



Cambridge International AS & A Level

BUSINESS

9609/12

Paper 1 Short Answer and Essay

March 2021

MARK SCHEME

Maximum Mark: 40

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

This document consists of **16** 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.

**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.

9609 Paper 1 Specific Marking Principles

Marks are awarded for each answer when the following Assessment Objectives (AO) are met. The mark scheme for each answer indicates when and how each AO can be met.

AO1 – Demonstrate knowledge and understanding of business concepts.

The focus in Section A of the Examination Paper is on this first AO.

- (a) **Questions 1, 2, and 4** will meet this AO using definitions and explanations of business concepts.
- (b) **Question 3** provides an opportunity for the application and a more developed explanation of a business concept. The 4–5-mark level specifically provides for this more developed explanation.

In Section B of the Examination Paper

- (a) **Questions 5, 6, and 7** still require supporting Knowledge and Understanding (AO1), but there is now a focus on **Application (AO2)**, **Analysis (AO3)**, and **Evaluation (AO4)**. These skills are set out below:

AO2 – Apply knowledge and understanding of business concepts to general and specific situations and contexts.

- (a) Where a specific business or context is named in the question then the candidate is required to relate answers specifically to this business or context.
- (b) It is not sufficient to merely repeat the name of the business or the context.

AO3 – Analyse business problems, issues, situations and contexts, through a discussion and interpretation of evidence, debate, theory, impact and consequence, to produce reasoned and coherent arguments.

- (a) Level 3 answers will likely use terms such as – because, leads to, therefore, so that, as a result, consequently – thereby showing analytical development for AO3.

AO4 – Limited Evaluation is given

- (a) When an attempt is made, (probably in a concluding section of an answer), to address and comment on the value and validity of the previous analysis.
- (b) These comments may be quite brief and be more opinionated than reasoned.
- (c) A mere concluding summary of preceding analysis is, however, not evaluation.

AO4 – Evaluation occurs

- (a) When an answer comments on the validity/significance of previous analysis in an evidence based and reasoned way.
- (b) This often leads to the presentation of appropriate substantiated judgements, decisions, or recommendations.

Question	Answer	Marks
1(a)	<p>Define the term ‘opportunity cost’.</p> <ul style="list-style-type: none"> • The benefit/value/potential gain of the next best option/thing given up/not chosen. (2) • Correct example. (2) • Occurs whenever a choice/decision is made/alternative chosen. (1) <p>Full definition given (2 marks) Partial definition (1 mark) No creditable content (0 mark)</p>	2
1(b)	<p>Explain <u>two</u> qualities an entrepreneur is likely to need for success.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> • Innovative. • Passionate. • Committed. • Self-motivated. • Hard working. • Multiskilled. • Leadership/managerial skills. • Ability to motivate others. • Self-confidence. • Ability to bounce back. • Risk taker. <p>Accept any other valid response.</p> <p>Developed explanation of two qualities an entrepreneur is likely to need for success. (3 marks) Developed explanation of one quality or partial explanation of two qualities an entrepreneur is likely to need for success. (2 marks) Partial explanation of one quality an entrepreneur is likely to need for success or a list of two qualities. (1 mark) No creditable content. (0 marks)</p>	3

Question	Answer	Marks
2(a)	<p>Define the term ‘demand’.</p> <ul style="list-style-type: none"> • Quantity/amount of a product which customers are willing/able to buy (2) • Quantity/amount of a product bought from a business (1) • Quantity/amount of a product wanted by the market/customers/consumers (1) • At a given price/in a specific time period (1) <p>Full definition given (2 marks) Partial definition (1 mark) No creditable content (0 mark)</p>	2

Question	Answer	Marks
2(b)	<p>Explain <u>two</u> factors which might influence supply of a product.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> • Price customers are willing to pay for the product. • Increase/decrease in profit margin. • Level of demand from customers. • Cost of production. • Taxes imposed on suppliers. • Subsidies paid by government to suppliers. • Level/efficiency of productivity. • Advances in technology/R&D. • Number of businesses in the market. • Availability of resources. • Weather/seasons/holidays/natural factors. • Ease of transport. • Amount of imports or exports of the product. <p>Accept any other valid response.</p> <p>Developed explanation of two factors which might influence supply of a product. (3 marks) Developed explanation of one factor or partial explanation of two factors which might influence supply of a product. (2 marks) Partial explanation of one factor or a list of two factors which might influence supply of a product. (1 mark) No creditable content. (0 marks)</p>	3

