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CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/21**

Paper 2 Business Concepts 2 **May/June 2026**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme contains the instructions and marking guidance that our examiners used to mark candidate responses for this component.

Before they start marking, examiners complete a standardisation process. They review a range of candidate responses and discuss the mark scheme in detail to agree which answers can and cannot be accepted. Examiners award marks where it is clear that candidate responses have met the requirements of the mark scheme. These requirements may vary between different components or different versions of the same component, depending on the exact requirements of the question and the candidate responses seen during the standardisation process.

Sometimes, our mark schemes may allow marks to be awarded to responses which contain elements that are factually incorrect or for content not covered by the syllabus. We do this in response to the demands of a specific question to support candidates and make sure that our assessments are fair. However, these allowances should not be used as a guide for teaching and learning.

We cannot discuss the mark scheme with schools, and we recommend that schools read the mark scheme together with the assessment material and the Principal Examiner Report for Teachers.

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General marking principles

All examiners must apply these marking principles when marking candidate responses.

1	Examiners must award marks for each response in line with: • the specific **content** defined in the mark scheme • the specific **skills** defined in the mark scheme or in the level descriptions • the **standard of response** required as exemplified by the standardisation scripts.
2	Examiners must award **whole marks** (not half marks, or other fractions).
3	Examiners must award marks **positively**. This means that: • marks are not deducted for errors or omissions • marks are awarded for correct/valid answers as defined in the mark scheme and also for **other valid answers** which go beyond the scope of the syllabus and mark scheme referring to your team leader as appropriate • the quality of spelling, punctuation and grammar are judged **only** when the mark scheme indicates that these features are **specifically assessed** in the question. However, the meaning of all responses must be unambiguous.
4	Examiners must **consistently** apply the requirements of the mark scheme and any rules for what to do when candidates have not followed instructions correctly.
5	Examiners must use the **full range of marks** defined in the mark scheme, unless limited by the quality of the candidate responses seen.
6	Examiners must award marks according to the mark scheme and **must not** award marks with grade thresholds or grade descriptions in mind.

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Social Sciences-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).

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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.

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Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standardisation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are right or wrong.
	For objective points that are wrong.
	When there is a misunderstanding in a response.
TV	When the candidate has attempted something, but the mark/skill has not been awarded.
Highlighter Or Underline	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
On page comment	To communicate with the supervisor.
NUT	When the context has not been used.

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Annotation	Meaning
SEEN	To show a page/section has been seen/read.
NAQ	When the response is not focussed on answering the question.
REP	The repetition of a previous point in a response **or** candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. Number of Ks should match the mark awarded.
APP	When AO2 has been awarded. Number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
DEV	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
E	When AO4 at Level 2 has been awarded.
EE	When AO4 at Level 3 has been awarded.



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Question	Answer	Marks
1(a)(i)	**Identify <u>one</u> feature of a mass market.** **Indicative content** Identification of a feature of a mass market ✓ may include: • A large market / number of customers • Standardised (undifferentiated) product • High level of sales/production • Large scale • High competition • Low price is often a key element in selling the product • Selling to the whole market (opposite of a niche market) • Customers from a wide variety of backgrounds • Product likely to be produced using flow/mass production using automation Do not reward tautological answers, e.g. market for the masses Do not reward answers that simply state that it is the 'opposite of a niche market' as it does not identify a feature of a mass market *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
Explain the term ‘market segmentation’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content

AO1 Knowledge and understanding
Knowledge of market segmentation will include (max 1 mark):
• Dividing a market
• Different groups of customers (who share common needs/characteristics/behaviours)
• Part of a market / subset of customers
</td><td>3</td></tr>
</table>

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Question	Answer	Marks

1(a)(ii)	**AO2 Application**
	Limited application APP *applies knowledge of market segmentation to a business context.*
	Developed application APP + APP *applies knowledge of market segmentation to a business context.*
	• Differentiated marketing
	• Aim to not sell just one product to the whole market, but different products to different market segments (customer groups)
	• Identifying a way(s) to segment the market, e.g. geographic, demographic and psychographic
	• A different marketing mix/marketing decisions (for each market segment)
	• Examples of market segmentation:
	  ○ Examples of geographic differences, e.g. culture or climatic differences
	  ○ Examples of demographic differences, e.g. age, gender, income, social class, income or ethnic background
	  ○ Examples of psychographic factors, e.g. lifestyle, personality, values and attitudes
	  ○ Examples of businesses/products, e.g. Volkswagen sells different car models which are aimed at different groups of customers, e.g. executive cars, family cars, electric and commercial vehicles such as vans.
	
