
INTERNATIONAL GCSE **BUSINESS**

9225/2

Paper 2 Influences of Marketing and Finance on Business Activity

Mark scheme

November 2022

Version : 1.0 Final



Mark schemes are prepared by the Lead Assessment Writer and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation events which all associates participate in and is the scheme which was used by them in this examination. The standardisation process ensures that the mark scheme covers the students' responses to questions and that every associate understands and applies it in the same correct way. As preparation for standardisation each associate analyses a number of students' scripts. Alternative answers not already covered by the mark scheme are discussed and legislated for. If, after the standardisation process, associates encounter unusual answers which have not been raised they are required to refer these to the Lead Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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Level of response marking instructions

Level of response mark schemes are broken down into levels, each of which has a descriptor. The descriptor for the level shows the average performance for the level. There are marks in each level.

Before you apply the mark scheme to a student's answer read through the answer and annotate it (as instructed) to show the qualities that are being looked for. You can then apply the mark scheme.

Step 1 Determine a level

Start at the lowest level of the mark scheme and use it as a ladder to see whether the answer meets the descriptor for that level. The descriptor for the level indicates the different qualities that might be seen in the student's answer for that level. If it meets the lowest level then go to the next one and decide if it meets this level, and so on, until you have a match between the level descriptor and the answer. With practice and familiarity you will find that for better answers you will be able to quickly skip through the lower levels of the mark scheme.

When assigning a level you should look at the overall quality of the answer and not look to pick holes in small and specific parts of the answer where the student has not performed quite as well as the rest. If the answer covers different aspects of different levels of the mark scheme you should use a best fit approach for defining the level and then use the variability of the response to help decide the mark within the level, ie if the response is predominantly level 3 with a small amount of level 4 material it would be placed in level 3 but be awarded a mark near the top of the level because of the level 4 content.

Step 2 Determine a mark

Once you have assigned a level you need to decide on the mark. The descriptors on how to allocate marks can help with this. The exemplar materials used during standardisation will help. There will be an answer in the standardising materials which will correspond with each level of the mark scheme. This answer will have been awarded a mark by the Lead Examiner. You can compare the student's answer with the example to determine if it is the same standard, better or worse than the example. You can then use this to allocate a mark for the answer based on the Lead Examiner's mark on the example.

You may well need to read back through the answer as you apply the mark scheme to clarify points and assure yourself that the level and the mark are appropriate.

Indicative content in the mark scheme is provided as a guide for examiners. It is not intended to be exhaustive and you must credit other valid points. Students do not have to cover all of the points mentioned in the Indicative content to reach the highest level of the mark scheme.

An answer which contains nothing of relevance to the question must be awarded no marks.

Marking guidance

- Read the response as a whole; follow the flow of reasoning as a whole.
- Remember that the indicative content provides possible lines of argument but there may be others that are equally valid. Be willing to credit other lines of argument.
- Annotate the script as you read using the annotations for application, analysis and evaluation shown below.
- Refer back to the standardisation scripts and guidance to help you benchmark. Marking must be in line with the standard agreed at standardisation. Refer back to standardisation scripts regularly.
- Summarise your findings briefly at the end of the response. This will help you decide on the overall level and is helpful for others to understand the mark given. Make sure the comments fit with the level awarded.
- Within your comment put the level awarded, eg L4, and any further explanation of that decision needed most commonly where performance has varied across the answer.
- If in doubt about an approach contact your Team Leader, so that we can ensure we have a standardised approach across all marking.
- Be positive in your marking. Look to reward what is there.

Standard annotations:

Annotation	Skill being evidenced
Uses context	AO2 – application to context
Analysed in depth	AO3 – analysis
Partial analysis	
Simplistic analysis	
Evaluation fully justified	AO3 – evaluation
Evaluation with some justification	
Evaluation with limited justification	
Evaluation with no justification	