Question	Answer	Marks
3	<p>Explain the effects on a business of having a high level of working capital.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> • Working capital is current assets minus current liabilities. • Also called net current assets. • Capital needed to pay for raw materials, day-to-day running costs. • Ability to offer credit offered to customers. • Ability to offer more prompt payment to suppliers. • Is the lifeblood of the business, needed day-to-day. • Without enough working capital, the business will be illiquid/unable to pay debts. • Less reliance on overdrafts/short-term borrowing. • High level of working capital can be a disadvantage due to opportunity cost. • Too much capital tied up in inventories, payments receivable (goods sold on credit), idle cash. • Results in opportunity cost decisions. • (Money) could be used to make more money for the business. • Money could be used elsewhere e.g. invested on fixed assets. • There may be advantages and disadvantages for a business having a high level of working capital – it may not be high enough or it may be too high. <p>Accept any other valid response.</p> <p>Effective explanation of the effects on a business of having a high level of working capital. (4–5 marks) Explanation of the effects on a business of having a high level of working capital. (2–3 marks) Descriptive information about working capital. (1 mark) No creditable content. (0 marks)</p>	5

Question	Answer	Marks
4(a)	<p>Define the term ‘transformation process’.</p> <ul style="list-style-type: none"> • Changing/converting inputs/factors of production into outputs (2) • Changing/converting inputs/factors of production (1) • Producing outputs (1) • Process of adding value (1) <p>Full definition given. (2 marks) Partial definition. (1 mark) No creditable content. (0 mark)</p>	2

Question	Answer	Marks
4(b)	<p>Explain <u>two</u> ways in which a business could improve its intellectual capital.</p> <p>Answers could include:</p> <ul style="list-style-type: none"> • Train existing workers to give them new skills/knowledge. • Recruit external employees with new/additional knowledge/experience. • Develop better information systems e.g. databases to more effectively manage (store and retrieve) data. • Increase R&D. • Gain patents, copyright, brand names and trademarks. • Improve links with suppliers. • Improve links with customers. <p>Accept any other valid response.</p> <p>Developed explanation of two ways in which a business could improve its intellectual capital. (3 marks)</p> <p>Developed explanation of one way or partial explanation of two ways in which a business could improve its intellectual capital. (2 marks)</p> <p>Partial explanation of one way or a list of two ways in which a business could improve its intellectual capital. (1 mark)</p> <p>No creditable content. (0 marks)</p>	3

