
BUSINESS

9609/22

Paper 2 Data Response

May/June 2018

MARK SCHEME

Maximum Mark: 60

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.

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This document consists of **17** printed pages.

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.

Question	Answer	Marks																																			
1(a)(i)	<p data-bbox="284 248 975 282">Define the term ‘private limited company’ (line 1).</p> <table border="1" data-bbox="284 315 1350 533"> <thead> <tr> <th data-bbox="284 315 1123 367">Knowledge</th> <th data-bbox="1128 315 1350 367">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 374 1123 423">A correct definition</td> <td data-bbox="1128 374 1350 423">2</td> </tr> <tr> <td data-bbox="284 430 1123 479">A partial, vague or unfocused definition</td> <td data-bbox="1128 430 1350 479">1</td> </tr> <tr> <td data-bbox="284 486 1123 533">No creditable content</td> <td data-bbox="1128 486 1350 533">0</td> </tr> </tbody> </table> <p data-bbox="284 539 1294 602"><i>Note: A correct definition must distinguish a private limited company from any other legal structure on the syllabus, i.e. PLC, sole trader, partnership etc.</i></p> <p data-bbox="284 640 395 669">Content</p> <p data-bbox="284 676 1326 770">A business where shares can be sold, but not to the general public. The owners benefit from limited liability. Accounts must be produced but not necessarily published.</p> <p data-bbox="284 808 344 837">ARA</p> <table border="1" data-bbox="284 875 1350 1794"> <thead> <tr> <th data-bbox="284 875 759 927">Exemplar</th> <th data-bbox="764 875 1123 927">Rationale</th> <th data-bbox="1128 875 1350 927">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 934 759 1039">A private limited company has shareholders but does not sell on the stock exchange</td> <td data-bbox="764 934 1123 1039">Could only be a private limited company</td> <td data-bbox="1128 934 1350 1039">2</td> </tr> <tr> <td data-bbox="284 1046 759 1151">It has limited liability and but cannot sell shares to the public</td> <td data-bbox="764 1046 1123 1151">Whilst this could be an LLP that structure is not on the syllabus</td> <td data-bbox="1128 1046 1350 1151">2</td> </tr> <tr> <td data-bbox="284 1158 759 1263">A business which cannot sell shares to the public</td> <td data-bbox="764 1158 1123 1263">True but this could also be a sole trader or partnership</td> <td data-bbox="1128 1158 1350 1263">1</td> </tr> <tr> <td data-bbox="284 1270 759 1352">It has limited liability</td> <td data-bbox="764 1270 1123 1352">True but this could also be a PLC</td> <td data-bbox="1128 1270 1350 1352">1</td> </tr> <tr> <td data-bbox="284 1359 759 1442">Sells shares</td> <td data-bbox="764 1359 1123 1442">True but this could also be a PLC</td> <td data-bbox="1128 1359 1350 1442">1</td> </tr> <tr> <td data-bbox="284 1449 759 1554">A business that is not owned by the government but can sell shares</td> <td data-bbox="764 1449 1123 1554">All true but could still be a PLC</td> <td data-bbox="1128 1449 1350 1554">1</td> </tr> <tr> <td data-bbox="284 1561 759 1666">A business that is owned by private individuals not the government</td> <td data-bbox="764 1561 1123 1666">This is true but does not distinguish between any of the legal structures</td> <td data-bbox="1128 1561 1350 1666">0</td> </tr> <tr> <td data-bbox="284 1673 759 1794">A company that is privately owned</td> <td data-bbox="764 1673 1123 1794">A tautology – just uses words from the question so no understanding</td> <td data-bbox="1128 1673 1350 1794">0</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Rationale	Marks	A private limited company has shareholders but does not sell on the stock exchange	Could only be a private limited company	2	It has limited liability and but cannot sell shares to the public	Whilst this could be an LLP that structure is not on the syllabus	2	A business which cannot sell shares to the public	True but this could also be a sole trader or partnership	1	It has limited liability	True but this could also be a PLC	1	Sells shares	True but this could also be a PLC	1	A business that is not owned by the government but can sell shares	All true but could still be a PLC	1	A business that is owned by private individuals not the government	This is true but does not distinguish between any of the legal structures	0	A company that is privately owned	A tautology – just uses words from the question so no understanding	0	2
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1(a)(ii)	<p>Briefly explain the term ‘contract of employment’ (line 4).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="285 383 1350 719"> <thead> <tr> <th data-bbox="285 383 363 432"></th> <th data-bbox="363 383 1121 432">Knowledge</th> <th data-bbox="1121 383 1350 432">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="285 432 363 551">C</td> <td data-bbox="363 432 1121 551">Example of the content of a contract or some other way of showing good understanding e.g. a sense of security, protection, example of contents</td> <td data-bbox="1121 432 1350 551">3</td> </tr> <tr> <td data-bbox="285 551 363 636">B</td> <td data-bbox="363 551 1121 636">Understanding that is between employer/business and employee</td> <td data-bbox="1121 551 1350 636">2</td> </tr> <tr> <td data-bbox="285 636 363 719">A</td> <td data-bbox="363 636 1121 719">Understanding of legal document/agreement or sets out terms and conditions of employment</td> <td data-bbox="1121 636 1350 719">1</td> </tr> </tbody> </table> <p>An agreement between an employee and employer</p> <p>Examples of content:</p> <ul style="list-style-type: none"> • the business details • the employee’s details • job title or a description of work • start date • how much and how often an employee will get paid • hours of work • holiday entitlement (and if that includes public holidays) • where an employee will be working 		Knowledge	Marks	C	Example of the content of a contract or some other way of showing good understanding e.g. a sense of security, protection, example of contents	3	B	Understanding that is between employer/business and employee	2	A	Understanding of legal document/agreement or sets out terms and conditions of employment	1	3
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1(b)(i)	<p>Refer to Fig 1. Identify the age group with the highest average income.</p> <p>Answer = 40+ (1) (allow ‘oldest group’)</p> <p>Do not accept 40 (no plus)</p>	1																											

