
BUSINESS

9609/22

Paper 2 Data Response

March 2017

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 will not enter into discussions about these mark schemes.

Cambridge is publishing the mark schemes for the March 2017 series for most Cambridge IGCSE[®], Cambridge International A and AS Level components and some Cambridge O Level components.

Question	Answer	Marks																							
1(a)(i)	<p data-bbox="336 248 847 282">Define the term ‘partnership’ (line 1).</p> <table border="1" data-bbox="336 315 1294 517"> <thead> <tr> <th data-bbox="344 315 1142 365">Knowledge</th> <th data-bbox="1142 315 1286 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="344 365 1142 414">A correct definition</td> <td data-bbox="1142 365 1286 414">2</td> </tr> <tr> <td data-bbox="344 414 1142 463">A partial, vague or unfocused definition</td> <td data-bbox="1142 414 1286 463">1</td> </tr> <tr> <td data-bbox="344 463 1142 517">No creditable content</td> <td data-bbox="1142 463 1286 517">0</td> </tr> </tbody> </table> <p data-bbox="336 517 1294 584"><i>Note: A correct definition must distinguish between a partnership and any other form of business ownership.</i></p> <p data-bbox="336 618 448 651">Content</p> <p data-bbox="336 651 1241 786">A business formed by two or more people with shared responsibilities and shared capital investment. Unlimited liability, no continuity. Often partnerships will have a partnership agreement to separate out investment and responsibilities.</p> <table border="1" data-bbox="336 819 1294 1303"> <thead> <tr> <th data-bbox="344 819 874 869">Exemplar</th> <th data-bbox="874 819 986 869">Mark</th> <th data-bbox="986 819 1286 869">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="344 869 874 954">A partnership has two or more owners with unlimited liability.</td> <td data-bbox="874 869 986 954">2</td> <td data-bbox="986 869 1286 954">A correct definition</td> </tr> <tr> <td data-bbox="344 954 874 1039">An unincorporated business with more than one owner.</td> <td data-bbox="874 954 986 1039">2</td> <td data-bbox="986 954 1286 1039">A correct definition</td> </tr> <tr> <td data-bbox="344 1039 874 1191">A business formed by two or more people with shared responsibilities and shared capital investment</td> <td data-bbox="874 1039 986 1191">1</td> <td data-bbox="986 1039 1286 1191">This could be confused with a private limited company</td> </tr> <tr> <td data-bbox="344 1191 874 1303">An unincorporated business with unlimited liability and no continuity.</td> <td data-bbox="874 1191 986 1303">1</td> <td data-bbox="986 1191 1286 1303">This could be confused with a sole trader</td> </tr> </tbody> </table>	Knowledge	Marks	A correct definition	2	A partial, vague or unfocused definition	1	No creditable content	0	Exemplar	Mark	Rationale	A partnership has two or more owners with unlimited liability.	2	A correct definition	An unincorporated business with more than one owner.	2	A correct definition	A business formed by two or more people with shared responsibilities and shared capital investment	1	This could be confused with a private limited company	An unincorporated business with unlimited liability and no continuity.	1	This could be confused with a sole trader	2
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1(a)(ii)	<p>Briefly explain the term ‘crowd funding’ (line 16).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="341 349 1289 566"> <tr> <td data-bbox="341 349 400 432">C</td> <td data-bbox="400 349 1161 432">Example of some other way of showing good understanding, i.e. rewards, returns etc.</td> <td data-bbox="1161 349 1289 432">1 mark</td> </tr> <tr> <td data-bbox="341 432 400 515">B</td> <td data-bbox="400 432 1161 515">Each contributing a (relatively small) amount or from each individual</td> <td data-bbox="1161 432 1289 515">1 mark</td> </tr> <tr> <td data-bbox="341 515 400 566">A</td> <td data-bbox="400 515 1161 566">Large number of people</td> <td data-bbox="1161 515 1289 566">1 mark</td> </tr> </table> <p><i>Note: No credit for stating that crowd funding is a source of finance, as this is stated in the data.</i></p> <p>Content Crowd funding is the practice of funding a project or venture by raising monetary contributions from a large number of people, typically via the internet. Typically made up of the business who is looking for funding, the people who may wish to fund the business and an intermediary organisation/agent who link the two together.</p> <p>There are different types of crowd funding, such as debt crowd funding and equity crowd funding where the rewards may be advance products or services, visits to the factor, interest or shares/equity in the business.</p>	C	Example of some other way of showing good understanding, i.e. rewards, returns etc.	1 mark	B	Each contributing a (relatively small) amount or from each individual	1 mark	A	Large number of people	1 mark	3	
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1(b)(i)	<p>Refer to Table 1. Calculate the break-even level of production <u>with</u> CAM.</p> <table border="1" data-bbox="341 1137 1289 1420"> <thead> <tr> <th data-bbox="341 1137 493 1189">Mark</th> <th data-bbox="493 1137 1289 1189">Rationale</th> </tr> </thead> <tbody> <tr> <td data-bbox="341 1189 493 1272">3 marks</td> <td data-bbox="493 1189 1289 1272">Correct calculation of break-even level of production with CAM (with or without working)</td> </tr> <tr> <td data-bbox="341 1272 493 1323">2 marks</td> <td data-bbox="493 1272 1289 1323">Attempt with correct use of figures</td> </tr> <tr> <td data-bbox="341 1323 493 1375">1 mark</td> <td data-bbox="493 1323 1289 1375">Correct formula</td> </tr> <tr> <td data-bbox="341 1375 493 1420">0 marks</td> <td data-bbox="493 1375 1289 1420">No creditable content</td> </tr> </tbody> </table> <p>Content Formula: $\frac{FC}{\text{Contribution}}$ (1) or $TR=TC$ (1) Contribution = \$2.50 – \$1.00 = \$1.50 (1) $\frac{15\,000}{1.50} = 10\,000$ (1) Answer = 10 000 (3) <i>Correct answer with no working should be awarded 3 marks.</i> OFR</p>	Mark	Rationale	3 marks	Correct calculation of break-even level of production with CAM (with or without working)	2 marks	Attempt with correct use of figures	1 mark	Correct formula	0 marks	No creditable content	3
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1(b)(ii)	<p>Explain <u>one</u> benefit to GI of using break-even analysis</p> <table border="1" data-bbox="339 315 1291 701"> <thead> <tr> <th data-bbox="339 315 475 365">Level</th> <th data-bbox="475 315 1158 365">Knowledge and Application</th> <th data-bbox="1158 315 1291 365">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 365 475 483">2b (APP +APP)</td> <td data-bbox="475 365 1158 483">Explanation of a benefit of using break-even analysis in context</td> <td data-bbox="1158 365 1291 483">3</td> </tr> <tr> <td data-bbox="339 483 475 566">2a (APP)</td> <td data-bbox="475 483 1158 566">Identification of a benefit of using break-even analysis in context</td> <td data-bbox="1158 483 1291 566">2</td> </tr> <tr> <td data-bbox="339 566 475 649">1 (K)</td> <td data-bbox="475 566 1158 649">Shows understanding of the use of break-even analysis</td> <td data-bbox="1158 566 1291 649">1</td> </tr> <tr> <td data-bbox="339 649 475 701">0</td> <td data-bbox="475 649 1158 701">No creditable content</td> <td data-bbox="1158 649 1291 701">0</td> </tr> </tbody> </table> <p><i>Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule – OFR)</i> <i>No credit for knowledge of BE or formula – already awarded in previous question.</i></p> <p>Content Answers may include:</p> <ul style="list-style-type: none"> • decisions over how many to make/sell • to plan production • to monitor costs • to model pricing options • to target/forecast a profit level • to target/forecast a margin of safety. <p>Context may include:</p> <ul style="list-style-type: none"> • BE is higher with CAM • probably due to extra machinery • however output is significantly higher • as is the profit margin • batch production • expansion throughout country • quality ice cream – not about quantity. 	Level	Knowledge and Application	Marks	2b (APP +APP)	Explanation of a benefit of using break-even analysis in context	3	2a (APP)	Identification of a benefit of using break-even analysis in context	2	1 (K)	Shows understanding of the use of break-even analysis	1	0	No creditable content	0	3
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0	No creditable content	0															

