Cambridge Assessment International Education

Cambridge O Level

BUSINESS STUDIES **7115/22**

Paper 2 Case Study **May/June 2021**

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 2021 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

© UCLES 2021

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.

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.

© UCLES 2021

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).

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.

© UCLES 2021

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.

© UCLES 2021

Question	Answer	Marks
1(a)	**Explain <u>two</u> advantages and <u>two</u> disadvantages of setting up a business as a private limited company.** Award 1 mark for each relevant advantage/disadvantage (maximum of two advantages / two disadvantages). Award a maximum of one additional mark for **each** explanation of the advantage/disadvantage of setting up a private limited company. Relevant answers might include: Advantages • Raise capital from the sale of shares – may raise more capital than if a sole trader / partnership • Limited liability – will not lose personal possessions if business fails • Separate legal identity – company can be sued instead of the owners • Continuity • Cannot be taken over without the consent of the shareholders Disadvantages • Cannot sell shares to the public / cannot be sold on the stock exchange – as can only be sold to family and friends so restricts the capital that can be raised from share issue • Legal formalities setting up the company – have to complete paperwork to register the company which takes time and money • Accounts / financial statements are available for the public to see • Not easy to transfer shares – as must have the approval of the other shareholders • Financial statements need to be audited each year – increase in annual expenses For example: Capital can be raised from the sale of shares (1) and this may provide more finance than if just owners' savings are used if a sole trader. (1)	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>
Consider the following <u>three</u> factors that affect the location of TT's shop. Which of the locations in Appendix 1 should Tandeep choose? Justify your answer.

• Customers in the area
• Rent
• Types of shops nearby

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of two or more factors.

Well-justified conclusion.

Candidates discussing the three factors in detail, in context and with a well-justified conclusion including why the alternative factors were rejected should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one factor.

Judgement with some justification / some evaluation of choices made.

Candidates discussing two or more factors in detail and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss the factors with little/no explanation.

Simple judgement with limited justification / limited evaluation of choices made.

Candidates outlining the three factors in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>
</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)</td><td>Relevant points might include:
<table>
<tr><td>Customers in the area</td><td>• High footfall in the shopping mall in location A makes high sales more likely
• What types of shoppers are there – high or low-income shoppers?
• If high-income customers in the mall then target market uses the mall and higher number of sales of nursery items likely in location A
• Location B seems to have lower-income customers and may not be the target market for toys sales
• Do families visit the area – if so, then higher sales of toys are more likely</td></tr>
<tr><td>Rent</td><td>• If high rent as in location A then this increases fixed costs – may lead to prices being higher – lower sales
• But if sales of toys are high then the rent per item sold will be low – may not have much effect on prices
• Rent is low in location B giving lower costs – but there may not be sufficient customers in the area to provide higher revenue to make the profit higher in this location</td></tr>
<tr><td>Types of shops nearby</td><td>• As there are several other toy shops in location A then may lead to lower sales due to competition
• However, several competitors in the area may lead to more customers coming to the mall to look for toys – may be a well-known area for toys and attract more customers
• If banks and children’s playground are in the area in location A then this may attract more customers to the mall leading to higher sales</td></tr>
<tr><td>Conclusion</td><td>• The number of shoppers in the area is most important and so Location A is the best one to choose. Without the area being busy and attracting a high number of shoppers the toy shop will not have many customers. Low rent at location B is less important because high revenue from toy sales will more than compensate for the higher rent in location A. Other shops nearby are also less important as customers come to the shop specifically to buy toys irrespective of the other shops in the area so this will not affect the choice between location A and B
• The rent is low in location B and this should be chosen for the new toy shop. It will be more affordable for a new business that will be short of funds and will keep the expenses low during the time it gets established and well-known by customers.</td></tr>
</table></td><td></td></tr>
</table>

