Cambridge Assessment International Education

Cambridge International AS & A Level

BUSINESS **9609/22**

Paper 2 Data Response **February/March 2022**

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.

Cambridge International is publishing the mark schemes for the February/March 2022 series for most Cambridge IGCSE™, Cambridge International A and AS Level components and some Cambridge O Level components.

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.

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.

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.

Question	Answer	Marks
1(a)(i)	**Define the term 'mission statement' (line 7).**	**2**

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content
- One mark for understanding of the concept of **aims and values** (mission)
- One mark for understanding that it defines a **company or organisation's reason for being** (statement)

Exemplar	Mark	Rationale
A statement of a company's vision (1) which helps to set objectives (1).	2	Both elements covered.
Is the goal of a company (1). Corporate objectives are used to achieve the mission statement (1).	2	Clearly defined.
A kind of business target (1).	1	Vague definition.
Something a business aims for (1), in this case to 'make waste beautiful'.	1	Vague definition but example copied from the case, so do not award.
The vision of the business owners (1)	1	Vague definition.
A statement of a business's mission	0	Tautological.

Accept any reasonable answer

Question	Answer	Marks
1(a)(ii)	**Explain the term 'democratic leadership style' (line 13).** **Award one mark for each point of explanation:** C – Example or some other way of showing good understanding – 1 mark B – Understanding that it is to **do with direction/guidance/coordination etc.** – 1 mark A – Understanding of the concept **of participation** – 1 mark C marks dependent on A and B mark being present **Content** All members of the business (1) take part in the decision-making process, often by voting (1). If Rehana is a democratic leader then she will ask for the local artists to help her make decisions (1).	**3**

Exemplar	Mark	Rationale
All employees' views are considered (1) when making decisions and every employee has one vote (1). Sometimes called participative leadership (1).	3	A, B and C
The leader takes other people's views into account (1) when making decisions (1), however the leader makes the final decision (1).	3	A, B and C
All members of the business take part (1) in the decision-making process (1).	2	A and B only
All employees are involved (1).	1	A mark only
Decisions are made by voting (1).		B mark only

Accept any reasonable answer

Question	Answer	Marks
1(b)(i)	**Refer to table 1.1. Calculate the acid test ratio for RR.**	**3**

*May be implied

Rationale	Marks
Correct answer with or without correct working or $	3
Attempt with correct figures	2
Formula*/attempt to calculate	1
No creditable content	0

$\frac{\text{Current assets} - \text{stock}}{\text{Current liabilities}}$ [1 mark – formula]

$\frac{(14\,000 - 12\,000)}{8000}$ [1 mark – use of correct figures]

Answer = 0.25:1 [3 marks – correct answer]

Common incorrect answers

Answer	Mark	Rationale
25%	3	A percentage is a ratio.
1/4	3	A fraction is close enough to a ratio.
0.25 (no working)	3	Allow as a correct answer with or without working shown.
25 (no working)	0	Do not award any marks for an incorrect answer without working.
$\frac{CA}{CL}$ $\frac{14\,000}{8000} = 1.75:1$	1	Attempt to correctly calculate using one correct figure (CL).
$\frac{2000}{14\,000}$	1	Attempt to correctly calculate using one correct figure (CA).

Question	Answer	Marks
1(b)(i)	<table><tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr><tr><td>1.75:1 (no working)</td><td>0</td><td>Do not award any marks for an incorrect answer without working.</td></tr><tr><td>$\frac{\text{CL}}{\text{CA – inventory}}$ $\frac{8000}{2000}$ = 4:1 (400%)</td><td>2</td><td>Incorrect formula (but right elements – inverted) and subsequent results are OFR</td></tr><tr><td>$\frac{8000}{2000}$ = 4</td><td>0</td><td>Without formula these are ‘random’ numbers</td></tr></table>	

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
Explain <u>one</u> method Rehana may use to improve liquidity.
<table>
<tr><th>Level</th><th>Knowledge and Application</th><th>Marks</th></tr>
<tr><td>2 (APP)</td><td>Explanation of a method of improving liquidity, in context</td><td>3</td></tr>
<tr><td>2a (K+K)</td><td>Explanation of a method of improving liquidity</td><td>2</td></tr>
<tr><td>1a (K)</td><td>Identification of a method of improving liquidity</td><td>1</td></tr>
<tr><td>0</td><td>No creditable content</td><td>0</td></tr>
</table>
Content