Question	Answer				Marks	
1(c)	Analyse <u>two</u> possible disadvantages to GI of introducing CAM to produce ice cream.				8	
		Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks
2		Shows understanding of CAM in context		4	Good analysis of two (or more) disadvantages of introducing/using CAM in context	4
				3	Good analysis of one disadvantage of introducing/using CAM in context	3
1		Shows knowledge of CAM		1–2	Limited analysis of two (or more) disadvantages of introducing/using CAM	2
					Limited analysis of one disadvantage of introducing/using CAM	1
0		No creditable content				
<i>A non-contextual answer can only be awarded a maximum of 2 + 2 = 4</i>						
Content						
Answers could include:						
<ul style="list-style-type: none"> • Possible loss of quality in the production of the ice cream – could lead to poor customer satisfaction (<i>GI makes and sells high quality ice cream</i>). • Possible loss of perceived quality as <i>the business loses its 'handmade' badge</i>. • Cost of introducing the technology (<i>\$10 000 extra FC costs per month</i>). • Damage to the relationship with the <i>five skilled workers</i>. • Loss of skills (<i>GI employs five skilled workers</i>). • Reliability of the machinery (<i>GI do not have the money to repair it – as seen in their need to raise \$50 000 from venture capitalists</i>). • Need for training/retraining as <i>the employees are already trained in handmaking ice-cream</i>. 						
ARA						