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1(b)(ii)	<p data-bbox="284 248 1318 315">Refer to Fig 1. Calculate the percentage of the whole sample which would prefer skiing holidays.</p> <table border="1" data-bbox="284 349 1350 584"> <thead> <tr> <th data-bbox="284 349 1123 398">Rationale</th> <th data-bbox="1128 349 1350 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 405 1123 450">Correct answer with or without working or %</td> <td data-bbox="1128 405 1350 450">2</td> </tr> <tr> <td data-bbox="284 456 1123 533">Correct calculation of number of people who prefer skiing holidays (100) AND total number of respondents (300)</td> <td data-bbox="1128 456 1350 533">1</td> </tr> <tr> <td data-bbox="284 539 1123 584">No creditable content</td> <td data-bbox="1128 539 1350 584">0</td> </tr> </tbody> </table> <p data-bbox="284 618 400 651">Content</p> <p data-bbox="284 685 612 763">$\frac{100}{300} \times 100 = 33.33\%$ (2)</p> <p data-bbox="284 797 1342 831">Allow 1 mark for incorrect rounding supported by working (ie $100/300 \times 100 = 34$)</p>	Rationale	Marks	Correct answer with or without working or %	2	Correct calculation of number of people who prefer skiing holidays (100) AND total number of respondents (300)	1	No creditable content	0	2
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1(b)(iii)	<p>Explain one possible disadvantage to OT of using secondary market research.</p> <table border="1" data-bbox="284 349 1355 701"> <thead> <tr> <th data-bbox="284 349 435 398">Level</th> <th data-bbox="440 349 1121 398">Knowledge and Application</th> <th data-bbox="1126 349 1355 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 405 435 483">2b (APP)</td> <td data-bbox="440 405 1121 483">Explanation of a disadvantage to OT of using secondary market research</td> <td data-bbox="1126 405 1355 483">3</td> </tr> <tr> <td data-bbox="284 490 435 568">2a (K+K)</td> <td data-bbox="440 490 1121 568">Explanation of a disadvantage of using secondary market research</td> <td data-bbox="1126 490 1355 568">2</td> </tr> <tr> <td data-bbox="284 575 435 654">1 (K)</td> <td data-bbox="440 575 1121 654">Identification of a disadvantage of secondary market research</td> <td data-bbox="1126 575 1355 654">1</td> </tr> <tr> <td data-bbox="284 660 435 701">0</td> <td data-bbox="440 660 1121 701">No creditable content</td> <td data-bbox="1126 660 1355 701">0</td> </tr> </tbody> </table> <p data-bbox="284 707 1321 768"><i>Note: only mark the best disadvantage written by the candidate if there is more than one.</i></p> <p data-bbox="284 801 400 835">Content</p> <ul data-bbox="341 875 1350 1081" style="list-style-type: none"> • Not specific to the needs of OT in finding a new market segment • Can be ‘old’ – no date on the research – does it reflect recent changes in the holiday market? • No idea of the quality of the original researcher – is it biased? • Cost – OT may have had to pay for the research • Were the respondents the type of consumer to use the internet? <p data-bbox="284 1115 347 1149">ARA</p> <table border="1" data-bbox="284 1182 1350 1619"> <thead> <tr> <th data-bbox="284 1182 703 1234">Possible disadvantage (K)</th> <th data-bbox="708 1182 1350 1234">Possible context (APP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1240 703 1420" rowspan="2">Not specific to the needs of the business</td> <td data-bbox="708 1240 1350 1323">OT need to identify a new market segment and this data is not specific to this</td> </tr> <tr> <td data-bbox="708 1330 1350 1420">Is the data based on OT’s market of people who book holidays on the internet?</td> </tr> <tr> <td data-bbox="284 1426 703 1541">Can be out of date</td> <td data-bbox="708 1426 1350 1541">May not reflect the holiday market as it is now Demand is falling</td> </tr> <tr> <td data-bbox="284 1547 703 1619">No knowledge of the quality of the research</td> <td data-bbox="708 1547 1350 1619">May not give OT good data upon which to base their decision of a new market segment</td> </tr> </tbody> </table>		Level	Knowledge and Application	Marks	2b (APP)	Explanation of a disadvantage to OT of using secondary market research	3	2a (K+K)	Explanation of a disadvantage of using secondary market research	2	1 (K)	Identification of a disadvantage of secondary market research	1	0	No creditable content	0	Possible disadvantage (K)	Possible context (APP)	Not specific to the needs of the business	OT need to identify a new market segment and this data is not specific to this	Is the data based on OT’s market of people who book holidays on the internet?	Can be out of date	May not reflect the holiday market as it is now Demand is falling	No knowledge of the quality of the research	May not give OT good data upon which to base their decision of a new market segment	
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Question	Answer				Marks
1(c)	Analyse the effect on <u>two</u> stakeholders, other than employees, of the decision to make 20% of employees redundant.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2b	Shows understanding of the effect of the redundancies on two stakeholders of OT	4	Developed analysis of the effect of the redundancies on two stakeholders of OT	4
	2a	Shows understanding of the effect of the redundancies on one stakeholder of OT	3	Developed analysis of the effect of the redundancies on one stakeholder of OT	3
	1b	Shows knowledge of redundancy and stakeholders	2	Limited analysis of the effect of redundancies on two stakeholders	2
	1a	Shows knowledge of redundancy or stakeholders	1	Limited analysis of the effect of redundancies on one stakeholder	1
	No creditable content				0
	<i>Note: The business (OT) is NOT a stakeholder</i>				
	Content:				
	Customers – worse service leading to a poor experience using OT				
	Owners – may have less profit as there are high redundancy costs. May eventually have higher profits as the business is more efficient.				
	Managers – may have less workers to supervise				
	Banks/lenders – may worry about the future of OT and not lend for any future ventures				
	Local community – increased unemployment, lower average income				
	Government – increased unemployment, lower income tax revenue.				
	Competitors – OT may lose sales so the competitors may gain sales, competitors may gain new trained employees				