	Application can be made to CC or any other scenario/context/business/person.
	
	Accept all valid responses.	

Exemplar and annotations	Mark	Rationale
Dividing the market K so that a specific marketing mix can be used for each group of customers APP according to lifestyle APP	3	An answer which starts with the knowledge and then applies it to the use of a different marketing mix for each customer group. An example is used for the second application mark.
Different products APP sold to different customer groups K such as CC selling Cherry Cola to one group and Sugar-free Cola to another APP .	3	This answer starts with application, followed by knowledge (different customer groups). The candidate applies knowledge to a business context.
Part of a market K such as a group of teenagers or customers aged 20–29 years APP	2	Knowledge and explanation for one application mark.

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(a)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Where the market is divided K.</td><td>1</td><td>Not a perfect definition, but enough to award the knowledge mark. No attempt to apply.</td></tr>
<tr><td>Segmenting the market. TV</td><td>0</td><td>No knowledge of market segmentation. Tautological.</td></tr>
</table>
</td><td></td></tr>
<tr><td>1(b)(i)</td><td>
Refer to Table. 1.1 and other information. Calculate the price of <u>one</u> bottle of Sugar-free cola.

Indicative content
1 mark for calculating the total cost of making one bottle of cola
1 mark for calculating the % mark-up (i.e. 80% of the cost) (OFR)
1 mark for calculating the price of one bottle of Sugar-free cola (OFR)

Price = total cost + 80%

• Total cost of making one bottle = $0.20 + $0.35 + $0.10

$0.65 (1 mark)

• 80% of cost = 80% x $0.65

$0.52 (1 mark) (OFR)

Answer = $0.65 + $0.52
= $1.17 (3 marks) (OFR) (No working or $ sign needed for 3 marks)
</td><td>3</td></tr>
</table>

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(i)</td><td>
<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$1.17 allow 1.17</td><td>Full marks can be given even without working and units.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Both of the following:
• Correct calculation of the total cost ($0.65)
AND
• Correct calculation of 80% of cost ($0.52)
OR
An incorrect answer with one mistake allowing OFR for final stage.</td><td>To award two marks, there must be:
• Two ✓ and a ✗
OR
• One ✓ , one ✗ and one OFR</td></tr>
<tr><td>1 mark</td><td>One of the following:
• Correct calculation of the total cost ($0.65)
OR
• Correct calculation of 80% of cost ($0.52)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content.</td><td>To award zero marks, there must be:
• One ✗</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
1(b)(ii)	**Explain <u>one</u> limitation for CC of using qualitative data to make marketing decisions.**	**3**

AO1 Knowledge and understanding 1 mark	AO2 Application 2 marks
	2 marks Developed application of **one** relevant point to a business context.
1 mark Knowledge of **one** relevant point is used to answer the question.	**1 mark** Limited application of **one** relevant point to a business context.
0 marks No creditable response.	**0 marks** No creditable response.

Indicative content

AO1 Knowledge and understanding

Knowledge of a limitation of using qualitative data (max. 1 mark), including:

- Variety of responses (difficult to standardise responses)
- Time consuming / challenging to analyse
- Cannot use statistical analysis/charts/graphs
- Subjective / unscientific
- Risk of bias / unrepresentative / unreliable
- Open-ended
- Smaller sample size

Do not reward answers that simply state the 'opposite of quantitative data' as it does not show knowledge/understanding