Question	Answer				Marks																										
1(d)	<p>Recommend which of the two venture capital offers Tom and Amy should accept. Justify your answer.</p> <table border="1" data-bbox="339 347 1292 1305"> <thead> <tr> <th data-bbox="339 347 683 432">Knowledge and Application (4 marks)</th> <th data-bbox="683 347 794 432">Marks</th> <th data-bbox="794 347 1177 432">Analysis and Evaluation (7 marks)</th> <th data-bbox="1177 347 1292 432">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="339 432 683 651"></td> <td data-bbox="683 432 794 651"></td> <td data-bbox="794 432 1177 651">A justified recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.</td> <td data-bbox="1177 432 1292 651">7</td> </tr> <tr> <td data-bbox="339 651 683 835"></td> <td data-bbox="683 651 794 835"></td> <td data-bbox="794 651 1177 835">A recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.</td> <td data-bbox="1177 651 1292 835">6</td> </tr> <tr> <td data-bbox="339 835 683 987"></td> <td data-bbox="683 835 794 987"></td> <td data-bbox="794 835 1177 987">A balanced argument based on one or both venture capital offers with evaluative comments</td> <td data-bbox="1177 835 1292 987">5</td> </tr> <tr> <td data-bbox="339 987 683 1220" rowspan="2">Shows understanding of one or both venture capital offers</td> <td data-bbox="683 987 794 1220" rowspan="2">3–4</td> <td data-bbox="794 987 1177 1104">Two sided argument(s) based on one or both venture capital offers</td> <td data-bbox="1177 987 1292 1104">4</td> </tr> <tr> <td data-bbox="794 1104 1177 1220">One sided argument based on one venture capital offer</td> <td data-bbox="1177 1104 1292 1220">3</td> </tr> <tr> <td data-bbox="339 1220 683 1305">Shows knowledge of venture capital</td> <td data-bbox="683 1220 794 1305">1–2</td> <td data-bbox="794 1220 1177 1305">Limited analysis of venture capital</td> <td data-bbox="1177 1220 1292 1305">1–2</td> </tr> </tbody> </table> <p data-bbox="339 1305 1292 1406"><i>Justification can come from looking at the advantages and/or disadvantages of BOTH offers, or from the advantages and disadvantages of the recommended offer.</i></p> <p data-bbox="339 1440 1292 1473">Answers could include:</p> <p data-bbox="339 1507 1292 1541">Offer 1</p> <ul data-bbox="339 1541 1292 1709" style="list-style-type: none"> • Loss of control – 51% equity given away – are Tom and Amy willing to give up so much? • Ease of distribution – should allow easier national expansion • Marketing knowledge and expertise – again should allow easier expansion <p data-bbox="339 1709 1292 1742">Offer 2</p> <ul data-bbox="339 1742 1292 1955" style="list-style-type: none"> • Lower equity stake required – Tom and Amy would keep overall control of the business • Use of CAM will reduce costs of expansion – may further lower BE point and increase profit margin • Experience of Rebecca in project management and ops man – very important for expansion. <p data-bbox="339 1989 1292 2022">ARA</p>				Knowledge and Application (4 marks)	Marks	Analysis and Evaluation (7 marks)	Marks			A justified recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.	7			A recommendation, for Tom and Amy, which venture capital offer they should accept based on a balanced argument.	6			A balanced argument based on one or both venture capital offers with evaluative comments	5	Shows understanding of one or both venture capital offers	3–4	Two sided argument(s) based on one or both venture capital offers	4	One sided argument based on one venture capital offer	3	Shows knowledge of venture capital	1–2	Limited analysis of venture capital	1–2	11
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2(a)(ii)	<p>Briefly explain the term ‘above the line promotion’ (line 12).</p> <p>Award one mark for each point of explanation:</p> <table border="1" data-bbox="339 853 1291 1068"> <tbody> <tr> <td data-bbox="339 853 400 936">C</td> <td data-bbox="400 853 1158 936">Example or some other way of showing good understanding</td> <td data-bbox="1158 853 1291 936">1 mark</td> </tr> <tr> <td data-bbox="339 936 400 987">B</td> <td data-bbox="400 936 1158 987">Through a media</td> <td data-bbox="1158 936 1291 987">1 mark</td> </tr> <tr> <td data-bbox="339 987 400 1068">A</td> <td data-bbox="400 987 1158 1068">Communication/advertising/creating awareness to consumers/customers</td> <td data-bbox="1158 987 1291 1068">1 mark</td> </tr> </tbody> </table> <p>Content</p> <p>Above The Line promotion is the use of media to promote a business and reach out to the target consumers. These include conventional media, television and radio advertising, print as well as internet. This is communication that is targeted to a wider spread of audience, and is not specific to individual consumers.</p>	C	Example or some other way of showing good understanding	1 mark	B	Through a media	1 mark	A	Communication/advertising/creating awareness to consumers/customers	1 mark	3