Indicative content
AO1 Knowledge and understanding

Liquidity can be improved by:
• A method of increasing current assets (cash, inventory, trade receivables etc.):
– Sell fixed assets – for cash.
– Take out a long-term loan – to increase cash.
– Encourage prompt payment – to decrease trade receivables (debtors).
– Sell inventory – to increase cash (can improve liquidity if measured using the acid test).
• A method of decreasing current liabilities (overdraft, trade receivables, dividend payable etc.)
– Take out a long-term loan – to pay off the overdraft.
– Retain more profit – to avoid paying dividends

AO2 Application

• Context of RR.
• Use of Table 1.1

ACCEPT ANY REASONABLE ANSWER
</td><td>3</td></tr>
</table>

Question	Answer	Marks
1(b)(ii)		

Exemplar	Mark	Rationale
Rehana could sell the machine that melts down bottles to increase RR's cash.	3	Explanation of a method in context
Rehana could sell $5000 of the inventory so that the business can pay off its overdraft.	3	Explanation of a factor not in context. Allow based on acid test measure of liquidity.
Rehana could take out a long-term loan for $5000 to pay off the overdraft.	3	Explanation of a method in context
Take out a long-term loan to pay off the overdraft.	2	Explanation of a method.
Take out a bank loan.	1	BOD that a bank loan is a long-term liability.
Borrow some money.	1	Too vague – could be short-term or long-term debt.

Question	Answer	Marks
1(c)	**Analyse <u>two</u> benefits for RR of having a unique selling point (USP).**	**8**

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2b	Shows knowledge of two benefits of having a USP in context	4	Developed analysis of two benefits of having a USP in context	4
2a	Shows knowledge of one benefit of having a USP in context	3	Developed analysis of one benefit of having a USP in context	3
1b	Shows knowledge of two benefits of having a USP	2	Limited analysis of two benefits of having a USP	2
1a	Shows knowledge of one benefit of a USP	1	Limited analysis of one benefit of having a USP	1
0	No creditable content			

AO1 Knowledge and understanding
Knowledge of benefits may include:
- To sell more
- To increase the price
- Increase customer loyalty / repeat purchases
- Brand recognition
- To differentiate from competition
- To give a focus for the marketing mix

AO2 Application
- RR is a sole trader / small business and is likely to have limited resources
- RR makes unique vases and glassware products
- RR's mission statement 'to make waste beautiful'.
- Markets products as 'lovely for the planet, lovely for you'.
- RR has a strong <u>local</u> brand image.
- RR's USP is recycling waste (assumption can be made that no other competitors do this).
- RR employs two local artists, who are environmentally aware.
- Employees are skilled.
- RR uses job production.
- Table 1.1.
- Demand has grown and Rehana needs to increase output.
- Rehana wants to increase output by either employing more artists or changing to batch production.

Question	Answer	Marks
1(c)	**AO3 Analysis** • Increase customer loyalty / repeat purchases: gives RR an established customer base and revenue stream – more likely to make Rehana's growth strategies successful. • Brand recognition: means that customers who are looking for recycled products are more likely to purchase RR's vases – increasing Rehana's incomes/profit. • To differentiate from competition: likely to be a competitive market and RR may need customers to recognise their recycled products so that sales increase – so that Rehana can reinvest more profit and grow the business. • To give a focus for the marketing mix: the 'lovely for the planet, lovely for you' marketing slogan shows a double benefit to making a purchase, meaning that Rehana may be able to charge a higher price – increasing her income/profit. **Accept any reasonable answer**	

Question	Answer	Marks
1(d)	**Evaluate whether RR should change to batch production.**	**11**

Knowledge and Application (4 marks)	**Marks**	**Annotation**	**Analysis and Evaluation (7 marks)**	**Marks**	**Annotation**
			Justified evaluation based on argument in context.	7	EVAL + EVAL + EVAL
			Developed evaluation based on argument in context.	6	EVAL + EVAL
			An evaluative statement based on argument in context.	5	EVAL
Applies context to understanding of two pieces of knowledge about job/batch production.	4	APP + APP	Argument based on two pieces of developed analysis about RR's decision to change production method.	4	DEV + DEV
Applies context to understanding of one piece of knowledge about job/batch production.	3	APP	Argument based on one piece of developed analysis about RR's decision to change production method.	3	DEV

