

INTERNATIONAL GCSE **BUSINESS**

9225/2

Paper 2 Influences of marketing and finance on business activity

Mark scheme

June 2024

Version: 1.0 Final



2 4 6 Y 9 2 2 5 / 2 / M S

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 is an industry in the tertiary sector? Answer: B (Hairdressing)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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02		Which one is a current liability? Answer: A (Bank overdraft)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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03		The break-even output of a business is 25 000 units and its margin of safety is 5 000 units. The business is making an output of... Answer: D (30 000 units.)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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04		Which is an example of an external source of business finance? Answer: A (Getting a bank loan)	1 AO1=1
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Question	Part	Marking guidance	Total marks
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05		Which is a purpose of market research? Answer: C (To compare competitors' prices)	1 AO1=1
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Question	Part	Marking guidance	Total marks
06		Explain one reason why a business' profits may fall when it starts to operate in an ethical way. One mark for identifying a reason for a fall in profits plus one mark for providing some explanation/development. Possible answers include: Cost implications: • employees' wages are increased, raising costs • suppliers who behave unethically are avoided even if they are cheaper • suppliers are paid on time, which could increase overdraft fees • the business does not try to avoid paying tax • better customer service costs more with additional staff etc • more expensive production methods to reduce pollution etc. • sustainability • investing in training for staff • ethical suppliers likely to cost more Revenue implications: • demand falls if cost increases are passed on as higher prices, making competitors more attractive.	2 AO1=2

Question	Part	Marking guidance	Total marks
07		A business invests \$100 000 in a new machine. The machine is expected to raise profits by \$40 000 in the first year, then by \$20 000 each year after that. Calculate the expected payback period for the machine. Show your calculations. Answer is 4 years First year: $100\,000 - 40\,000 = 60\,000$ Remaining years: $60\,000 / 20\,000 = 3$ Payback period = $1 + 3 = 4$ years 2 marks for correct answer (even without working shown). 1 mark (max) awarded for any single calculation (eg $100\,000 - 40\,000 = 60\,000$) that could lead to the correct answer. 1 mark awarded for an appropriate method but incorrect answer.	2 AO1=2

Question	Part	Marking guidance	Total marks
08		Explain one advantage to a business of using vending machines to sell its products. One mark for a correct reason plus one mark for offering some explanation/development. Possible answers include: • does not require staff to deal with customers • can be available 24/7 • eliminate stages in the channel of distribution • allows multiple locations without the expense of shops • they are visible and can raise the profile of the business/products with customers. • speed of transactions e.g. contactless payments	2 AO1=2

Question	Part	Marking guidance	Total marks
09		Identify and explain two reasons why businesses usually include a cash flow forecast in their business plans. One mark for a benefit, second mark for adding some valid detail to the explanation (apply twice). Possible answers include: • it will be required by a bank/lender • provides guidance on financial 'pinch points' • gives an idea if project is viable in the short term • allows a suitable overdraft to be arranged • gives an idea of when a loan might be paid back • informs decision making eg how long trade credit to give. • facilitates planning for the future	4 AO1=4

Section B

Total for this section: 39 marks

Question	Part	Marking guidance	Total marks
10	1	Calculate the percentage increase in visitors to the town between 2020 and 2022. Give your answer to one decimal place. $(110\,760 - 87\,630) / 87\,630 \times 100$ Correct answer is 26.4% 3 marks for correct calculation with 1 decimal place 2 marks for correct calculation with 1 decimal place but incorrectly rounded to 26.3% 2 marks for correct calculation with >1 decimal place (eg 26.395%) 2 marks for correct calculation but giving answer as a decimal not a percentage (0.264) 1 mark for giving answer as a decimal correctly rounded to 1 decimal place (0.3) 1 mark for incorrect or no final calculation but showing the difference between the two values (ie 23 130) 1 mark for correcting working $(110\,760 - 87\,630) / 87\,630 \times 100$	3 AO1=1 AO2=2

Question	Part	Marking guidance	Total marks
10	2	Identify and explain two advantages that HO has compared with the larger hotels in the town. One mark for identifying an advantage, one mark for valid explanation with some relevance to context, one mark for clear reference to context. Possible answers include: • it can offer a more personal service eg guests' names are known by staff • costs will be lower because HO doesn't use booking websites, allowing lower prices and/or greater profits per guest • it may not suffer from diseconomies of scale eg staff demotivation due to poor communications • HO know their customer base so are aware what guests want so less waste or unnecessary investments • the food and entertainment that the hotel provides are better than larger hotels. Specimen response: HO will be aware of their guests' expectations, such as which items of food are popular with them (1). This allows the hotel to offer a better service than the larger hotels where it is less likely that guests regularly return each year (2). This saves HO having to offer a wide menu to satisfy unknown guests' tastes (3).	6 AO1=2 AO2=4