Question	Answer	Marks																		
5(a)	<p data-bbox="304 248 1331 315">Analyse the benefits to a business of recruiting employees from outside the business.</p> <table border="1" data-bbox="304 349 1331 954"> <thead> <tr> <th data-bbox="304 349 437 412">Level</th> <th data-bbox="437 349 1198 412">Description</th> <th data-bbox="1198 349 1331 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 412 437 528">4</td> <td data-bbox="437 412 1198 528">Good analysis of the benefits to a business of recruiting employees from outside the business.</td> <td data-bbox="1198 412 1331 528">7–8</td> </tr> <tr> <td data-bbox="304 528 437 645">3</td> <td data-bbox="437 528 1198 645">Some analysis of the benefits to a business of recruiting employees from outside the business.</td> <td data-bbox="1198 528 1331 645">5–6</td> </tr> <tr> <td data-bbox="304 645 437 761">2</td> <td data-bbox="437 645 1198 761">Some application of the benefits to a business of recruiting employees from outside the business.</td> <td data-bbox="1198 645 1331 761">3–4</td> </tr> <tr> <td data-bbox="304 761 437 878">1</td> <td data-bbox="437 761 1198 878">Knowledge and understanding of employees/recruiting from outside the business.</td> <td data-bbox="1198 761 1331 878">1–2</td> </tr> <tr> <td data-bbox="304 878 437 954">0</td> <td data-bbox="437 878 1198 954">No creditable content.</td> <td data-bbox="1198 878 1331 954">0</td> </tr> </tbody> </table> <p data-bbox="304 987 608 1021">Answers could include:</p> <p data-bbox="360 1055 916 1088">Knowledge and Understanding 2 marks</p> <ul data-bbox="360 1093 1198 1160" style="list-style-type: none"> • Clear understanding of employees. • Clear understanding of recruiting from outside the business. <p data-bbox="360 1193 643 1227">Application 2 marks</p> <ul data-bbox="360 1232 1283 1299" style="list-style-type: none"> • Reference to the benefits of recruiting employees from outside the business/external recruitment. <p data-bbox="360 1332 603 1366">Analysis 4 marks</p> <ul data-bbox="360 1370 1272 1615" style="list-style-type: none"> • External recruits bring in new ideas and practices. • Increases intellectual capital of the business. • Keeps existing staff focussed on the future. • Encourages changes to existing methods and attitudes. • Wide choice of potential applicants. • Avoids resentment caused by seeing colleagues being promoted. • High standard of applicants. <p data-bbox="304 1648 735 1682">Accept any other valid response.</p>	Level	Description	Marks	4	Good analysis of the benefits to a business of recruiting employees from outside the business.	7–8	3	Some analysis of the benefits to a business of recruiting employees from outside the business.	5–6	2	Some application of the benefits to a business of recruiting employees from outside the business.	3–4	1	Knowledge and understanding of employees/recruiting from outside the business.	1–2	0	No creditable content.	0	8
Level	Description	Marks																		
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5(b)	<p>Discuss whether the use of Herzberg’s two factor theory could improve employee motivation in a school.</p> <table border="1" data-bbox="304 349 1331 1055"> <thead> <tr> <th data-bbox="304 349 437 412">Level</th> <th data-bbox="437 349 1198 412">Description</th> <th data-bbox="1198 349 1331 412">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 412 437 562">4</td> <td data-bbox="437 412 1198 562">Effective evaluation of whether the use of Herzberg’s two factor theory could improve employee motivation in a school.</td> <td data-bbox="1198 412 1331 562">9–12</td> </tr> <tr> <td data-bbox="304 562 437 712">3</td> <td data-bbox="437 562 1198 712">Limited evaluation of whether the use of Herzberg’s two factor theory could improve employee motivation in a school.</td> <td data-bbox="1198 562 1331 712">7–8</td> </tr> <tr> <td data-bbox="304 712 437 862">2</td> <td data-bbox="437 712 1198 862">Some analysis and application of the use of Herzberg’s two factor theory to improve employee motivation in a school.</td> <td data-bbox="1198 712 1331 862">3–6</td> </tr> <tr> <td data-bbox="304 862 437 972">1</td> <td data-bbox="437 862 1198 972">Knowledge and understanding of Herzberg’s two factor theory/motivation.</td> <td data-bbox="1198 862 1331 972">1–2</td> </tr> <tr> <td data-bbox="304 972 437 1055">0</td> <td data-bbox="437 972 1198 1055">No creditable content</td> <td data-bbox="1198 972 1331 1055">0</td> </tr> </tbody> </table> <p>Answers could include:</p> <p>Knowledge and Understanding 2 marks</p> <ul data-bbox="363 1207 1102 1274" style="list-style-type: none"> • Clear understanding of Herzberg’s two factor theory. • Clear understanding of motivation. <p>Application 2 marks</p> <ul data-bbox="363 1346 1291 1413" style="list-style-type: none"> • Reference to the use of Herzberg’s two factor theory in a business. • Reference to improving employee motivation in a school. <p>Analysis 2 marks</p> <ul data-bbox="363 1485 1321 1686" style="list-style-type: none"> • How the use of specific hygiene factors (pay, working conditions, status, policy and administration, over-supervision, relationships) can improve employee motivation in a business. • How the use of specific motivating factors (achievement, recognition, interesting work, meaningful work, advancement/promotion) can improve employee motivation in a business. 	Level	Description	Marks	4	Effective evaluation of whether the use of Herzberg’s two factor theory could improve employee motivation in a school.	9–12	3	Limited evaluation of whether the use of Herzberg’s two factor theory could improve employee motivation in a school.	7–8	2	Some analysis and application of the use of Herzberg’s two factor theory to improve employee motivation in a school.	3–6	1	Knowledge and understanding of Herzberg’s two factor theory/motivation.	1–2	0	No creditable content	0	12
Level	Description	Marks																		
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0	No creditable content	0																		

