high, retailers will expect the same level of discount on future purchases

Delivery:
• Retailers expect fast delivery as their own sales depend on giving customers good service
• Computer software/apps can track/monitor deliveries so that delays can be dealt with quickly giving customer satisfaction to the retailer
• Goods delivered on time improves the image of the wholesaler, proving that they have a good distribution system.
• Improving delivery may involve extra technology costs

Evaluation:
Both ways can increase sales. Discounts will attract more customers but if the goods arrive late, the retailer will avoid buying again from the wholesalers. So having a good delivery system is recommended as the better option for the wholesaler because that is most likely to result in repeat business.</td><td>8</td><td>
<table>
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<tr><td>1</td><td>1–4</td><td>Candidate demonstrates some knowledge and understanding of using discounts and/or improving logistics performance.</td></tr>
<tr><td>0</td><td>0</td><td>No creditable response.</td></tr>
</table>
Note: Can obtain up to 7 marks for discussing one option.
</td></tr>
</table>

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Question	Answer	Mark	Guidance
4(a)	**Define *global market.*** Where goods/services are/bought/imported/sold/exported/traded/trade with each other/exchanged(1)worldwide/internationally/international/between countries (1)	**2**	
4(b)	**Explain <u>one</u> benefit to an importer of free trade.** • The importer does not have to pay customs duties/taxes • make goods cheaper to buy / lowers price of goods / increases demand / helps profit margins (1) • Reduces the amount of documentation/bureaucracy / less trade barriers/restrictions (1) easier to import goods (1) into member countries (1) • No import duties (1) can trade freely with member countries / trading bloc countries	**2**	**Note**: Points can be mixed and matched from any of the bullet points if suitably linked

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Question	Answer	Mark	Guidance
4(c)	**Explain <u>two</u> reasons why governments impose tariffs on goods.** • Protect home/local industries (1) from competition (1) • Protect infant industries (1) allowing new home industries to develop (1) • Protect jobs (1) in home industries (1) • Prevent product dumping by other countries (1) so local businesses do not go out of business (1) • Protect strategic industries (1) so local jobs are kept (1) • To raise tax/revenue/income (1) for development purposes (1) • Retaliation (1) against other countries imposing tariffs (1) • To help prevent people from buying demerit / harmful goods (1) by increasing prices (1) eg alcohol/drugs/tobacco (1) supporting people's health / reducing harm to people (1) • To improve balance of trade (1) as demand for imports reduces (1) • To lessen people from buying foreign goods / reduce the costs of imports (1)	**4**	Any 2 reasons and explanation of each to a maximum of 4 marks **Note**: Points can be mixed and matched from any of the bullet points if suitably linked

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Question	Answer	Mark	Guidance
4(d)	**Evaluate the importance of bonded warehouses to importers in the global market.** **Important:** • store dutiable/bonded goods before they are used – but with access to goods to prepare for sale/distribution, e.g. bottling/repackaging/grading • payment of duty is postponed – helps the importer save on working capital / improve cash flow while looking for buyers • helps imported/re-exported goods to be stored, goods can be left to mature – e.g. cheese, can be withdrawn in separate groups – helps spread the payment of duty • controlled by Customs and Excise – if rules are broken there will be a fine, goods can be sold in bond – payment will be made by the buyer / saves importer from paying duties • goods for re-export can be kept – refund of duty possible through customs drawback • Located near ports of entry into a country – making distribution easier	**6**	Up to 2 marks for **describing** bonded warehouses/importers in the global market Up to a further 2 marks for **analysing** the importance of bonded warehouses to importers in the global market Up to a final 2 marks for **evaluating** the importance of bonded warehouses to importers in the global market

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Question	Answer	Mark	Guidance
4(d)	**Not important:** • in free trade area / when goods not dutiable – because no duties are paid • goods that just require storage – do not need further re-packaging etc. • goods require storage for security – can just use standard warehouse • seasonal goods - can just use ordinary warehouse • some goods more suited to other warehouses, e.g. cash and carry, cold store **Evaluation:** Bonded warehouses are very important to importers who have to store dutiable goods and only pay the duty once the goods move out of the warehouse. This helps the importer with their cash flow and allows time to find a buyer.		