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Question	Answer	Marks
1(b)(ii)	**AO2 Application** Explanation of a limitation of using qualitative data to make marketing decisions (max 1 mark), including: • Non-numerical / narrative / descriptive data • Opinions, emotions and views • Detailed information • Examples of methods to collect qualitative data, e.g. interviews, focus groups, observations • Examples of ways to record qualitative data, e.g. transcripts, content analysis to condense raw data into categories or themes Context applied to CC (max 1 mark), including: • Sales of Cherry cola reduced by 12% over past year • Using market research data to investigate the reasons for the decline in sales • Aim to increase sales • Market leader in country N • Manufactures four variants of cola drink • Four factories in country N *Application must be made to CC and cannot be generic* Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(b)(ii)</td><td>
<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>A limitation is that the data may be time consuming to analyse K, due to the variety of different responses APP delaying the manager's decision about a marketing campaign APP.</td><td>3</td><td>Time consuming to analyse is a reasonable limitation K, explained in relating to the variety of responses APP and in the context of CC APP.</td></tr>
<tr><td>The sample size is often smaller K, so data collected may unrepresentative APP to find out why Cherry cola sales are fallen by 12% APP.</td><td>3</td><td>Small sample size K so data may unrepresentative is a second AO1 point for APP. This answer is then applied to CC for three marks in total.</td></tr>
<tr><td>Non-numerical data about opinions/views APP which are subjective K.</td><td>2</td><td>Subjectivity is K. The answer includes a relevant example of a feature of qualitative data APP, but only one mark as no application to CC's context.</td></tr>
<tr><td>Graphs and charts cannot be produced K .</td><td>1</td><td>Inability to create graphs/charts is a relevant limitation for K, but it hasn't been explained.</td></tr>
<tr><td>As market leader CC has a high marketing budget TV.</td><td>0</td><td>Although there is some relevant context, there is no knowledge of a limitation of using qualitative data, so no marks can be awarded.</td></tr>
</table>
</td><td></td></tr>
</table>

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

Analyse <u>two</u> benefits to CC of capital intensive operations.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>8</td></tr>
</table>

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Question	Answer	Marks
1(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of benefits of capital intensive operations (max 2 K s), including: including: • Economies of scale from large scale • Consistent quality • Low labour costs • High volume of output • Efficiency from use of technology / machinery / robots • 24/7 operations • High barriers to entry • Specialisation of labour • Faster / quick • No human error / mistakes **AO2 Application** *Max one APP for application in the first benefit and max one APP for application in the second benefit* Application of the benefit of capital intensive operations to CC (max 2 APP s), including: • Sells cola drinks to the mass market • Market leader • Sells four variants of cola drink • Use cost-based pricing • Adds 80% to the cost of making the cola drink to calculate the price • Sells 50 000 bottles of Sugar-free cola each month • Four factories • Employs 1750 employees • Work is repetitive • Labour turnover has increased by 8% over the past year	

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Question	Answer	Marks
1(c)	**AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV candidate shows two or more links in the chain of analysis or a two-sided analysis. Impacts may include: • Economies of scale from large scale – reduces the average cost of producing one bottle of cola – increased profitability/ability to offer cheaper prices than competitors • Consistent quality – increased customer satisfaction – higher market share • Low labour costs – increased profitability – higher growth • High volume of output – economies of scale – increased efficiency • Efficiency from use of technology/machinery/robots – less affected by employee absenteeism/labour turnover – increased profitability • 24/7 operations – higher output – ability to satisfy customer demand/orders • High barriers to entry – reducing risks of new entrants/competitors – power/ability to dominate market, e.g. price setting • Fast/quick – reducing the time to produce a product which enables CC to satisfy customer demand – positive ratings/reviews • No human errors – leading to increased customer satisfaction – higher market share Accept all valid responses. **Exemplar and annotations** **AO1 Knowledge** / **AO2 Application** / **AO3 Analysis** Labour costs tend to be lower K. / As capital intensive operations limits employee numbers to 1750 APP / This reduces total costs AN increasing profits DEV. The high cost of the machinery creates a barrier to entry K / Which helps CC maintain market leadership APP / The cost barrier reduces the number of new competitors AN which gives CC more power to increase prices DEV.	