© UCLES 2021

Question	Answer	Marks
2(a)	**Explain <u>one</u> likely advantage and <u>one</u> likely disadvantage for Tandeep if he decides to import the pushchairs (strollers) he sells.** Award 1 mark for each relevant advantage/disadvantage (max of 2). Award a maximum of 3 additional marks for each explanation of the advantage/disadvantage for Tandeep if he decides to import the pushchairs he sells – **one of which must be applied to this context.** Relevant advantages might include: • Have a wider range of pushchairs in the shop / better quality – meet the needs of more customers – sell more pushchairs – higher revenue • Fill a gap in the market for foreign branded products – satisfy those customer needs – higher-income customers may prefer these brands • May be purchased at lower cost price – lower selling price in the shop – increase demand/sales • These pushchairs may not be manufactured locally Relevant disadvantages might include: • May have to pay higher prices if tariffs are imposed – raises the cost of inventory for TT – may lead to higher prices in the shop • May have quotas that limit the quantity imported – restricts the supply/availability of products in the shop – may lead to higher prices as a result of the shortages • Increased costs of finding foreign suppliers – have to contact many suppliers in other countries to order inventory – takes Tandeep time to do this when he could be doing other tasks • Increased delivery time – as the inventory has further to travel than if produced in country Z – may delay goods ordered by customers • Imported pushchairs may not meet the same standards as locally produced pushchairs – may lead to pushchairs breaking – leading to a poor reputation for TT – lose customers to competitors • Possibly more damaged goods – higher costs as have to replace damaged goods – reduces profit • Risk of exchange rate fluctuations affecting cost price of inventories – lower exchange rate will lead to higher import costs For example: This may mean Tandeep will have a wider range of pushchairs in the shop (1) and this may appeal to high income customers who are their target market (app) meaning Tandeep will have higher sales (1). Meeting these customer needs should ensure the business makes a profit and is successful in the future (1). **Application** might include: toys, nursery, toy shop, toy manufacturer, shop manager, 5 sales assistants, administration tasks; higher income groups, babies, accessories. *'Pushchairs (strollers)' is included in the question and therefore cannot be rewarded as application.*	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>

Refer to Appendix 2 and other information. Consider the advantages and disadvantages of TT purchasing toy cars either from a wholesaler or manufacturer. Which channel of distribution should TT choose? Justify your answer.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of both channels of distribution.

Well-justified recommendation.

Candidates discussing both channels of distribution in detail, in context and with a well-justified recommendation including why the alternative channel was rejected should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one channel of distribution.

Judgement with some justification / some evaluation of choices made.

Candidates discussing of at least one channel of distribution in detail and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss channels of distribution with little/no explanation.

Simple judgement with limited justification / limited evaluation of choices made.

Candidates outlining both channels of distribution in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)</td><td>Relevant points might include:
<table>
<tr><th></th><th>Advantages</th><th>Disadvantages</th></tr>
<tr><td>Wholesaler in country Z</td><td>• Can buy toy cars in smaller quantities of 10 units
• Reduced need for storage – reduced warehouse/storage costs
• Less working capital tied up in inventory
• Quicker to respond to changing customer demand
• Provides advice on which toy cars sell well</td><td>• Higher cost price of $15 each as wholesaler mark-up added to the price of each toy car – may have to charge a higher price than competitors – lower sales
• Full range of toy cars may not be available
• No direct link to toy manufacturers – less advice / after sales service</td></tr>
<tr><td>Manufacturer in country Z</td><td>• Cheaper cost price at $5 each – so lower costs
• Long time period for trade credit given at 3 months – so may improve cash flow position</td><td>• Must buy in larger quantities of at least 1000 units
• May not have the storage space
• Longer delivery time of 4 weeks
• May not be able to respond to customer demand quickly</td></tr>
<tr><td>Recommendation</td><td colspan="2">• Buy from the wholesaler as this means that a large order of 1000 units does not have to be made if he bought from the manufacturer. TT may not be able to sell such a large quantity of a particular toy car. Hence this does not tie up working capital in inventory which does not sell quickly. Also, the wholesaler can give advice on which toy cars are selling well making it more likely that the TT shop will satisfy customer demand.
• Buy from manufacturer as the unit cost is only $5 which is $10 cheaper and so Tandeep can keep down the price of toy cars sold in his shop leading to much higher sales.</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer	Marks
3(a)	**Explain <u>two</u> reasons why the cash-flow forecast in Appendix 3 is important to TT.** Award 1 mark for each relevant reason (maximum 2). Award a maximum of 3 additional marks for **each** explanation of the reason why the cash-flow forecast is important to TT – **one of which must be applied to this context.** Relevant reasons might include: • To see if there is a cash flow problem / liquidity problem – if so, he needs to organise an overdraft – the cash-flow forecast will help support Tandeep persuading the bank to give an overdraft / bank loan. (Other ways of solving a cash flow problem might be given, e.g. apply for trade credit) • To see if there is sufficient cash / working capital to pay day-to-day costs – so, TT can pay expenses – without the need for additional working capital • Whether the company is holding too much cash – perhaps there may be better uses of the cash – that may yield a greater return on the capital • May help with decisions/planning about when to purchase assets/equipment/inventory • Help to sell shares to new investors • Can be used to compare financial performance, against actual performance over time (e.g. sales) • Can be used to help apply for a bank loan For example: Tandeep may use the cash-flow forecast to take to the bank to support the application for an overdraft (1) as in the first month of trading he will need to borrow $200 to keep trading (app). This will allow TT to make a successful start even though Tandeep does not have sufficient funds to start with (1) but TT will quickly be able to pay the overdraft back in the following month (1). **Application** might include: toys, nursery, toy shop, toy manufacturer, shop manager, 5 sales assistants, administration tasks, information from Appendix 3 cash-flow forecast.	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>

