Cambridge Assessment International Education
Cambridge International Advanced Subsidiary and Advanced Level

BUSINESS **9609/21**

Paper 2 Data Response **October/November 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.

Cambridge International is publishing the mark schemes for the October/November 2018 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.

Question	Answer	Marks
1(a)(i)	**Define the term 'market segment' (line 3).**	**2**

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

Content
- Part of a market
- Made up of groups of customers who share similar characteristics, interests, etc.

Exemplar	Marks	Rationale
Sub-group of a whole market (1)for consumers with similar characteristics such as age(1)	**2**	Identifies that it is part of a market aimed at specific customers
A group or portion of a whole market	**1**	Again Identifies that it is part of a market but no reference to target group of customers
<u>It is the whole market</u>	**0**	Incorrect definition

Question	Answer	Marks
1(a)(ii)	**Briefly explain the term 'public sector organisation' (line 1).**	**3**

Award one mark for each point of explanation:

	Knowledge	Marks
C	Example or some other way of showing good understanding e.g. Product that might not be adequately provided by the private sector/profit not an objective.	**1**
B	To provide a service to the local community/ social objectives	**1**
A	Owned/controlled by the state/government	**1**

Note: Must have an answer from section A or B

Content
A business owned and controlled by the government to provide services and products that might not be adequately provided by the private sector.

Exemplar	Marks	Rationale
Owned and controlled by the state (1) to provide a social benefit (1) profit not an objective (1)	**3**	All 3 elements included – A + B + C
Owned by the government (1) e.g. fire service (1)	**2**	Only 2 elements A + C
Not run with the aim of making a profit (1) but aim to a service to the community (1)	**2**	Only 2 elements B + C
State owned enterprise (1)	**1**	Only 1 element A
Organization funded by the government	**0**	Too vague – private sector organizations may be funded by the government

Question	Answer	Marks
1(b)(i)	**Calculate the gross profit margin (%) for The Lido.**	**3**

Rationale	Marks
Correct answer with or without correct working	**3**
Identifies correct data	**2**
Formulae*	**1**
No creditable content	**0**

*Could be implicit from the figures

Content
(GP / Revenue) × 100
(70 / 280) × 100 = 25% accept 25

Exemplar	Marks	Rationale
25%	**3**	Correct answer
(70 / 280) × 100 = \$25	**3**	Correct numerical answer
(70 / 280) × 100 = 2500	**2**	Not converted to a % but correct formula and data
(70 / 210) × 100 = 33.3%	**2**	Correct formula but cost of sales used instead of TR. OFR rule applies so 1 mark for correct formula and 1 mark for (OFR) answer
(30 / 280) × 100 = 1007140	**1**	1 mark for formula but used profit rather than GP. OFR does not apply here, as the answer should have a decimal point after 10 i.e. 10.07140. If the decimal point in the correct position then 2 marks

Question	Answer	Marks
1(b)(ii)	**Explain how one stakeholder of SP might be affected by the Lido making a loss.**	3

Level	Knowledge and Application	Marks
2b (APP + APP)	Explanation of an effect on a stakeholder in context	**3**
2a (APP)	Identification of an effect on a stakeholder in context	**2**
1 (K)	Identification of an effect on a stakeholder	**1**
0	No creditable content	**0**

Content:
- Government/owners: more government spending needed – opportunity cost of spending
- Customers: prices may increase, may have to travel to further swimming pool
- Local community: poor service, travel to other pools
- Workers: may be made redundant, lower wages

Reference to owners not having dividends, etc. are unlikely to be in context. Closure is not an impact unless it is taken through to show how the stakeholder would be impacted, i.e. The Lido may close leading to an increase in the funds available for the government to spend. ARA

Question	Answer	Marks
1(c)	**Analyse one advantage and one disadvantage to SP of using price discrimination.**	8

Level	Knowledge and Application (4 marks)	Marks	Anno-tation	Analysis (4 marks)	Marks	Anno-tation
2b	Shows understanding of price discrimination in context	4	APP+ APP	Good analysis of one advantage **and** one disadvantage to SP of using price discrimination	4	DEV+ DEV
2a	Shows understanding of pricing methods in context	3	APP	Good analysis of one advantage **or** one disadvantage to SP of using price discrimination	3	DEV
1b	Shows knowledge of price discrimination	2	K+K	Limited analysis of one advantage **and** one disadvantage of using price discrimination	2	AN+ AN
1a	Shows knowledge of pricing methods	1	K	Limited analysis of one advantage **or** one disadvantage of using price discrimination	1	AN
0	No creditable content					

Content Advantages:
- Increase number of customers – particularly important for a publically owned business
- Gives access to the swimming pool to more people, not dependent on income
- Can be used to increase demand during off peak times
- Can be used to decrease demand at peak times. Disadvantages:
- Reduce income – may be contributing to the loss made by The Lido
- May be seen as a poor quality service
- May be seen as unfair against people who pay full price
- May lead to excess demand at off peak times and low demand at peak time

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>

Recommend whether SP should close The Lido. Justify your answer.