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

Evaluate whether CC should change the employee payment method from time-based to piece rate.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

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

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Question	Answer	Marks
1(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of time-based and piece rate payment systems (max 2 K s), may include: • Time-based payment systems reward employees for the time that they are working, e.g. number of hours, days The payment is the same irrespective of the amount of output/performance • Piece rate payment system is where the employee is paid an amount for each item of output The greater the quantity produced, the more the employee will be paid **AO2 Application** Limited application APP applies knowledge of payment systems to CC once Developed application APP + APP applies knowledge of payment systems to CC twice. • Sells cola drinks to the mass market • Market leader • Sells four variants of cola drink • Four factories • Employs 1750 employees • Lack motivation • Repetitive work • High labour turnover • Labour turnover increased by 8% over the past year **AO3 Analysis** Limited analysis AN – candidate shows one link in the chain of analysis. Developed analysis DEV – candidate shows two or more links in the chain of analysis. Advantages of changing to a piece rate payment system to CC may include: • Increased productivity – ability to meet higher sales • Employees may feel that it is fairer that employees who work harder receive a higher payment – increased employee loyalty • Labour costs linked to output – improved cost control • Employees may earn their desired income from working fewer hours – aiding recruitment of new employees	

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Question	Answer	Marks
1(d)	Disadvantages of changing to a piece rate payment system to CC may include: • Reduced product quality – increased product defects / lower reputation • Increased administration to manage the system – higher costs • Reduced teamwork – reduced efficiency • Unstable/fluctuating income may increase labour turnover further – increased recruitment costs • Employee dissatisfaction if the payment offered per bottle produced is considered too low – increased labour turnover • Risk of employee 'burn out' – higher employee absenteeism **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE. • A judgement about whether CC should change the payment system to piece rate. • What the judgement might depend upon; the timeframe for the change, consultation with employees, is payment the source of the employee lack of motivation, skills of employees • Weighing up the arguments for time-based vs piece rate payment system • Changing the payment system will not address the repetitive nature of the work. This may be cause of the lack of motivation rather than dissatisfaction with the payment system. • Employees may not be motivated by financial factors (pay) and may value non-financial motivators more. Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1(d)</td><td>
Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>CC should continue with the time-based payment system.</td><td>CC should continue with the time-based payment system as employees are not incentivised to work quicker which could reduce quality.</td><td>CC should continue with the time-based payment system as employees are not incentivised to work quicker which could reduce quality. This is important as reduced quality may lead to Cherry cola sales reducing by another 12% next year.</td></tr>
<tr><td>A piece rate payment system should be introduced.</td><td>A piece rate payment system should be introduced. Employee motivation will increase as they may feel it is fairer to reward hard workers more.</td><td>A piece rate payment system should be introduced. Employee motivation will increase as they may feel it is fairer to reward hard workers more. Increased motivation will help CC to reduce the high level of labour turnover.</td></tr>
</table>
</td><td></td></tr>
</table>

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Question	Answer	Marks
2(a)(i)	**Identify <u>one</u> feature of JIC (Just in Case) inventory management.** **Indicative content** Identification of a feature ✓ may include: • Buffer stock • Back-up product / inventory (stock) • Takes a lot of space • High inventory (stock) levels / hold extra inventory (stock) / hold more inventory (stock) than needed • Prepared for unexpected large order / increase in sales or demand • Less risk of running out of stock • High storage costs • Risks of inventory wasting/obsolescence/damage • High insurance costs Do not reward tautological answers e.g. holding inventory just in case. No reward for just stating that JIC is the opposite of JIT, unless the answer explains this using reference to a feature of JIT *If more than one answer is given, only mark the first, reading from top left to bottom right.* Accept all valid responses.	**1**

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(a)(ii)</td><td>
Explain the term ‘primary market research’.
<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>
Indicative content Responses may include:
AO1 Knowledge and understanding
Knowledge of primary market research may include:

First-hand data
New research / data not been collected before
Collected for a specific purpose
Undertaken/commissioned by business
Field research

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

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

AO2 Application

Limited application APP *applies knowledge of primary market research to a business context.*
Developed application APP + APP *applies knowledge of primary market research to a business context.*

- Can collect quantitative and qualitative data
- Advantage of primary market research, e.g. data not available to competitors, up to date
- Disadvantage of primary market research, e.g. high cost, time consuming
- Primary market research methods
  Questionnaire/survey
  Interview
  Focus group
  Observation
- Example from a business

Application can be made to DW or any other scenario/context/business/person.
Allow application to primary market research.