Section A

Total for this section: 15 marks

Question	Part	Marking guidance	Total marks
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01		Which one of the following is a stage in a channel of distribution? Answer: B (Retailing)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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02		Which one of the following pricing strategies would cause prices to increase if employees had a pay rise? Answer: A (Cost plus)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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03		Which one of the following would help a business with cash flow problems? Answer: A (Arranging a bank overdraft)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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04		Which one of the following items would be found in an income statement (profit and loss account)? Answer: B (Cost of sales)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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05		The range of goods that a business sells is called its: Answer: D (Product portfolio)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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06		State two types of external sources of finance that a business might use. One mark for identifying each correct source. Possible answers include: • mortgage • loan • overdraft • other non-bank sources eg crowdfunding, venture capital • trade credit • government grant • leasing • charitable grant/loan.	2 AO1=2
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Question	Part	Marking guidance	Total marks
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07		Explain what is meant by a minimum wage law. One mark for demonstrating some understanding of minimum wage, plus one mark for offering some explanation or development. Providing two features of a minimum wage law can be awarded two marks. The second point does not necessarily have to be a development of the first. Possible answers include: • lowest amount per hour that an employee must be paid • legally binding legislation • intended to raise the income of low-paid employees • might depend on the age etc of employee. Specimen response: This is a law requiring employers to pay a certain amount of wages (1). Wages can be higher than this but they can't be lower (1).	2 AO1=2
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Question	Part	Marking guidance	Total marks
08		Explain one reason why a manufacturer might choose to sell its products through a wholesaler. One mark for identifying a valid reason, plus one mark for offering some explanation or development. Possible answers include: • saves having to deal with many retailers • larger order size saves money eg packing/transport • raises brand visibility • lowers marketing costs • wholesalers provide feedback on market trends. Specimen response: Wholesalers will order in much larger quantities (1) which is a cost saving as manufacturers will not have to make lots of journeys to retailers (1).	2 AO1=2

Question	Part	Marking guidance	Total marks
09		Explain two ways a business might be affected by an increase in interest rates. One mark for identifying a valid way, plus one mark for offering some explanation or development. (Apply twice.) Possible answers include: • savings become more attractive to people, reducing the demand for consumer goods • business loans and overdrafts become more expensive, lowering profits • personal loans become more expensive, making them less likely to be used to buy goods • rising interest rates bring consumer uncertainty, reducing demand for certain goods. Specimen response: The rise in interest rates will mean it will cost more for consumers to take out a loan (1). This will reduce the demand for expensive goods (1).	4 AO1=4

Section B

Total for this section: 36 marks

Question	Part	Marking guidance	Total marks
10	1	Identify and explain one impact on Dhobi Happy of operating in an area with many competitors. One mark for identifying an impact, 2nd mark for providing some valid development and 3rd mark for incorporating the context. Possible answers include: • have to lower prices to attract customers • more difficult to earn high profits • may have to innovate/look for a USP to stand out • higher expenditure on marketing. Specimen answer: DH will have to keep up with competitors' new business ideas (1). This is because DH needs to get noticed by potential customers and to encourage them to move from their current launderette (1). If a competitor starts offering loyalty vouchers, DH must copy or find an even better idea to keep its customers (1).	3 AO1=1 AO2=2

Question	Part	Marking guidance	Total marks
10	2	Analyse how Dhobi Happy's future success might be affected by Adam and Iqbal having different objectives. Possible answers include: • difficult to decide level of investment • low investment reduces future potential profits • conflict between the two partners makes decision making hard • need to agree, especially with level of competition. Specimen response: Having different objectives makes it difficult to manage DH, which would make it hard to come up with a plan for the future (L1). Adam is more concerned about putting money back into the business than Iqbal. Investing profits increases the potential for future profits. The level of competition is very high so DH needs to appeal to its customers to keep them (L2). This will require investing in the business to be able to respond to what other launderettes are offering. Without this investment it is unlikely that DH will be able to compete and will find its customers going elsewhere (L3).	6 AO2=2 AO3=4

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. Due to the greater number of marks available for AO3, answers at level 3 will have a greater depth of analysis (AO3) but may show similar levels of application of knowledge and understanding (AO2) to a level 2 answer.