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2(b)(i)	<p>Refer to Table 2. Calculate the price elasticity of demand for a change in price from \$8 to \$6 per hour.</p> <table border="1" data-bbox="339 349 1291 600"> <thead> <tr> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>3 marks</td> <td>Correct answer with or without working</td> </tr> <tr> <td>2 marks</td> <td>Attempt with correct use of figures</td> </tr> <tr> <td>1 mark</td> <td>Formula</td> </tr> <tr> <td>0 marks</td> <td>No creditable content</td> </tr> </tbody> </table> <p>Formula: $\frac{\% \text{ Change in QD}}{\% \text{ Change in P}}$ </p> <p>% change in QD $5/50 \times 100 = 10\%$ % change in P $2/8 \times 100 = 25\%$</p> <p>Answer = (-)0.4</p> <p>Note: Minus sign not required.</p> <p>Common incorrect answers</p> <table border="1" data-bbox="339 1055 1291 1821"> <thead> <tr> <th>Answer</th> <th>Mark</th> <th>Rationale</th> </tr> </thead> <tbody> <tr> <td>$\frac{25\%}{10\%} = 2.5$</td> <td>2</td> <td>Formula wrong way round</td> </tr> <tr> <td>$\frac{10\%}{25\%}$</td> <td>2</td> <td>Obvious (implied) knowledge of formula but no attempt to calculate answer (or the attempt is wrong)</td> </tr> <tr> <td>$\frac{10\%}{25\%} = \text{Inelastic}$</td> <td>2</td> <td>As above</td> </tr> <tr> <td>$\frac{5}{2} = 2.5$</td> <td>1</td> <td>Candidate missed the % out of the formula (twice)</td> </tr> <tr> <td>10% and/or 25%</td> <td>1</td> <td>No formula or attempt to put % changes in a formula</td> </tr> <tr> <td>Inelastic</td> <td>1</td> <td>Some understanding but no calculation</td> </tr> <tr> <td>$\frac{\text{Change in QD}}{\text{Change in P}}$</td> <td>0</td> <td>Formula is wrong – no %</td> </tr> <tr> <td>2.5</td> <td>0</td> <td>No working</td> </tr> </tbody> </table>	Mark	Rationale	3 marks	Correct answer with or without working	2 marks	Attempt with correct use of figures	1 mark	Formula	0 marks	No creditable content	Answer	Mark	Rationale	$\frac{25\%}{10\%} = 2.5$	2	Formula wrong way round	$\frac{10\%}{25\%}$	2	Obvious (implied) knowledge of formula but no attempt to calculate answer (or the attempt is wrong)	$\frac{10\%}{25\%} = \text{Inelastic}$	2	As above	$\frac{5}{2} = 2.5$	1	Candidate missed the % out of the formula (twice)	10% and/or 25%	1	No formula or attempt to put % changes in a formula	Inelastic	1	Some understanding but no calculation	$\frac{\text{Change in QD}}{\text{Change in P}}$	0	Formula is wrong – no %	2.5	0	No working	3
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2(b)(ii)	<p data-bbox="336 248 1262 315">Explain <u>one</u> way in which CT could make use of price elasticity of demand calculations.</p> <table border="1" data-bbox="336 349 1294 667"> <thead> <tr> <th data-bbox="344 349 528 398">Level</th> <th data-bbox="528 349 1142 398">Knowledge and Application</th> <th data-bbox="1142 349 1286 398">Marks</th> </tr> </thead> <tbody> <tr> <td data-bbox="344 398 528 483">2b (APPAPP)</td> <td data-bbox="528 398 1142 483">Explanation of a way PED could be used in context</td> <td data-bbox="1142 398 1286 483">3</td> </tr> <tr> <td data-bbox="344 483 528 568">2a (APP)</td> <td data-bbox="528 483 1142 568">Identification of a way PED could be used in context</td> <td data-bbox="1142 483 1286 568">2</td> </tr> <tr> <td data-bbox="344 568 528 618">1a (K)</td> <td data-bbox="528 568 1142 618">Shows understanding of the use of PED</td> <td data-bbox="1142 568 1286 618">1</td> </tr> <tr> <td data-bbox="344 618 528 667">0</td> <td data-bbox="528 618 1142 667">No creditable content</td> <td data-bbox="1142 618 1286 667">0</td> </tr> </tbody> </table> <p data-bbox="336 674 1238 734"><i>Correct use of an incorrect answer to 1(b)(i) should be fully rewarded (own figure rule –OFR).</i></p> <p data-bbox="336 741 1294 801"><i>No credit for knowledge of PED or formula – already awarded in previous question.</i></p> <p data-bbox="336 842 448 869">Content</p> <p data-bbox="336 875 639 902">Answers could include:</p> <ul data-bbox="336 909 1254 1115" style="list-style-type: none"> • Can see that cleaning services are price inelastic (OFR). • CT should not reduce their price – they should increase their price back to the original level (or increase it further). • Price is obviously not the most important factor when customers purchase cleaning services. • PED can be used to calculate revenue based on price changes. 	Level	Knowledge and Application	Marks	2b (APPAPP)	Explanation of a way PED could be used in context	3	2a (APP)	Identification of a way PED could be used in context	2	1a (K)	Shows understanding of the use of PED	1	0	No creditable content	0	4
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Question	Answer				Marks
2(c)	Analyse <u>one</u> advantage and <u>one</u> disadvantage to CT of being an employee-owned business.				8
Level	Knowledge and Application (4 marks)	Marks	Analysis (4 marks)	Marks	
2	Shows understanding of employee owned businesses in context	3–4	Good analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of being an employee-owned business in context	4	
			Good analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of being an employee-owned business in context	3	
1	Shows knowledge of employee owned businesses	1–2	Limited analysis of one (or more) advantage(s) AND one (or more) disadvantage(s) of being an employee-owned business	2	
			Limited analysis of one (or more) advantage(s) OR one (or more) disadvantage(s) of being an employee-owned business	1	
<p>Answers could include:</p> <p>Context:</p> <ul style="list-style-type: none"> • equal ownership • different skills in cleaning • each owner may have different personal contacts – cleaning homes • each owner may have different business contacts to expand into the industrial market. <p>Advantages:</p> <ul style="list-style-type: none"> • working together to solve problems • economies of scale • motivation from being owners/sharing profits. <p>Disadvantages:</p> <ul style="list-style-type: none"> • disagreements – who is in control? • if there is a manager do they have authority • do the workers have the management skills? • could be a lack of capital investment • could lead to slow decision making. 					