Accept all valid responses.

</td><td></td></tr>
<tr><td>2(a)(ii)</td><td>

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Market research that has not been carried out before K so up to date APP and reflects the number of potential customers currently thinking about learning to drive APP.</td><td>3</td><td>The answer shows knowledge by the reference to the research not being carried out before. There is an explanation of how the data is up to date and then applied to DW.</td></tr>
<tr><td>Research carried out by the business K so not available to competitors. APP</td><td>2</td><td>Two marks. The first for knowledge and the second mark for application of feature to a business.</td></tr>
<tr><td>Field research K</td><td>1</td><td>A reasonable definition</td></tr>
<tr><td>Research about the market TV</td><td>~~0~~</td><td>Tautological and not specific to primary</td></tr>
</table>

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

GradeMax

Question	Answer	Marks
2(b)(i)	**Calculate the budget variance for advertising in 2025. State if it is favourable or adverse.** **Indicative content** **1 mark for the formula for calculating the budget variance (words or figures)** **1 mark for calculating the difference between the budget and actual expenditure on advertising** **1 mark for identifying an adverse variance** • Formula = budget – actual expenditure on advertising = $25 500 – $31 800 (1 mark) • Budget for advertising = $25 500 • Actual expenditure on advertising = $31 800 • Variance = $25 500 – $31 800 = ($6300) (1 marks) Answer = **$6300 adverse** **(3 marks – correct answer (no working or $ sign needed)** Accept all valid responses.	**3**

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

Exemplar and annotations

<table>
<tr><td>Marks</td><td></td><td></td></tr>
<tr><td>3 marks</td><td>Correct answer
$6300 adverse allow 6300 adverse</td><td>**Answer must state ‘adverse’**

The answer must state <u>adverse.</u>

A minus sign, brackets or ‘negative’ is not sufficient for the third mark.

Must be three ✓ to denote the three marks.</td></tr>
<tr><td>2 marks</td><td>Correct calculation of the budget variance, but no reference to whether it is adverse or favourable
= $25 500 – $31 800 = ($6300)</td><td>To award two marks, there must be
• $6300

The answer must include a minus sign or brackets.

Two marks can be given even without working and units.</td></tr>
<tr><td>1 mark</td><td>Correct formula for calculating the budget variance (words or figures)</td><td>To award one mark, there must be:
• One ✓ and two ✗</td></tr>
<tr><td>0 marks</td><td>No creditable content, e.g. word ‘adverse’ on its own.</td><td>To award zero marks, there must be
• One ✗</td></tr>
</table>

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

GradeMax

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

Explain <u>one</u> limitation to DW of using break-even analysis to make pricing decisions.

<table>
<tr><th>AO1 Knowledge and understanding
1 mark</th><th>AO2 Application
2 marks</th></tr>
<tr><td></td><td>2 marks
Developed application of one relevant point to a business context.</td></tr>
<tr><td>1 mark
Knowledge of one relevant point is used to answer the question.</td><td>1 mark
Limited application of one relevant point to a business context.</td></tr>
<tr><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Indicative content

AO1 Knowledge and understanding

Knowledge of one limitation of using break-even analysis K (max 1 mark), including:

- Assumes cost and revenues change directly with output
- Not all costs can be classified into fixed and variable costs
- Costs are shown as straight lines which is inaccurate
- Can only include data for one product
- Stock is excluded from break-even / assumes all stock is sold
- Fixed costs may change and different output levels
- Ignores external factors

AO2 Application

Explanation of one limitation of using break-even analysis to make pricing decisions APP (max 1 mark), including:

- Examples of external factors that may affect price, e.g. consumer income, inflation and competitor prices
- Costs may change over time
- Reference to break-even terms such as margin of safety or contribution used accurately

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

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

Context applied to **DW** APP (max 1 mark), including:

- DW operates as a franchise
- DW gained a 25% share of the market in three years
- Offers lessons and a ‘learn to drive’ book
- Book is sold via its website
- Uses a JIC system of inventory management
- Budget for advertising was $25 500 in 2025
- $31 800 was actually spent on advertising in 2025
- Prices set by DW’s finance manager

Application must be made to DW and not generic.