Question	Answer	Marks
5(b)	<p>Evaluation 6 marks</p> <ul style="list-style-type: none"> • A judgement/conclusion is made as to whether the use of Herzberg’s two factor theory could improve employee motivation in a school. • These judgements/conclusions may be made at any point in the essay not only in a concluding section. • Evaluation might recognise that motivation could be achieved more effectively by using other theories of motivation. • Some of these theories overlap to some extent with Herzberg’s two factor theory, particularly Maslow’s hierarchy of needs. • Evaluation might recognise that it is not only the use of Herzberg’s two factor theory but improving motivation by meeting the appropriate needs of different types of employee. • Employees could be working purely for the money i.e. Taylor and therefore only the hygiene factors will apply. If these are acceptable to the worker, they will remain in the job but may not be motivated. Does this matter? • Reference could be made to the cost of methods of motivation and whether non-financial methods may be the only viable option. • The context is schools. There should be specific reference to schools, e.g. teachers, classrooms, head teacher/principal, pupils/students, admin/cleaning staff. • What motivates an employee might depend on their role in the school e.g. principal, teacher, cleaner, caretaker. • Evaluation may compare the relative effectiveness of different types of motivation and under what circumstances one method may be better than another e.g. a failing school, successful school, new school, free or fee-paying school, schools in different countries. • Strong answers may refer to the dynamic environment within many schools and that there may be more emphasis on the performance, efficiency and accountability of human resources rather than their job satisfaction. <p>Accept any other valid response.</p>	

Question	Answer	Marks																					
6	<p>A furniture manufacturer is planning to introduce CAD and CAM into the production process.</p> <p>Discuss the extent to which this could make the business more competitive?</p> <table border="1" data-bbox="304 479 1331 1249"> <thead> <tr> <th data-bbox="304 479 437 551">Level</th> <th data-bbox="437 479 1198 551">Description</th> <th data-bbox="1198 479 1331 551">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 551 437 719">5</td> <td data-bbox="437 551 1198 719">Effective evaluation of the extent to which the introduction of CAD and CAM into the production process could make a furniture manufacturer more competitive.</td> <td data-bbox="1198 551 1331 719">17–20</td> </tr> <tr> <td data-bbox="304 719 437 846">4</td> <td data-bbox="437 719 1198 846">Limited evaluation of the extent to which the introduction of CAD and CAM into the production process could make a business more competitive.</td> <td data-bbox="1198 719 1331 846">15–16</td> </tr> <tr> <td data-bbox="304 846 437 952">3</td> <td data-bbox="437 846 1198 952">Analysis of whether the introduction of CAD <u>and</u> CAM could make a business/manufacturer more competitive.</td> <td data-bbox="1198 846 1331 952">11–14</td> </tr> <tr> <td data-bbox="304 952 437 1079">2</td> <td data-bbox="437 952 1198 1079">Limited analysis, with application, of whether the introduction of CAD and/or CAM could make a business more competitive.</td> <td data-bbox="1198 952 1331 1079">5–10</td> </tr> <tr> <td data-bbox="304 1079 437 1184">1</td> <td data-bbox="437 1079 1198 1184">Knowledge and understanding of CAD / CAM / production process / being competitive.</td> <td data-bbox="1198 1079 1331 1184">1–4</td> </tr> <tr> <td data-bbox="304 1184 437 1249">0</td> <td data-bbox="437 1184 1198 1249">No creditable content.</td> <td data-bbox="1198 1184 1331 1249">0</td> </tr> </tbody> </table> <p data-bbox="304 1290 608 1319">Answers could include:</p> <p data-bbox="360 1364 916 1395">Knowledge and Understanding 4 marks</p> <ul data-bbox="360 1402 983 1541" style="list-style-type: none"> • Clear understanding of CAD. • Clear understanding of CAM. • Clear understanding of production process. • Clear understanding of being competitive. 	Level	Description	Marks	5	Effective evaluation of the extent to which the introduction of CAD and CAM into the production process could make a furniture manufacturer more competitive.	17–20	4	Limited evaluation of the extent to which the introduction of CAD and CAM into the production process could make a business more competitive.	15–16	3	Analysis of whether the introduction of CAD <u>and</u> CAM could make a business/manufacturer more competitive.	11–14	2	Limited analysis, with application, of whether the introduction of CAD and/or CAM could make a business more competitive.	5–10	1	Knowledge and understanding of CAD / CAM / production process / being competitive.	1–4	0	No creditable content.	0	20
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0	No creditable content.	0																					