Question	Answer	Marks
1(d)	see below	

Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
Shows two pieces of knowledge about job/batch production	2	K + K	Limited analysis of two factors influencing job/batch production	2	AN + AN
Shows one piece of knowledge about job/batch production	1	K	Limited analysis of one factor influencing job/batch production	1	AN
No creditable content					

Content

AO1 Knowledge and understanding
Knowledge of job production may include:
- On-off unique products
- Produced one at a time

Knowledge of batch production may include:
- Production in groups, not individual or mass/flow
- Whole batch passes through each stage of production at the same time
- Use of machinery

AO2 Application
- RR is a sole trader / small business and is likely to have limited resources
- RR makes unique vases and glassware products
- RR's mission statement 'to make waste beautiful'.
- Markets products as 'lovely for the planet, lovely for you'.
- RR has a strong local brand image.
- RR's USP is recycling waste (assumption can be made that no other competitors do this).
- RR employs two local artists, who are environmentally aware.
- Employees are skilled.
- RR uses job production.
- Table 1.1.
- Demand has grown and Rehana needs to increase output.
- Rehana wants to increase output by either employing more artists or changing to batch production.

Question	Answer	Marks
1(d)	**AO3 Analysis** **For batch:** • will meet the increase in demand boosting revenue • The only way to cost effectively increase her output • Costs of recruiting skilled artists may be too expensive **Against batch:** • Amount of raw materials (waste bottles) available may not be sufficient for expansion • Impact on recent marketing focusing on USP may be negative • Batch production/machinery skills of two local artists/herself may not be sufficient leading to waste • Amount of liquidity available for investment (0.25:1 acid test ratio) may be too low for investment **For job:** • Maintain USP of RR • Utilise skilled workers who are already employed by RR **Against job:** • High cost of skilled workers • High unit cost for production of handmade products • May not be able to meet demand **AO4 Evaluation** • A recommendation about a whether RR should introduce batch production (or not). • A judgement over the relative suitability of production methods. • Elements that the recommendation/judgement could depend upon. • Weighing up of the impacts on RR of the change. • Weighing up of the likely advantages/disadvantages of batch production. **Accept any reasonable answer**	

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

Define the term 'market share' (line 14).

Knowledge	Marks
A correct definition	2
A partial, vague or unfocused definition	1
No creditable content	0

Content

- One mark for a **portion/section of a market** (or comparison with other businesses / whole market)
- One mark for **controlled by a business or product**

The section of a market (1) controlled by a business. (1)
Allow formula (sales of business / sales in market X 100) for 2 marks – either expressed as a formula or in words.

Accept any reasonable answer

Exemplar	Mark	Rationale
Section of a market controlled by a company	2	Clear understanding
$\frac{\text{Sales of business}}{\text{Total sales}} \times 100$	2	Clear understanding
The sales of one business compared to the sales of another business.	2	Sales of one business = controlled by business Compared = portion
$\frac{\text{Sales of business}}{\text{Total sales}}$	2	Comparison of one business to the whole market.
Market controlled by a company/product	1	No portion/section
How big a company is	0	Too vague

</td><td>2</td></tr>
</table>

Question	Answer	Marks
2(a)(ii)	**Explain the term 'efficiency' (line 21)** Award one mark for each point of explanation:	3

		Marks
C	Example or some other way of showing good understanding	3
B	Understanding that it leads to the **highest amount of outputs**	2
A	Understanding of the concept **of least amount of inputs**	1

C marks dependent on A and B mark being present

Content

The least amount of inputs (1) to make the maximum output (1) to reduce waste (1)

Exemplar	Mark	Rationale
Least inputs for the highest output to reduce waste	3	All three elements
Least amount of inputs used to gain the highest output	2	No expansion
Highest output possible	1	Only output
Reduction of waste	0	No understanding of inputs or outputs