<table>
<tr><th>Knowledge and Application (4 marks)</th><th>Marks</th><th>Anno-tation</th><th>Analysis and Evaluation (7 marks)</th><th>Marks</th><th>Anno-tation</th></tr>
<tr><td></td><td></td><td></td><td>A justified recommend-ation based on a developed two sided argument</td><td>7</td><td></td></tr>
<tr><td></td><td></td><td></td><td>A developed recommend-ation based on a developed two sided argument</td><td>6</td><td></td></tr>
<tr><td></td><td></td><td></td><td>A basic recommend-ation based on a developed two sided argument</td><td>5</td><td>EVAL</td></tr>
<tr><td rowspan="2">Shows understanding of factors affecting business performance of The Lido or the impact of closing/ staying open in context</td><td rowspan="2">3-4</td><td>APP + APP</td><td>Developed argument based on closure of the Lido and keeping the Lido open</td><td>4</td><td></td></tr>
<tr><td>APP</td><td>Developed argument based on either closure of the Lido or keeping the Lido open</td><td>3</td><td></td></tr>
<tr><td>Shows knowledge of business performance</td><td>1-2</td><td>K + K</td><td>Limited analysis of closing a business and keeping a business open</td><td>2</td><td></td></tr>
<tr><td></td><td></td><td>K</td><td>Limited analysis of closing a business or keeping a business open</td><td>1</td><td></td></tr>
<tr><td colspan="4">No creditable content</td><td>0</td><td></td></tr>
</table>

</td><td>11</td></tr>
</table>

Question	Answer	Marks
1(d)	**Content** Arguments for closure: • The Lido will be subsidised by other swimming pools/the Government – is this a good use of taxpayers' money? • Would a different facility be better – one that could make a profit or cover its own costs? • Is the local area the best for a swimming pool – would government money be better spent on creating jobs? Arguments against closure: • Publically owned so profit is not the objective of the business – does it matter if The Lido makes a loss? • The Lido only makes a loss when the allocation of Head Office costs are included – is this a fair allocation? • The local community has high unemployment – closure is likely to affect these the most • There are many schools in the local area – the closure would reduce the ability for these to teach swimming. • The Lido benefits local fitness/combats obesity	

Question	Answer	Marks
2(a)(i)	**Define the term 'demand' (line 9).**	**2**

	Knowledge	Marks
B	Quantity/at a given price/over a specific period of time	**2**
A	Willing/able to purchase	**1**
	No creditable content	**0**

Content
The quantity/amount of a product that consumers are willing (not needs or wants) and able to purchase, at a given price or in a particular period. A diagram of the demand curve without further explanation up to 1 mark

Exemplar	Marks	Rationale
How much of a good or service (1) customers are willing to pay for (1)	**2**	Both A+B
Amount of the product (1) the customer is able to buy	**2**	Both A+B
Amount of people (0) willing to buy a product (1)	**1**	Only A here as it is not the amount of people but the quantity of the product
$\frac{\text{\%change in demand}}{\text{\%change in price}}$	**0**	This is price elasticity of demand, not demand

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

Briefly explain the term ‘partnership’ (line 1). Award one mark for each point of explanation:

	Knowledge	Marks
C	Example or some other way of showing good understanding e.g. shared risk/responsibility/profits/losses/finance	**3**
B	Unlimited liability/lack of continuity	**2**
A	Two or more owners	**1**

Content
A legal agreement between two or more people to jointly own, finance and run a business. Unlimited liability unless a limited partner. Share risks, profits, losses and responsibilities.

Exemplar	Marks	Rationale
Two or more people run a business together (1) usually with shared capital (1) They have unlimited liability (1)	**3**	Good, developed explanation
Two or more people run a business (1) and provide the capital (1)	**2**	Explanation ok but not developed
Run by at least 2 people (1) and does not have limited liability (1)	**2**	Again explanation ok but limited
Owned by two or more people (1) without the ability to sell shares to the public (0)	**1**	A mark for reference to ownership but the rest of the explanation seems to confuse this with a ltd company

</td><td>3</td></tr>
</table>

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

Calculate the revenue generated from cakes with a jam filling.