Question	Part	Marking guidance	Total marks
10	3	Analyse how a fall in people's incomes in Europe could affect the revenue that HO receives. Possible answers include: HO's revenue falls: • many Europeans would have less money to spend on luxuries like foreign holidays so cut back • greater uncertainty will encourage Europeans to save money rather than spend any extra they have • HO may need to lower prices to keep Europeans coming, reducing revenue • guests may come for shorter periods of time. HO's revenue increases: • there may be an increase in holidays in Turkey from people who normally go to far more expensive destinations • there may be an increase in guests visiting from non-European countries. Specimen response: If there was a fall in everyone's income, it is likely that fewer people would go on holiday to Turkey as foreign holidays are a luxury. This would result in HO's revenue falling (L1). If the fall in income affected richer more than poorer people then this might not have the same effect (L2). This is because Turkey is a cheap holiday destination and more likely to attract those on lower incomes (L3). If the less wealthy section of the European population are not badly affected by the income fall, they are probably likely to carry on going to HO. ~~The hotel may even find that richer people from Europe are choosing Turkey for their holiday as they can no longer afford more expensive destinations, having the effect of increasing HO's revenue.~~	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
10	4	Analyse how relying on personal recommendations to promote the business might affect the profits that HO makes. Possible answers include: - it is cheaper than the other forms of promotion eg booking website - there are many potential customers who are unaware of the hotel who might want to visit, lowering possible profit - there would be uncertainty as it depends upon current guests enjoying their holiday – this could lower profit - the high-quality food and entertainment results in a higher cost than their competitors but leads to high levels of repeat custom - the large team of loyal, friendly staff is more expensive than a smaller team of less experienced staff that wouldn't deliver the customer experience needed to ensure personal recommendations. Specimen response: Using personal recommendations to promote the hotel is free (L1) unlike the other forms of promotion which would reduce HO's costs and therefore increase the profits it makes (L2). This would be very attractive to the business, but this form of promotion does have its drawbacks. Ensuring a good reputation and personal recommendations means the hotel has to spend heavily on food, entertainment and staff (L2). These extra costs could outweigh the cost savings caused by low spending on promotion and actually reduce profit (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	5	Identify and explain two changes that HO could make to its marketing mix so more guests come to stay during the winter months. One mark for identifying a suitable change to the marketing mix, plus one mark for further explanation/development plus one mark for clear context to HO. Apply twice. Possible answers include: Price: • lower prices even more during the winter months • offer lower prices in the summer months for those who also take winter breaks • promotional pricing such as discounts for a second holiday. Product: • include additions to holiday eg free meals • introduce extras not included in summer eg better entertainment. Promotion: • widen target market by introducing advertising • encourage guests to tell family etc who can't afford to come in the summer about cheaper winter holidays. Place: • use the booking websites as a channel of distribution. Specimen response: HO could encourage guests by starting to advertise winter breaks (1). This could be done by contacting regular guests through email or giving them flyers when they are on their summer holiday (2). HO could explain the benefits of having an additional holiday in the winter when it is quieter and not quite as hot (3).	6 AO1=2 AO2=4

Question	Part	Marking guidance	Total marks
10	6	The owners of Hotel Ozturk (HO) and Sultan Park Hotel (SPH) are considering merging the two businesses. They believe that a merger would help both hotels reduce their costs. Using Items A and B and Table 2: - analyse the advantages and disadvantages to HO of merging with SPH - use your analysis to recommend whether HO should merge with SPH. Possible answers include: Arguments for: - could have economies of scale eg buying food - HO could benefit from SPH's higher profile due to website bookings - more facilities would be available for HO's customers eg pool - would allow SPH and HO to compete with larger competitors - staff and other resources could be shared to reduce both hotels' costs - HO might learn about operating a hotel from SPH – such as keeping costs down. Arguments against: - HO has a higher NPM showing more effective at converting revenue into net profit - poor SPH reputation could transfer to HO - HO could lose its regular customer base if HO is seen as part of a larger organisation - HO might find it difficult to work with SPH because it has very different ways of running a hotel – such as different organisation structures.	12 AO2=4 AO3=8