Consider how a job description, job specification and the shortlist of candidates will be helpful in the recruitment process for TT. Which is the most important stage to ensure Tandeep recruits the best person to be a manager at TT? Justify your answer.

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of two or more stages of the recruitment process.

Well-justified conclusion.

Candidates discussing all three stages in detail, in context and with a well-justified conclusion including why the other stages were less important should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one stage.

Judgement with some justification / some evaluation of choices made.

Candidates discussing two or more stages in detail and applying it to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss these stages with little/no explanation.

Simple judgement with limited justification / limited evaluation of choices made.

Candidates outlining all three stages in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(b)</td><td>Relevant points might include:
<table>
<tr><td>Job description</td><td>• Outlines the duties of the job – sets out clearly what the toy shop manager will be expected to do – more likely to get suitable applicants as they will know what is required of them and if they will be able to carry out the necessary tasks
• Makes it clear what the applicant should be able to do – if they cannot do these tasks necessary to manage the toy shop then they should not apply for the job
• Helps to ensure only suitable people apply for the job as they are clear about the roles and responsibilities of the position</td></tr>
<tr><td>Job specification</td><td>• Makes it clear what qualifications, experience and skills are required for the job
• Makes it easier for Tandeep to decide between candidates as to who may be most suitable for the manager of the toy shop – as qualifications, skills, personal qualities and experience are listed
• Easier for candidates to see if they could do the job and therefore decide whether to apply for the job – people without the necessary qualifications should not apply – less time is wasted reading through applications that are not suitable
• Easier when shortlisting applicants for interview to select the most suitable people</td></tr>
<tr><td>Shortlisting</td><td>• Selects the most suitable applicants to interview so less time wasted with unsuitable people for the job of manager of the toy shop
• May use references to help shortlist applicants to remove unsuitable people even though the application form may make the person seem most suitable</td></tr>
<tr><td>Conclusion</td><td>• A job description makes it clear what the job requires and therefore it is easier for Tandeep to know what tasks in the toy shop he wants the applicant to be able to do. It is no good shortlisting unsuitable applicants and the job specification only lists skills and qualifications but does not give details of the job of manager of the toy shop. Therefore, a job description is the most important
• A job specification is most important as it makes it clear what qualifications, experience and skills are required to be the manager of the toy shop. Without this an unsuitable person may be recruited and someone without the necessary experience could not do the job
• Without shortlisting Tandeep could waste a lot of time interviewing unsuitable applicants for the job of manager when they may not know anything about toy shops</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer	Marks
4(a)	**Explain <u>four</u> reasons why the level of inventory is important to TT.** Award 1 mark for each relevant reason (maximum of four reasons). Award a maximum of **1 additional mark for each applied explanation of the reason why the level of inventory is important to TT.** Relevant reasons might include: • To earn revenue from sales – of nursery equipment • To ensure demand can be met to avoid losing customers – for pushchairs/strollers • Without inventory there are no products for customers to see – so no toys will be sold • To meet unexpected increases in demand – for products aimed at babies up to teenagers/toys are often fashionable and children will not want to wait • Ties up cash unnecessarily – if too much inventory of toys cars is held • Too much inventory increases risk of out of date / theft / damage – for nursery furniture • May take up too much storage space – in the toy shop • May allow a variety of different products to be sold • Too little inventory could damage the reputation of the business • To avoid losing customers to competitors • To avoid running out of certain items of inventory in the shop • Long delivery / lead time – because some toy manufactures take 4 weeks for delivery • Allows quick replacement of faulty goods • Too high inventory may indicate a product not selling well For example: To ensure demand can be met to avoid losing customers (1) for pushchairs/strollers (app). **Application** could include: toys, nursery, toy shop, toy manufacturer, shop manager, 5 sales assistants, administration tasks, pushchairs/strollers, nursery furniture, well known brands of toys, target market is higher income groups, products aimed for all ages of children from babies to teenagers, meeting demand is seen as important, start-up business, accessories.	**8**