Question	Answer				Marks	
1(c)	ARA					
	Example of stakeholders	Examples of effects on stakeholder	Examples of application/context	Examples of possible analysis		
	Customers	Unable to book a holiday	Because the website may be down due the redundancies amongst the technical specialists	Which means they are frustrated because they cannot use the website and have to search for a holiday elsewhere taking extra time.		
Owners	Less profit	Dividends (OT is a Ltd) may decrease because of the extra redundancy costs	Leading to a lower income for the shareholders and a chance that they will want to sell their shares			

Question	Answer				Marks
1(d)	Recommend how OT can use the internet in the marketing mix for holidays aimed at the new target market. Justify your recommendation.				11
	Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks	
			A justified recommendation based on a developed argument	7	
			A developed recommendation based on a developed argument	6	
			A basic recommendation/judgement based on a developed argument	5	
	Shows understanding of the internet in one or more elements of the marketing mix for OT	3–4	Developed argument based on the use of the internet in one or more elements of the marketing mix for OT	3–4	
	Shows knowledge of the marketing mix	1–2	Limited analysis of the use of the internet in the marketing mix	1–2	
	No creditable content			0	
	<i>Note: Candidates can gain all the marks from use of one element of the marketing mix</i>				
	Content				
	<ul style="list-style-type: none"> • Promotion – many ways in which the internet could be used, especially in this target market. Social media, viral marketing etc.. Allow use of specific platforms, such as Facebook, Twitter, Snapchat etc.. Relatively cheap methods of promotion, can show elements of the holiday (ie skiing) in videos etc., good for targeting this age group and accessible on various devices. • Price – use of dynamic pricing to change prices based on demand, timing etc. Easy to adapt prices and change in short period of time. • Product – Could be tied into the product, so offer free WiFi with holidays, online catalogues and search facilities showing the product portfolio. • Place – can be sold through the internet, reduces labour costs, more likely to be suitable for this target market. 				

Question	Answer	Marks
1(d)	<p>Candidates can also use the 4C's:</p> <ul style="list-style-type: none">• Cost to the customer• Convenience to the customer• Customer solution• Communication with the customer <p>To award APP a candidate requires all three elements:</p> <ul style="list-style-type: none">• Marketing mix (the knowledge to back it up)• The target market (16–30)• Internet <p>ARA</p>	