Question	Answer				Marks	
2(d)	Discuss how CT's marketing mix might need to change to target customers in the industrial market.				11	
Knowledge and Application (4 marks)		Marks	Analysis and Evaluation (7 marks)			Marks
			Justified evaluation that follows on from a balanced argument of change(s) to the marketing mix in context			7
			Evaluation that follows on from a balanced argument of change(s) to the marketing mix in context			6
			A balanced argument based on change(s) to the marketing mix in context			5
Shows understanding of the marketing mix in context		3–4	Argument based on change(s) to the marketing mix in context			3–4
Shows knowledge of the marketing mix		1–2	Limited analysis of how the marketing mix might change/be changed			1–2
No creditable content						
<p>Content: Answers could include:</p> <ul style="list-style-type: none"> • Product – the businesses will expect evening/night-time cleaning – will CT have employees who are willing to do this? Will they expect higher remuneration for anti-social hours? However the essence the service on offer is the same. • Price – need to find out how sensitive the industrial market is to price? Likely to be more price elastic due to being a cost of business. Therefore CT may find themselves in a more competitive market and need to charge lower prices/have lower margin. • May need to move towards below the line promotion – above the line likely to be expensive to target industrial market (except trade magazines). May need to employ sales people to target businesses directly. • Industrial customers are unlikely to come to them (i.e. phone or book on internet) so CT will need to be more proactive in finding customers. 						