Rationale	Marks
Correct answer, with or without working	**3**
Attempt with correct figures	**2**
Identification of Jam %	**1**
No creditable content	**0**

Content
Jam = 10 % of sales revenue Total sales revenue = $1 m 10 % of $1 m = $100 000

Exemplar	Marks	Rationale
$100000	**3**	Correct answer
100 – 90 = 10 (1) 1000000 (1)	**2**	Identifies 10% for jam and identifies correct sales revenue of £1m and attempts to apply but is incorrect
100 = 10000		
Jam is 10% of revenue	**1**	Only calculates jam%

</td><td>3</td></tr>
<tr><td>2(b)(ii)</td><td>

Explain one possible impact on KC of reducing the product portfolio of the business.

Level	Knowledge and Application	Marks
2b (APP + APP)	Explanation of an impact of reducing the product portfolio in context	**3**
2a (APP)	Identification of an impact of reducing the product portfolio in context	**2**
1 (K)	Knowledge of product portfolio/knowledge of an impact	**1**
0	No creditable content	**0**

Content

- Greater economies of scale from bulk buying more Cream and Chocolate
- Specialisation by concentrating on Cream and Chocolate
- May reduce customers due to a lack of variety – may not come to shop
- Loss of 10% of sales revenue – will it decrease costs much?
- Customers may not be able to have what they want – goes against the job production format of the business.

</td><td>3</td></tr>
</table>

Question	Answer	Marks
2(c)	**Analyse one advantage and one disadvantage to KC of using job production.**	**8**

Level	**Knowledge and Application (4 marks)**	**Mark**	**Anno-tation**	**Analysis (4 marks)**	**Mark**	**Anno-tation**
	Shows understanding		APP+ APP	Good analysis of one advantage		DEV+ DEV
2b	of job production in context	**4**		**and** one disadvantage to KC of using job production	**4**	
	Shows understanding		APP	Good analysis of one advantage **or**		DEV
2a	of production methods in context	**3**		one disadvantage to KC of using job production	**3**	
1b	Shows knowledge of job production	**2**	KK	Limited analysis of one advantage **and** one disadvantage of using job production	**2**	AN+ AN
1a	Shows knowledge of production methods	**1**	K	Limited analysis of one advantage **or** one disadvantage of using job production	**1**	AN
0	No creditable content					

Question	Answer	Marks
2(c)	**Content** Advantages: • Customers can have their cake personalised to their requirements – increase revenue/profits • Allows KC to charge a higher price • Higher quality cakes – increase word of mouth promotion for KC Disadvantages: • Higher cost – requires specialist skills and inventory • Loss of economies of scale • Inventory is perishable but need to keep in stock, just in case • Higher price leading to lower demand ARA	

Question	Answer	Marks
2(d)	**Evaluate the job description created by James.**	**11**

<table>
<tr><th>Knowledge and Application
(4 marks)</th><th>Mark</th><th>Anno-
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(7 marks)</th><th>Mark</th><th>Anno-
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<tr><td>Shows understanding of two elements of the job description created by James</td><td>4</td><td>APP + APP</td><td>Developed argument of two elements of the job description in context</td><td>4</td><td></td></tr>
<tr><td>Shows understanding of one element of the job description created by James</td><td>3</td><td>APP</td><td>Developed argument of one element of the job description in context</td><td>3</td><td></td></tr>
<tr><td rowspan="2">Shows knowledge of recruitment process/job descriptions</td><td rowspan="2">1-2</td><td>K + K</td><td>Limited analysis of two elements of a job description</td><td>2</td><td></td></tr>
<tr><td>K</td><td>Limited analysis of one element of a job description</td><td>1</td><td></td></tr>
<tr><td colspan="4">No creditable content</td><td></td><td></td></tr>
</table>

Question	Answer	Marks
2(d)	**Content** • Specific job title – should only target those who are interested in this job. However, is it too specific – are KC likely to find enough of a pool of people? • Some of the items belong on a person specification. • Specific skills – produce and decorate cakes and creative. • Set hours of work – again should reduce the potential recruits – is it really seven days a week? • Why does the person need to be able to produce and decorate cakes when full training will be given? • Is it legal/ethical to state that the worker should be young? Why is this important? • No mention as to why the worker needs a driving licence? • Rate of pay is very vague – will this put potential applicants off? • Does not mention production method	