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2(a)(i)	<p data-bbox="284 248 778 282">Define the term ‘consumer’ (line 4).</p> <table border="1" data-bbox="284 315 1353 517"> <thead> <tr> <th data-bbox="284 315 1123 365">Knowledge</th> <th data-bbox="1128 315 1353 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 371 1123 416">A correct definition</td> <td data-bbox="1128 371 1353 416">2</td> </tr> <tr> <td data-bbox="284 423 1123 468">A partial, vague or unfocused definition</td> <td data-bbox="1128 423 1353 468">1</td> </tr> <tr> <td data-bbox="284 474 1123 519">No creditable content</td> <td data-bbox="1128 474 1353 519">0</td> </tr> </tbody> </table> <p data-bbox="284 551 400 584">Content</p> <p data-bbox="284 591 1214 624">A person who purchases a good or service for personal use/enjoyment.</p> <p data-bbox="284 656 770 689">A person who uses a good or service</p> <p data-bbox="284 721 347 754">ARA</p> <table border="1" data-bbox="284 786 1353 1086"> <thead> <tr> <th data-bbox="284 786 735 835">Exemplar</th> <th data-bbox="740 786 1118 835">Rationale</th> <th data-bbox="1123 786 1353 835">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 842 735 920">A consumer is someone who uses a product</td> <td data-bbox="740 842 1118 920">A correct definition</td> <td data-bbox="1123 842 1353 920">2</td> </tr> <tr> <td data-bbox="284 927 735 1005">A consumer is someone who buys a good or service</td> <td data-bbox="740 927 1118 1005">Mixed up with customer but a partial understanding</td> <td data-bbox="1123 927 1353 1005">1</td> </tr> <tr> <td data-bbox="284 1012 735 1090">One of the two main markets; business and consumer</td> <td data-bbox="740 1012 1118 1090">Repetition from the case – no understanding</td> <td data-bbox="1123 1012 1353 1090">0</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Rationale	Marks	A consumer is someone who uses a product	A correct definition	2	A consumer is someone who buys a good or service	Mixed up with customer but a partial understanding	1	One of the two main markets; business and consumer	Repetition from the case – no understanding	0	2
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2(a)(ii)	<p data-bbox="284 248 959 282">Briefly explain the term ‘variable costs’ (line 11).</p> <p data-bbox="284 315 887 349">Award one mark for each point of explanation:</p> <table border="1" data-bbox="284 383 1350 618"> <thead> <tr> <th></th> <th>Knowledge</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>C</td> <td>Example or some other way of showing good understanding (e.g. comparison with fixed costs)</td> <td>1</td> </tr> <tr> <td>B</td> <td>Link to output changing</td> <td>1</td> </tr> <tr> <td>A</td> <td>Costs that change (allow vary)</td> <td>1</td> </tr> </tbody> </table> <p data-bbox="284 651 400 685">Content</p> <p data-bbox="284 685 1313 786">A variable cost is one that changes as output changes. For example bread is a variable cost for a sandwich producer because the more sandwiches are made the more bread is needed.</p> <table border="1" data-bbox="284 819 1350 1272"> <thead> <tr> <th>Exemplar</th> <th>Rationale</th> <th>Marks</th> </tr> </thead> <tbody> <tr> <td>A cost that changes when a business produces more, for example the material for each umbrella is a variable cost</td> <td>All three elements</td> <td>3</td> </tr> <tr> <td>Variable costs change with output unlike fixed costs which do not</td> <td>The comparison with FC is good enough for the C mark</td> <td>3</td> </tr> <tr> <td>Costs that change like wages</td> <td>A and C marks only</td> <td>2</td> </tr> <tr> <td>Costs like wages and raw materials</td> <td>C mark only – do not reward more than once</td> <td>1</td> </tr> </tbody> </table> <p data-bbox="284 1305 347 1339">ARA</p>		Knowledge	Marks	C	Example or some other way of showing good understanding (e.g. comparison with fixed costs)	1	B	Link to output changing	1	A	Costs that change (allow vary)	1	Exemplar	Rationale	Marks	A cost that changes when a business produces more, for example the material for each umbrella is a variable cost	All three elements	3	Variable costs change with output unlike fixed costs which do not	The comparison with FC is good enough for the C mark	3	Costs that change like wages	A and C marks only	2	Costs like wages and raw materials	C mark only – do not reward more than once	1	3