Question	Answer	Marks
6	<p>Application 4 marks</p> <ul style="list-style-type: none"> • Reference to whether the introduction of CAD could make a manufacturer more competitive (product designs, computer animation, special effect in movies, graphic design). • Reference to whether the introduction of CAM could make a manufacturer more competitive (automated production, use of robots, programming machines). <p>Analysis 6 marks</p> <ul style="list-style-type: none"> • The benefits of reduced costs, increased productivity, improved quality, good visualisation, accuracy, easy to re-use, precise manufacturing, faster production, faster lead time, more flexible, more design variants, increased customisation, technical economies of scale. • The disadvantages of complexity of programmes, need for worker training, recruitment of specialist employees, cost of hardware, cost of programmes, processing power required, hardware or software failure, repairs/maintenance, complex and time-consuming to resolve, obsolete/regular updates needed, quality assurance still needed. <p>Evaluation 6 marks</p> <ul style="list-style-type: none"> • A judgement/conclusion is made as to the extent to which the introduction of CAD and CAM into the production process could make a furniture manufacturer more competitive. • These judgements/conclusions may be made at any point in the essay not only in a concluding section. • Consideration of the significance of the size of the business. A small business may not be able to afford the technology. • Balance between short-term and long-term considerations. • Consideration of whether the opportunity cost of introducing the technology is too high. • Are there other factors which are more important than introducing CAD and CAM to make the manufacturer more competitive: <ul style="list-style-type: none"> - buying cheaper materials or otherwise adding value; - changing the marketing mix in such a way as to make the manufacturer and its products better than its rivals and therefore more likely to be bought. • Competitiveness will depend on the market and preferences of consumers. Some may prefer hand crafted, unique designs. • For a large furniture manufacturer which is designing many different items of furniture and trying to achieve mass customisation, the use of CAD and CAM may be essential and cost effective. • Much may depend on the type of furniture being manufactured. Simple, standard designs are unlikely to need CAD or CAM. <p>Accept any other valid response.</p>	