Question	Answer	Marks	Guidance
5(a)(i)	**Identify <u>two</u> trends in Fig. 5.1.** • Online banking most popular banking communication channels / popular in both countries • Email is least popular of all banking communication channels • Mobile apps are popular in both countries • Branch visits are more popular than self-service in both countries • Country B prefers branch visits to using electronic devices • Country A uses more online banking than country B • Country B prefers call centres /emails	**2**	1 mark for each trend
5(a)(ii)	**Which country's customers prefer to use call centres?** • Country B	**1**	

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Question	Answer	Mark	Guidance
5(b)	**Describe a mobile app.** • Software/computer program/application/application store/digital (1) installed/downloaded/stored (1) on a device or example such as smartphone/tablet/watch (1)	**2**	
5(c)	**Explain <u>two</u> reasons why using email is not a popular choice.** • Email may not be read immediately / replied to (1) so customer is not sure that the matter is being dealt with / makes communication slower (1) • Get information more quickly going into the branch / on telephone or face-to-face (1) so customer issue resolved more quickly (1) • Internet/network connection issues (1) may mean that email does not arrive / bank unaware that customer has issue (1) • If no internet (1) cannot receive / send emails (1) • Email may be deleted by mistake (1) but the customer still thinks their query is not being dealt with (1) • Email boxes can be filled up (1) with junk/spam mail (1) can easily miss an email (1) • People can be wary of opening some emails (1) in case it is a scam (1) • The email could be intercepted by a hacker / use of phishing (1) who could gain knowledge of bank account details / can lead to loss of money (1) • Lessens personal contact (1) reducing customer satisfaction (1) • Some people prefer using messaging apps /social media (1) such as Whatsapp (1)	**4**	Any 2 reasons and explanation of each to a maximum of 4 marks 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>5(d)</td><td>Which of these statements about means of payments are TRUE and which are FALSE?

<table><tr><td>Cheques are not legal tender.</td><td>✓</td><td></td></tr><tr><td>Credit transfers allow direct payment from one account to another.</td><td>✓</td><td></td></tr><tr><td>Debit cards offer credit.</td><td></td><td>✓</td></tr></table></td><td>3</td><td>1 mark for each correct answer</td></tr>
<tr><td>5(e)</td><td>Many bank customers now prefer to use online banking rather than visit a branch.

Evaluate the implications of this change for banks. Give reasons for your answer.

Positive implications for banks:
• Fewer staff needed to serve customers in banks as teller transactions have declined. This reduces labour costs, possibly increasing profits.
• Less bank branches needed as more people use online banking. This reduces costs of premises and other running costs.
• Greater customer satisfaction. Some customers prefer the benefit of instant access to their bank accounts and the ability to carry out transactions 24/7 wherever they are.</td><td>6</td><td>Up to 2 marks for describing online banking

Up to a further 2 marks for analysing the implications of online banking for banks

Up to a final 2 marks for evaluating the implications of online banking for banks</td></tr>
</table>

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Question	Answer	Mark	Guidance
5(e)	**Negative implications for banks:** • Less customer satisfaction. Some customers are not happy to use online banking so may switch to a bank with a local branch. • Online banking has led to increasing technology costs for banks as they need to improve websites / hire more IT staff to have robust systems against security breaches. • When the banks online system fails customers are frustrated, it can cost the bank a lot to fix and they may lose customers • Some customers may lose money through criminal activity on their online accounts – causing negative publicity for the bank. **Evaluation:** Overall, there are many benefits to banks who offer online banking services but there is still resistance from some customers who prefer to talk to bank staff. This means the banks could lose those customers to other banks so their revenue would decrease. At present, both bank branches and online banking are still needed for the wide range of banking customers.		

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