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2(b)(i)	<p data-bbox="284 248 1294 282">Calculate the total revenue of the order from the large bank (lines 7–12).</p> <table border="1" data-bbox="284 315 1350 591"> <thead> <tr> <th data-bbox="284 315 1123 367">Rationale</th> <th data-bbox="1128 315 1350 367">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 374 1123 425">Correct answer with or without correct working or \$</td> <td data-bbox="1128 374 1350 425">3</td> </tr> <tr> <td data-bbox="284 432 1123 483">Correct calculation of TC</td> <td data-bbox="1128 432 1350 483">2</td> </tr> <tr> <td data-bbox="284 490 1123 542">Formulae or correct calculation of TVC</td> <td data-bbox="1128 490 1350 542">1</td> </tr> <tr> <td data-bbox="284 548 1123 591">No creditable content</td> <td data-bbox="1128 548 1350 591">0</td> </tr> </tbody> </table> <p data-bbox="284 629 400 658">Content</p> <p data-bbox="284 665 400 694">Formula:</p> <p data-bbox="284 701 691 730">Price x quantity = total revenue</p> <p data-bbox="284 736 328 766">OR</p> <p data-bbox="284 772 1214 801">Profit = total revenue – total costs, so total costs + profit = total revenue</p> <p data-bbox="284 808 724 837"><i>NB the abbreviation for profit is pi</i></p> <p data-bbox="284 866 975 896">10 000 × \$0.75 = \$7500 (TVC) – 1 mark with working</p> <p data-bbox="284 902 975 931">\$7500 + \$2000 = \$9500 (TC) – 2 marks with working</p> <p data-bbox="284 938 687 967">\$9500 + \$3000 = \$12500 (TR)</p> <p data-bbox="284 996 652 1025">Answer = \$12500 (3 marks)</p> <p data-bbox="284 1064 523 1093">Common answers</p> <table border="1" data-bbox="284 1099 1350 1568"> <thead> <tr> <th data-bbox="284 1099 740 1151">Answer</th> <th data-bbox="745 1099 1118 1151">Rationale</th> <th data-bbox="1123 1099 1350 1151">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1158 740 1200">12 500 (no working)</td> <td data-bbox="745 1158 1118 1200">A correct answer</td> <td data-bbox="1123 1158 1350 1200">3</td> </tr> <tr> <td data-bbox="284 1207 740 1350">(10 000 × \$0.75) + \$3000 = \$10 500</td> <td data-bbox="745 1207 1118 1350">Missed out FC – one error Correct calculation of TVC and then OFR for the final step</td> <td data-bbox="1123 1207 1350 1350">2</td> </tr> <tr> <td data-bbox="284 1357 740 1400">\$10 500 (no working)</td> <td data-bbox="745 1357 1118 1400"></td> <td data-bbox="1123 1357 1350 1400">0</td> </tr> <tr> <td data-bbox="284 1406 740 1516">\$2000 + \$3000 = \$5000</td> <td data-bbox="745 1406 1118 1516">No correct calculation of TVC or TC but OFR for final step</td> <td data-bbox="1123 1406 1350 1516">1</td> </tr> <tr> <td data-bbox="284 1523 740 1565">\$3000</td> <td data-bbox="745 1523 1118 1565">Just used profit figure</td> <td data-bbox="1123 1523 1350 1565">0</td> </tr> </tbody> </table> <p data-bbox="284 1603 448 1632"><i>OFR applies</i></p>	Rationale	Marks	Correct answer with or without correct working or \$	3	Correct calculation of TC	2	Formulae or correct calculation of TVC	1	No creditable content	0	Answer	Rationale	Marks	12 500 (no working)	A correct answer	3	(10 000 × \$0.75) + \$3000 = \$10 500	Missed out FC – one error Correct calculation of TVC and then OFR for the final step	2	\$10 500 (no working)		0	\$2000 + \$3000 = \$5000	No correct calculation of TVC or TC but OFR for final step	1	\$3000	Just used profit figure	0	3
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2(c)	Analyse <u>two</u> advantages to UU of using batch production.				8
	Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
	2b	Shows understanding of two advantages to UU of batch production	4	Developed analysis of two advantages of batch production in context	4
	2a	Shows understanding of one advantage to UU of batch production	3	Developed analysis of one advantage of batch production in context	3
	1b	Shows knowledge specifically of batch production	2	Limited analysis of two advantages of batch production	2
	1a	Shows knowledge of production processes	1	Limited analysis of one advantage of batch production	1
	No creditable content				0
	<i>Note: give candidates the BOD if they have made a point which could apply to more than just batch production.</i>				
	Content				
	<ul style="list-style-type: none"> • Cheaper than job production – important because UU produces 20 000 of each consumer design • Allows for economies of scale which can reduce the unit cost of each umbrella (currently \$0.75 for the bank order) • Quicker than job production – important because of the 10 day delivery guarantee. • Allows for more flexibility than flow production – important because of the range of designs that UU have. 				
	ARA				
	Examples of advantages	Examples of application/context	Examples of possible analysis		
	More standardised quality than job production	20 000 made of each design	Making a batch allows UU to make sure each umbrella is the same quality so that customers are not disappointed, losing customer loyalty and repeat sales.		
	More flexible than flow production	Business orders are all unique with the logo on	So UU can make the designs to the customers specification, leading to increase customer satisfaction and more sales.		