Level	Marks	Descriptor
3	5–6 AO3×2	Detailed analysis of topics based on the context - Business areas are analysed in depth. - Applies knowledge and understanding to the context sufficiently, throughout the answer.
2	3–4 AO3 AO2	Sound analysis of topics based on the context - Business areas are partially analysed. - Applies knowledge and understanding to the context sufficiently, in most areas.
1	1–2 AO3 AO2	Basic analysis of topics based on the context - Analysis of business areas is simplistic. - Knowledge and understanding is applied to the context, but may be fragmented.
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
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10	3	Identify and explain two reasons why the questionnaire might produce inaccurate results which misinform Adam and Iqbal. One mark for identifying a way, 2nd mark for providing some valid development and 3rd mark for incorporating the context. (Apply twice). Possible answers include: - small sample size - self-selecting sample - personal questions give untruthful answers - inappropriate questions given methodology eg Q1 - respondents not sure of effect on price if computer games introduced. Specimen response: The survey asks for private information about people's incomes. (1). It is likely that this causes embarrassment and people give the wrong details about how much they earn (2). This would give the impression that people are better off than they really are so Adam and Iqbal think that they will be able to afford to pay for the service when they can't (3).	6 AO1=2 AO2=4
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Question	Part	Marking guidance	Total marks																		
10	4	Calculate the payback period for the investment in computer games. Show your calculations. $125\,000 = 50\,000 + 30\,000 \times$ $75\,000 = 30\,000 \times$ $75\,000/30\,000 = \times = 2.5$ Answer = 1st year + 2.5 years = 3.5 years Students may present the information in a table to help find the answer. <table><tr><th>Year</th><th>Money Flow</th><th>Balance</th></tr><tr><td>0</td><td>-125 000</td><td>-125 000</td></tr><tr><td>1</td><td>50 000</td><td>- 75 000</td></tr><tr><td>2</td><td>30 000</td><td>- 45 000</td></tr><tr><td>3</td><td>30 000</td><td>- 15 000</td></tr><tr><td>4</td><td>30 000</td><td>15 000</td></tr></table> Investment is paid back 15 000/30 000 of the way through Year 4 ie 3.5 years. Correct answer (3.5 years or 3 years 6 months or equivalent) – 3 marks A suitable method used but with one error leading to incorrect answer - 2 marks One correct stage completed eg 125 000 – 50 000 – 1 mark NB Allow 354 or 355 days as a year (Islamic calendar)	Year	Money Flow	Balance	0	-125 000	-125 000	1	50 000	- 75 000	2	30 000	- 45 000	3	30 000	- 15 000	4	30 000	15 000	3 AO1 =1 AO2=2
Year	Money Flow	Balance																			
0	-125 000	-125 000																			
1	50 000	- 75 000																			
2	30 000	- 45 000																			
3	30 000	- 15 000																			
4	30 000	15 000																			

Question	Part	Marking guidance	Total marks
10	5	Iqbal wants to introduce a service where customers leave their clothes for staff to wash. Analyse one factor that might influence the price that Dhobi Happy could charge for this new service. Possible answers include: • results from market research • the additional cost to DH eg labour in providing the service • the prices charged by competitors for a similar service • if DH thinks the service needs to be promoted with a lower start price • how wealthy the customers are • the quality of the customer service. Specimen response: DH will probably look at what other launderettes are charging for a similar service (L1). It would not be a good idea to charge more, especially if the competitor was local as DH's customers could get the same thing cheaper elsewhere (L2). DH might be able to charge more than its competitors if it stood out from the other launderettes and customers believed that a better service was being offered, such as having newer washing machines (L3).	6 AO2=2 AO3=4

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1	1–2 AO3 AO2	Basic analysis of topics based on the context • Analysis of business areas is simplistic. • Knowledge and understanding is applied to the context, but may be fragmented.
0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
10	6	Adam and Iqbal realise they need to agree on how to increase the number of customers using Dhobi Happy. They have two options; they could introduce: • computer games to entertain customers - or • a service where customers leave their washing to avoid waiting. Using information from Items A, B and C: • analyse the advantages of both options • use your analysis to recommend which of the two options Dhobi Happy should introduce. Possible areas for discussion include: Introducing washing service: • market research results are inconclusive • does not need expensive investment • competitors offering this service • wealthy people in the locality may want this service. Introducing computer games: • innovative idea • investment is high • additional costs such as replacing games/licensing • security of equipment. Evaluation might include: • relative costs of both options, set up and ongoing • pay back periods given Adam and Iqbal's objectives • options might appeal to different market sections • how competitors might respond.	12 AO2=4 AO3=8

Examiners are reminded that AO2 and AO3 are regarded as interdependent. When deciding on a mark all should be considered together using the best fit approach. In doing so, examiners should bear in mind the relative weightings of the Assessment Objectives. More weight should therefore be given to AO3 than AO2.

Level	Marks	Descriptor
4	10–12 AO3 AO3 AO2	Detailed analysis and evaluation of topics based on the context - Coherent line of reasoning followed, which is sustained, relevant and substantiated. There is a focused conclusion that is fully justified and follows clearly from the analysis. - Business areas are analysed in depth. - Knowledge and understanding is consistently detailed and appropriately applied within context.
3	7–9 AO3 AO3 AO2	Sound analysis and evaluation of topics based on the context - Coherent line of reasoning given and the conclusion is appropriate and related to the preceding analysis. - Business areas are partially analysed. - Knowledge and understanding is detailed and appropriately applied within context.
2	4–6 AO3 AO3 AO2	Limited attempt made to analyse the topics based on the context - Evidence of some line of reasoning, with a conclusion that has limited justification. - Analysis of business areas is simplistic. - Some knowledge and understanding is applied within context.
1	1–3 AO3 AO3 AO2	Basic evaluation of topics but without any real support or analysis - A conclusion is present but without any reasoned support. - No discernible or relevant analysis. - A clear attempt to apply knowledge and understanding, but context may be lacking.
0	0	Nothing worthy of credit.