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

Consider how the following <u>three</u> legal controls will affect TT. Which legal control will have the greatest effect on TT? Justify your answer.

- **No misleading promotion**
- **All goods must be safe for the consumer**
- **Restrictions on the type of packaging allowed**

<table>
<tr><th>Level</th><th>Description</th><th>Marks</th></tr>
<tr><td>3</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of two or more legal controls.

Well-justified conclusion.

Candidates discussing all three legal controls in detail, in context and with a well-justified conclusion including why the alternative legal controls were rejected should be rewarded with the top marks in the band.</td><td>9–12</td></tr>
<tr><td>2</td><td>Sound application of knowledge and understanding of relevant business concepts using appropriate terminology.

Detailed discussion of at least one legal control.

Judgement with some justification / some evaluation of choices made.

Candidates discussing two or more legal controls in detail and applying them to the case should be rewarded with the top marks in the band.</td><td>5–8</td></tr>
<tr><td>1</td><td>Limited application of knowledge and understanding of relevant business concepts.

Limited ability to discuss legal controls with little/no explanation.

Simple judgement with limited justification / limited evaluation of choices made.

Candidates outlining all three legal controls in context should be rewarded with the top marks in the band.</td><td>1–4</td></tr>
<tr><td>0</td><td>No creditable response.</td><td>0</td></tr>
</table>

</td><td>12</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>Relevant points might include:
<table>
<tr><td>No misleading promotion</td><td>• Toys cannot be described as performing a particular function and then not being able to do this, for example a toy car advertised as being suitable for up to a certain weight of child when the toy car is not strong enough to hold that weight
• Price cannot be advertised as being reduced when it has not been previously sold at the higher price – so any price reductions at the toy shop must be genuine reductions – or TT could be sued/fined
• Toys cannot be advertised as suitable for babies when the toy has small parts that could choke a baby and are therefore unsuitable – may limit some of the claims made in TT advertisements – need to make sure any claims about toys are correct – takes time and effort to check up on facts from toy manufacturers
• May increase costs if have to change current advert/promotion</td></tr>
<tr><td>All goods must be safe for the consumer</td><td>• Toys sold must be safe for children as if a child is injured whilst playing with a toy sold by TT then could be sued for damages – increases costs / TT will gain a poor reputation with consumers – lose sales
• If a toy car easily breaks, then TT will incur higher costs of having to replace the toy car – then return these to the manufacturer
• May need to find new supplier – higher unit costs / time taken to find new supplier</td></tr>
<tr><td>Restrictions on the type of packaging allowed</td><td>• Higher cost for toy manufacturers – may be passed on to TT as higher cost price – higher price to customers – reduced demand – lower sales/revenue
• Toys may be more easily damaged if less packaging used – increased cost for TT of replacement toys
• Toys may be less attractive if there is no attractive packaging used – lower sales for TT / TT may need to change to other types of toys</td></tr>
</table></td><td></td></tr>
</table>

Question	Answer		Marks
4(b)	Conclusion	• As TT is **a toy shop** it will need to make sure its advertising of toys is not misleading because it may gain a bad reputation if claims about the toys it sells are not true, so this is the most important legal control for TT. It can easily make sure it does not advertise lower price sales when the prices have not been reduced. Packaging is likely to be provided by the toy manufacturer and so is unlikely to affect TT. As TT sells branded goods then these are all likely to have been tested and are **safe for children.** • **Toys** being safe will have the greatest effect on TT if this legal control is not followed as TT could be sued for damages and this will raise its costs and result in a bad reputation leading to lower sales at the **toy shop.** • Restrictions on the type of packaging will have the greatest effect on TT as the **toy manufacturer** may have to increase its prices to TT and therefore TT may need to raise its prices leading to lower demand and revenue.	