Question	Answer				Marks
2(d)	Recommend which of the two options for growth UU should use. Justify your answer.				11
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)		Marks
			A justified recommendation based on a developed argument of both options		7
			A developed recommendation based on a developed argument of both options		6
			A basic recommendation/judgement based on a developed argument of both options		5
Shows understanding of Option 1 for growth and Option 2 for growth		4	Developed argument based on the impact on UU of using Option 1 and Option 2		4
Shows understanding of Option 1 for growth or Option 2 for growth		3	Developed argument based on the impact on UU of using Option 1 or Option 2		3
Shows knowledge of business growth		1–2	Limited analysis of Option 1 and Option 2		2
			Limited analysis of Option 1 or Option 2		1
No creditable content					0
Content					
Option 1					
<ul style="list-style-type: none"> • Risk of growth through franchise – may lose control of brand and image. • Only the consumer market – UU still retain control of the business market – but could poor image reduce this market too? • Less risk to UU because they have lower costs which will be covered by the fee and royalties. If the franchisee makes a profit UU gets royalties, however if the franchisee makes a loss UU are not affected. • Could this reduce UU's consumer market through the internet (ie not localised). 					
Option 2					
<ul style="list-style-type: none"> • Increasing the range of the product portfolio reduces risk. • Could allow UU to expand into areas where Umbrellas are not appropriate or used. • Requires external finance which is likely to be expensive for UU and increase costs. • Very competitive market – low profit margins • Growing market – Boston Matrix starting out as a problem child (?). 					
ARA					