Section C

Total for this section: 39 marks

Question	Part	Marking guidance	Total marks
11	1	Identify and explain two reasons why the Chinese government might have financially supported CLS. One mark for identifying a reason, 2nd mark for providing some valid development and 3rd mark for incorporating the context. (Apply twice.) Possible answers include: • to create employment opportunities • to reduce China's imports of foreign goods • to encourage healthier lifestyles • to allow CLS to compete with US/EU brands. Specimen response: The government might want to discourage Chinese people from buying US brands of sportswear (1). By having sportswear made in China it reduces the amount of money leaving the country when consumers buy foreign goods (2). This is important as more people in China are going to the gym and it would cause a large amount of imports if they didn't have a Chinese manufacturer (3).	6 AO1=2 AO2=4

Question	Part	Marking guidance	Total marks
11	2	Identify and explain two benefits to CLS of using e-commerce. One mark for identifying a benefit, 2nd mark for providing some valid development and 3rd mark for incorporating the context. (Apply twice.) Possible answers include: • provides access to a larger market including international • allows consumers to see details of the products • speeds up communications between sellers and buyers • cheaper than relying on having stores etc. Specimen response: One benefit is that it reduces CLS's costs (1). Without e-commerce CLS would need a range of shops and staff to sell its sportswear which would be very expensive to run (2). Cheap costs would also help CLS to expand more quickly throughout China thereby increasing its revenues and profits (3).	6 AO1=2 AO2=4

Question	Part	Marking guidance	Total marks
11	3	Chinese businesses already operate in the global market. Analyse one drawback that Chinese businesses face from globalisation. Possible answers include: • increased competition • depletion of natural resources can lead to higher costs • reliance on low-skill jobs. Specimen response: Chinese businesses' role in globalisation tends to be the manufacture of low-cost items that are sold to developed countries (L1). Such large-scale levels of production can lead to dull repetitive work for Chinese workers with little incentive to develop their skills (L2). This could mean that Chinese businesses may find it difficult to innovate into a higher added value role (L3).	6 AO2=2 AO3=4

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0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
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11	4	Using Table 2, calculate CLS's percentage net profit margin for 2021. Give your answer to one decimal place. Show your calculations. 2021 NPM – $1250/6400 = 19.5\%$ (1dp) Correct answer given – 3 marks One error in calculation (with 1dp and 1250/6400 given) – 2 marks Answer correct with incorrect rounding – 2 marks Inverted figures used in division (ie 6400/1250) – 1 mark	3 AO1=1 AO2=2
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Question	Part	Marking guidance	Total marks
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11	5	Analyse one method that CLS could use to increase its net profit margin. Possible answers include: • use marketing, eg sports star endorsement, to increase prices/revenue • lower production costs, eg by outsourcing manufacturing so CLS can concentrate on design • find ways to benefit from economies of scale, nb sales have increased since 2018. Specimen response: CLS could increase its NPM by marketing its sportswear more effectively. This could be done by raising the prices they charge (L1). Higher prices could increase revenue if people continue to buy the products despite them being more expensive (L2). As CLS is becoming more established as a brand and because it makes high quality sportswear, which Chinese consumers like, this may work. It may have to have an increase in expenditure on promotion, such as getting a sportsperson to endorse the clothing, but as long as revenue increased by a higher amount than costs, NPM would go up (L3).	6 AO2=2 AO3=4
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0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
11	6	The managers of CLS want to increase profits. They are considering two options: • build factories in the USA and sell its products there or • continue to expand only in China. Using Items D, E and F: • analyse the advantages of both of these two options • use your analysis to recommend which of the two options CLS should choose. Possible areas for discussion include: Expanding and selling within China: • competition would be lower than selling in the USA • there is a much bigger potential market • better understand what Chinese consumers want • likely to get government support. Entering the US market: • a more affluent set of consumers • would be able to be price competitive compared with US brands • well established demand for sportswear. Evaluation might include: • relative risks/uncertainty costs involved in expanding in both countries • effect of exchange rate fluctuations • possible effects of economies of scale in both markets.	12 AO2=4 AO3=8

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