Accept any reasonable answer

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(b)(i)</td><td>
Refer to Table 2.1 and other information. Calculate BB’s total annual cost if it uses the proposed new machinery.
<table>
<tr><th>Rationale</th><th>Marks</th></tr>
<tr><td>Correct answer, with or without working and $ sign</td><td>3</td></tr>
<tr><td>Attempt to calculate with correct figures / correct calculation of TVC ($300 000) and TFC ($450 000)</td><td>2</td></tr>
<tr><td>Formula/ correct calculation of TVC ($300 000) or TFC ($450 000)</td><td>1</td></tr>
<tr><td>No creditable content</td><td>0</td></tr>
</table>
Content
Total variable costs + fixed costs [1 mark]
(40 × 7500) + (500 000 × 0.9) [2 marks]
Answer = ($)750 000 [3 marks]

Common incorrect answers
<table>
<tr><th>Answer</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>750 000</td><td>3</td><td>Correct answer. $ not required.</td></tr>
<tr><td>300 000 + 500 000 = 800 000</td><td>2</td><td>No attempt to reduce FC by 10%</td></tr>
<tr><td>$800 000 (no working)</td><td>0</td><td>Do not award any marks for an incorrect answer without working.</td></tr>
<tr><td>$250 000 + $450 000 = $700 000</td><td>2</td><td>One mistake – incorrect calculation of TVC</td></tr>
</table>
</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(b)(ii)	**Explain <u>one</u> possible limitation to BB of using the proposed new machinery.**	**3**

Level	Knowledge and Application	Marks
2a (App)	Explains one possible limitation to BB of using the proposed new machinery	3
1b (K+K)	Explains one possible limitation of using new machinery with no application to BB	2
1a (K)	Identifies one or more possible limitation of using new machinery with no application to BB	1
0	No creditable content	0

Indicative content
AO1 Knowledge and understanding

Limitations may include:
- Capital cost – opportunity cost of spending in other areas
- Retraining – may reduce cashflow / increase costs
- Space requirements – may require a new factory /extension
- Risk – compared to 'known' machinery

AO2 Application

- BB has a reputation for quality
- Beds – large product (large machinery)
- Use of Table 2.1 (in comparison to increased costs)
- Market is growing rapidly
- Wide range of consumer (online) styles required
- Decreasing staff morale and welfare.

Accept any reasonable answer

Exemplar	Mark	Rationale
Increased retraining costs will mean reducing prices to hotels will be difficult	3	Explanation of a factor in context
Increased training costs reduces cashflow	2	Explanation of a factor not in context
Increased training costs	1	Identification of a factor

Question	Answer	Marks
2(c)	**Analyse two possible disadvantages to BB of decreased staff morale and welfare.**	8

Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2b	Shows knowledge of two disadvantages of decreased morale and welfare in context	4	Developed analysis of two disadvantages of decreased staff morale and welfare in context	4
2a	Shows knowledge of one disadvantage of decreased morale and welfare in context	4	Developed analysis of one disadvantage of decreased staff morale and welfare in context	3
1b	Shows knowledge of two disadvantages of decreased morale and welfare	2	Limited analysis of two disadvantages of decreased staff morale and welfare	2
1a	Shows knowledge of one disadvantage of decreased morale and welfare	1	Limited analysis of one disadvantage of decreased staff morale and welfare	1
0	No creditable content			

Content

AO1 Knowledge and understanding
Knowledge of morale – the confidence, enthusiasm, and discipline of a person or group at a particular time.
Knowledge of welfare – a working environment that's healthy and safe for everyone in the workplace.

Disadvantages could include:
- Increased labour turnover
- Increased recruitment costs
- Increased training costs
- Decreased efficiency
- Increased trade union action.

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(c)</td><td>
AO2 Application

Large manufacturer of beds.
Strong brand image for quality.
Main distribution channel is B2B, but entering the B2C market (becoming more important as online orders are increasing).
Old machinery currently used, but proposition to introduce new machinery (at a cost).
Increased demand in the market – market is growing rapidly.
Increased demand (online) for a wider range of styles – requires retraining.
Pressure to reduce prices (and costs).
BB uses non-financial motivators.
Motivation was good until recently.
Efficiency is falling – long hours due to increased demand (but no financial compensation?).