<table>
<tr><th>Exemplar and annotations</th><th>Mark</th><th>Rationale</th></tr>
<tr><td>Break-even analysis ignores external factors K such as competition APP leading to unrealistic pricing decisions which may reduce demand for driving lessons APP.</td><td>3</td><td>Ignoring external factors K, with further explanation with an example of a relevant external factor APP. The third mark is for reference to the context APP.</td></tr>
<tr><td>Assumes all stock of books are sold K which is unrealistic for a JIC inventory management system APP.</td><td>2</td><td>Knowledge of a limitation and applied to DW’s context.</td></tr>
<tr><td>Assumes cost and revenues change directly with output K</td><td>1</td><td>Knowledge of a limitation with no application</td></tr>
<tr><td>The data may be inaccurate, incomplete and misleading NAQ TV.</td><td>0</td><td>No limitation of using break-even analysis to make pricing decisions. This answer is about the quality of the data rather than the use of break-even analysis.</td></tr>
</table>

Accept all valid responses.

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

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

Analyse <u>two</u> advantages to DW of operating as a franchisor.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>1–2 marks
Limited analysis
• Limited analysis that identifies connections between causes, impacts and/or consequences of two points.
• Limited analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

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

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GradeMax

Question	Answer	Marks
2(c)	**Indicative content** **AO1 Knowledge and understanding** Knowledge of advantage of operating as a franchisor (max 2 K s), may include: • Franchisor can expand without a high capital cost • Expand its market geographically / new locations • Fast way to expand • Not responsible for the day-to-day operations, e.g. creating a staff rota • Generate cash inflow from royalty payments received (receive a percentage of the profits made by the franchisee) • Generate cash inflow from franchisee's initial franchise fee • Ability to maintain consistency and quality to maintain a positive brand image • Benefit from franchisee's knowledge • Franchisor maintains control over key business decisions No marks for advantages to the franchisee as this does not answer the question. **AO2 Application** Application of cost to DW APP, including: • DW operates as a franchise • DW gained a 25% share of the market in three years • Offers lessons and a 'learn to drive' book • Book is sold via its website • Uses a JIC system of inventory management • $25 500 advertising budget in 2025 • $31 800 spent on advertising in 2025 • Prices set by DW's finance manager • Driving instructors prepare a business plan to apply to become a DW franchisee • Business plan includes market research to assess customer demand for driving lessons in their area	

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

AO3 Analysis

Limited analysis of advantage of operating as a franchisor AN – candidate shows one link in the chain of analysis.
Developed analysis of advantage of operating as a franchisor DEV candidate shows two or more links in the chain of analysis or a two-sided analysis.

- Franchisor can expand without a high capital cost – reducing the need to raise additional finance such as a loan – reducing expenses by avoiding interest payments/opportunity cost
- Fast way to expand – able to beat competitors to a new market opportunity (market gap) – increasing market share
- Not responsible for the day-to-day operations, e.g. creating a staff rota – saving time – opportunity cost
- Generate cash inflow from royalty payments received – increasing revenue – higher profits
- Generate cash inflow from franchisee's initial franchise fee – increasing funds for further growth – economies of scale
- Ability to maintain consistency and quality to maintain a positive brand image – increase brand image – better reputation
- Benefit from franchisee's knowledge – ability to make good decisions for each local area – increasing sales