Question	Answer	Marks																		
7(a)	<p data-bbox="300 241 1106 280">Analyse why a business might invest in market research.</p> <table border="1" data-bbox="304 322 1331 860"> <thead> <tr> <th data-bbox="304 322 437 389">Level</th> <th data-bbox="437 322 1198 389">Description</th> <th data-bbox="1198 322 1331 389">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 389 437 495">4</td> <td data-bbox="437 389 1198 495">Good analysis of why a business might invest in market research.</td> <td data-bbox="1198 389 1331 495">7–8</td> </tr> <tr> <td data-bbox="304 495 437 591">3</td> <td data-bbox="437 495 1198 591">Some analysis of why a business might invest in market research.</td> <td data-bbox="1198 495 1331 591">5–6</td> </tr> <tr> <td data-bbox="304 591 437 687">2</td> <td data-bbox="437 591 1198 687">Some application of why a business might invest in market research.</td> <td data-bbox="1198 591 1331 687">3–4</td> </tr> <tr> <td data-bbox="304 687 437 786">1</td> <td data-bbox="437 687 1198 786">Knowledge and understanding of market research/ investment (in market research).</td> <td data-bbox="1198 687 1331 786">1–2</td> </tr> <tr> <td data-bbox="304 786 437 860">0</td> <td data-bbox="437 786 1198 860">No creditable content.</td> <td data-bbox="1198 786 1331 860">0</td> </tr> </tbody> </table> <p data-bbox="300 898 608 931">Answers could include:</p> <p data-bbox="357 974 916 1010">Knowledge and Understanding 2 marks</p> <ul data-bbox="357 1010 1147 1081" style="list-style-type: none"> • Clear understanding of market research. • Clear understanding of investment (in market research). <p data-bbox="357 1113 643 1149">Application 2 marks</p> <ul data-bbox="357 1149 1222 1184" style="list-style-type: none"> • Reference to why a business might invest in market research. <p data-bbox="357 1216 603 1252">Analysis 4 marks</p> <ul data-bbox="357 1252 1174 1641" style="list-style-type: none"> • To reduce the risks associated with a new product launch. • Enable a suitable marketing mix to be developed. • Explain changes in sales of existing products. • Identify patterns in sales/trends of existing products. • Gain awareness of consumer preferences. • Identify gaps in the market. • Assess demand levels in the market. • Assess supply levels in the market. • Identify key conditions in the external environment. • Understand strengths and weaknesses of competitors. • Gain higher market share. <p data-bbox="300 1675 734 1711">Accept any other valid response.</p>	Level	Description	Marks	4	Good analysis of why a business might invest in market research.	7–8	3	Some analysis of why a business might invest in market research.	5–6	2	Some application of why a business might invest in market research.	3–4	1	Knowledge and understanding of market research/ investment (in market research).	1–2	0	No creditable content.	0	8
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7(b)	<p data-bbox="304 248 1294 320">Discuss whether an airline business might increase its profits by more effective market segmentation?</p> <table border="1" data-bbox="304 365 1331 965"> <thead> <tr> <th data-bbox="304 365 437 432">Level</th> <th data-bbox="437 365 1198 432">Description</th> <th data-bbox="1198 365 1331 432">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="304 432 437 566">4</td> <td data-bbox="437 432 1198 566">Effective evaluation of whether an airline business might increase its profits by more effective market segmentation.</td> <td data-bbox="1198 432 1331 566">9–12</td> </tr> <tr> <td data-bbox="304 566 437 701">3</td> <td data-bbox="437 566 1198 701">Limited evaluation of whether a business might increase its profits by more effective market segmentation.</td> <td data-bbox="1198 566 1331 701">7–8</td> </tr> <tr> <td data-bbox="304 701 437 797">2</td> <td data-bbox="437 701 1198 797">Application and analysis of how a business might increase its profits by using market segmentation.</td> <td data-bbox="1198 701 1331 797">3–6</td> </tr> <tr> <td data-bbox="304 797 437 896">1</td> <td data-bbox="437 797 1198 896">Knowledge and understanding of profits / market segmentation / airline business.</td> <td data-bbox="1198 797 1331 896">1–2</td> </tr> <tr> <td data-bbox="304 896 437 965">0</td> <td data-bbox="437 896 1198 965">No creditable content.</td> <td data-bbox="1198 896 1331 965">0</td> </tr> </tbody> </table> <p data-bbox="304 1010 608 1037">Answers could include:</p> <p data-bbox="360 1084 916 1115">Knowledge and Understanding 2 marks</p> <ul data-bbox="360 1122 1007 1223" style="list-style-type: none"> • Clear understanding of profits. • Clear understanding of market segmentation. • Clear understanding of airline businesses. <p data-bbox="360 1261 643 1292">Application 2 marks</p> <ul data-bbox="360 1299 959 1361" style="list-style-type: none"> • Reference to increasing profits. • Reference to using market segmentation. <p data-bbox="360 1400 603 1431">Analysis 2 marks</p> <ul data-bbox="360 1438 1326 1845" style="list-style-type: none"> • How segmentation helps to identify sub-groups in a market. • How segmentation can allow targeted marketing campaigns. • How the use of effective market segmentation might improve quantity of sales and/or revenue. • Use of price differentiation. • How the business might use segmentation to identify opportunities for growth. • How a business might increase its profits by effective market segmentation. • Use of specific examples of market segmentation which could apply to any business e.g. type of consumers / age / family grouping / income / social class / niche market / mass market. 	Level	Description	Marks	4	Effective evaluation of whether an airline business might increase its profits by more effective market segmentation.	9–12	3	Limited evaluation of whether a business might increase its profits by more effective market segmentation.	7–8	2	Application and analysis of how a business might increase its profits by using market segmentation.	3–6	1	Knowledge and understanding of profits / market segmentation / airline business.	1–2	0	No creditable content.	0	12
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7(b)	<p>Evaluation 6 marks</p> <ul style="list-style-type: none"> • A judgement/conclusion is made as to whether an airline business might increase its profits by more effective market segmentation. • These judgements/conclusions may be made at any point in the essay not only in a concluding section. • There may be consideration of the current market segmentation compared to what needs to be done to make it more effective. • Whether the current profitability may be influenced by factors other than market segmentation e.g. external environment. • Whether changing the market segmentation may involve extra costs of market research without being able to influence profitability. • Evaluation might recognise that it depends on how important the objective of profit is to the business. • The context is an airline business There should be specific reference to airlines e.g. planes / internal and international passengers / destination / business or economy class / facilities/extras required / pilots / fuel / frequency of travel. • Is it aiming to maximise sales by selling as many tickets as possible to whoever will buy them? This might target the mass market which can be highly competitive. This may involve reducing prices without decreasing costs, which may decrease profits. • Is it aiming to increase sales revenue to increase profitability? It may wish to enter wealthy niche markets in order to charge high prices whilst not increasing costs. What is the competition like in these markets? • Is it aiming to increase capacity utilisation to fill seats and better cover fixed costs? This might lead to economies of scale and therefore increase profits. • Is it aiming to increase journeys/destinations? How will the costs involved in this compare with the revenue change? • The ability to improve profits may depend on the reputation and current popularity of the airline and how competitive the industry is. • There may be differences in PED between different operators, market segments and destinations and this can influence profits due to the prices which can be charged. • Will depend on the accuracy of the research which identifies the market segments. <p>Accept any other valid response.</p>	