AO3 Analysis
Disadvantages could include;

Increased labour turnover; increase in BB’s recruitment costs – may mean that producing beds for the online market, where profit margins are lower, is unprofitable.
Increased recruitment costs; increase in BB’s FC’s – may reduce the impact of the 10% saving of the new machinery and make the business unprofitable.
Increased training costs; lowers the ability of BB to compete in the online market – BB cannot take advantage of this growing market.
Decreased efficiency; less beds being produced – may mean that BB cannot match the demands of the growing online market and lose market share.
Increased trade union action; may lead to industrial action – reduce productivity so that BB cannot produce enough to meet the online demand and sales fall.

Accept any reasonable answer
<table>
<tr><th>Identification of disadvantage (K)</th><th>Understanding in context (APP)</th><th>Limited analysis (AN)</th><th>Developed analysis in context (Dev)</th></tr>
<tr><td>Increased labour turnover</td><td>Due to workers leaving because of increased workload from online orders</td><td>Which increases recruitment costs</td><td>And reduces profit margins.</td></tr>
<tr><td>Decreased efficiency</td><td>From working long hours, without financial compensation, to fulfil the growing market needs</td><td>Increases unit costs of the beds</td><td>Which increases selling prices.</td></tr>
</table>
</td><td></td></tr>
</table>

Question	Answer	Marks
2(d)	**Recommend whether BB should focus on the producer market (B2B) or the consumer market (B2C). Justify your recommendation.**	**11**

Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
			A justified recommendation based on arguments	7	EVAL + EVAL + EVAL
			A developed recommendation based on developed arguments	6	EVAL + EVAL
			A basic recommendation based on developed arguments	5	EVAL
Applies context to knowledge of consumer (B2C) and producer (B2B) market	4	APP + APP	Argument based on focusing on both markets in context	4	DEV + DEV
Applies context to knowledge of consumer (B2C) or producer (B2B) market	3	APP	Argument based on focusing on one market in context	3	DEV

Question	Answer	Marks
2(d)		

Knowledge and Application (4 marks)	Marks	Annotation	Analysis and Evaluation (7 marks)	Marks	Annotation
Knowledge of consumer (B2C) and producer (B2B) market	2	K + K	Limited analysis of focussing on the consumer (B2C) market and limited analysis of focussing on the producer (B2B) market	2	AN + AN
Knowledge of consumer (B2C) or producer (B2B) market	1	K	Limited analysis of focussing on the consumer (B2C) market or limited analysis of focussing on the producer (B2B) market	1	AN
No creditable content					

Content

AO1 Knowledge and understanding
Knowledge of the consumer market (B2C), including:
- Purchased by the end-user
- Direct sales to consumers and through retailers and online
- Importance of brand in a competitive market
- Sales are likely to be single units.

Knowledge of the producer market, including:
- Purchased by a business who uses the product to produce another product/service
- Direct sales to another business, unlikely to be through retailers
- Importance of price, added value and durability
- Sales are likely to be for multiple units.

Question	Answer	Marks
2(d)	**AO2 Application** • Large manufacturer of beds. • Strong brand image for quality. • Main distribution channel is B2B, but entering the B2C market (becoming more important as online orders are increasing). • Old machinery currently used, but proposition to introduce new machinery (at a cost). • Increased demand in the market – B2C market is growing rapidly. • Increased demand (online) for a wider range of styles in B2C market – requires retraining and substantial marketing costs. • Pressure to reduce prices (and costs) in B2B market. • Limited range of styles in B2B market. • Demand in B2B market is constant with low marketing costs. • BB uses non-financial motivators. • Motivation was good until recently. • Efficiency is falling. **AO3 Analysis** **For B2C** • B2C online sales increasing • Hotels want to reduce prices • No increase in demand from hotels **For B2B** • A constant demand from hotels aids planning • Less marketing needed for hotels • Limited bed range may increase production as less downtime needed for repurposing machines **AO4 Evaluation** • A recommendation about a whether RR should focus on the consumer (B2C) or producer (B2B) market. • A judgement over the relative suitability of each market. • Elements that the recommendation/judgement could depend upon. • Weighing up of the impacts on choosing a market. • Weighing up of the likely advantages/disadvantages of each market.	