Exemplar and annotations

<table>
<tr><th>AO1 Knowledge</th><th>AO2 Application</th><th>AO3 Analysis</th></tr>
<tr><td>It is a fast way to grow K.</td><td>And increase the current market share of 25% APP</td><td>This enables DW to further increase its sales AN increasing profits DEV.</td></tr>
<tr><td>DW can benefit from the franchisee's local knowledge K</td><td>That they will use to create a business plan when they apply to become a franchisee APP</td><td>The increases the chance of the franchisee satisfying customer needs/wants AN which will lead to improved customer reviews/recommendations DEV.</td></tr>
</table>

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

GradeMax

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

Evaluate whether external recruitment would be the best method for DW to use to recruit the new website manager.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

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

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GradeMax

Question	Answer	Marks
2(d)	**Indicative content** Responses may include: **AO1 Knowledge and understanding** Knowledge of external recruitment (max 2 K s), including: • Internal recruitment is appointing a new website manager from the pool of DW's existing employees / within the business • External recruitment is appointing a new website manager from people who currently do not work for DW / outside of business **AO2 Application** Application of external recruitment to DW APP, including: • DW operates as a franchise • DW gained a 25% share of the market in three years • Offers lessons and a 'learn to drive' book • Book is sold via its website • Website manager retires in two months' time • IT assistant helps the website manager with simple programming and administrative tasks • Website generates over $28 000 of revenue each year from book sales • Website is updated by the website manager and an IT assistant • Website Manager designs the website and resolves any technical problems • IT assistant helps the manager with simple programming and administrative tasks **AO3 Analysis** Limited analysis of the use of external recruitment AN – candidate shows one link in the chain of analysis. Developed analysis of the use of external recruitment DEV – candidate shows two or more links in the chain of analysis. Advantages of recruiting externally may include: • Only one other employee (the IT assistant) reducing the pool of suitable candidates – increasing the risk of not finding a suitable employee – reducing the quality of future website development • Open the job vacancy to more potential applicants – increasing the chance of finding a suitably qualified website manager • New ideas / perspectives – innovative developments to the website – increasing revenue • Knowledge/skills from training/development from last employer – increasing efficiency – increasing profitability	

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Question	Answer	Marks
2(d)	Advantages of recruiting internally may include: • A replacement may start quicker – reducing the time without website manager • Lower cost/cheaper – reducing expenses – increasing profitability • Less induction will be needed as the employee will already be familiar with DW – reducing expenses – opportunity cost to spend money elsewhere • The IT assistant may be unhappy about not being offered the job role and not work well with an externally appointed website manager – poor teamwork from conflict – increased labour turnover **AO4 Evaluation** Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment EVAL Developed evaluation – supported judgement and/or reasonable evaluative comment E Developed evaluation in context – supported judgement in context and/or reasonable evaluative comment in context EE. • A judgement about whether the new website manager should be recruited externally • Elements that the judgement could depend upon, available finance, time to find replacement, importance of the website to sales of the book, how the new website manager will work with the IT assistant • Weighing up if the IT assistant has sufficient experience and skills to be promoted to the website manager • Suitability compared to internal recruitment Accept all valid responses.	

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<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2(d)</td><td>
Exemplars for awarding evaluation
<table>
<tr><th>L1 EVAL (limited supporting evidence)</th><th>L2 E (developed supporting evidence)</th><th>L3 EE (developed supporting evidence with context)</th></tr>
<tr><td>External recruitment is the best method to recruit the new website manager.</td><td>External recruitment is the best method to recruit the new website manager. The business can appoint someone who has worked in a similar role in another business, and so benefit from their skills and experience.</td><td>External recruitment is the best method to recruit the new website manager. The business can appoint someone who has worked in a similar role in another business, and so benefit from their skills and experience. The IT assistant is unlikely to have the same level of skills and experience.</td></tr>
<tr><td>DW should not use external recruitment to recruit the new website manager.</td><td>DW should not use external recruitment to recruit the new website manager. It will take a long time as the business will need to wait for the new employee to start. DW need the new website manager to start quickly.</td><td>DW should not use external recruitment to recruit the new website manager. It will take a long time as the business will need to wait for the new employee to start. DW need the new website manager to start quickly so that DW can continue to earn $28 000 of revenue each year from book sales.</td></tr>
</table>
</td><td></td></tr>
</table>

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