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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: 36 marks

Question	Part	Marking guidance	Total marks
11	1	Morocco has a mixed economy. Using Item C, explain what is meant by a mixed economy. One mark for a statement that shows some understanding plus second mark available for greater development/explanation. Third mark for clear reference to Item C. Possible answers include: • has aspects of both private and public organisations within the economy • public sector is owned and run by the state • private sector set up and owned by private individuals • examples of these two sectors • references to free market, command (controlled) economies • objectives of private and public sectors are different. Specimen response: A mixed economy has both private and public business in it (1). The Moroccan government would have set up some businesses itself because it believes they are too important to leave to private individuals to run them (2). Private businesses, such as MMS and the car manufacturer, are set up by entrepreneurs usually in order to make profits for the owners or shareholders (3).	3 AO1=1 AO2=2

Question	Part	Marking guidance	Total marks
11	2	Identify and explain one advantage and one disadvantage to MMS of selling its car seats to a single customer. One mark for identifying a suitable advantage/disadvantage plus one mark for developing the point plus one mark for showing clear context to MMS. (Context mark can be awarded in both parts once it is identified) Answers can focus on either MMS being a single product company or selling to just the car manufacturer. Possible answers include: Advantages: - the car maker is an international business so unlikely to go out of business - few other opportunities to sell a specialist item (leather car seats) - the managers are familiar with the car maker – probably have contacts there - the government has given cost advantages to the car maker so they feel an obligation to use local businesses - MMS is able to exploit cheaper costs compared with European manufacturers. Disadvantages: - all eggs are in one basket – high-risk strategy - car maker may change car design to have cheaper plastic seats to save money - demand for cars may fall in a recession - it would take time to find new markets/products if car maker stopped buying from MMS - car maker could exploit its position as being the only buyer and lower prices given. Specimen response: <u>Advantage:</u> The car maker is a very big manufacturer so it is not likely to go out of business (1). This means MMS will not have to worry about spending time constantly looking for new customers (2). This allows MMS to concentrate on providing a quality product rather than having to waste resources on small quantities of different types of items (3). <u>Disadvantage:</u> Dealing with just one customer is very risky for MMS (1). If the car plant closed down, they would lose all of its orders (2). Because MMS specialises in just making car seats it would also be difficult to adapt to making new products (3).	6 AO1=2 AO2=4

Question	Part	Marking guidance	Total marks
11	3	Analyse why the car maker might have chosen to outsource the production of its leather car seats to MMS. Possible areas for analysis include: • cost advantage with local manufacturers – eg wages are much lower – allowing lower prices • already know the managers at MMS • geographically closer so easier to check quality • local business able to respond more quickly to changing demand, eg reduced transport times • Morocco has a strong reputation for making leather products – better quality products • may feel the need to create jobs locally to justify cheap taxes. Specimen response: Using a Moroccan manufacturer of its luxury car seats would bring many cost advantages to the car maker when compared with using European manufacturers of car parts (L1). The cost of labour is very much cheaper in Morocco than in Europe which allows the car seats to be competitively priced. Morocco is known for its leather-making skilled workers so they will be efficient and less wasteful than in other parts of the world (L2). Producing the seats locally would also cut back on transportation costs involved in having to bring the seats from its other factories (L2). It makes sense for the car maker to outsource its car seat manufacture. If the quality remains high with MMS making the seats, prices of the cars can be maintained allowing a greater profit to be made on each car sold (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
11	4	Analyse one way in which MMS has benefitted from globalisation. Possible areas for analysis include: - extension of market to new countries – MMS could sell its products in other countries - the setting up of international companies in developing countries stimulates growth for outsourcing businesses like MMS - ability to exploit low costs by favourable international competitiveness - access to cheaper/better quality raw materials eg leather. Specimen response: MMS has benefitted from globalisation because it has resulted in the car manufacturer setting up in Morocco (L1). Without access to a large foreign company, there would be no demand for leather car seats in the country as there are no Moroccan businesses which would want to buy these products (L2). MMS has found a market for its specialist product which only occurs because of globalisation. The car manufacturer benefits as much as MMS because it is able to buy high quality seats for a much lower price than if it relied on its own workers in its European factory, which allows MMS to have long-term security (L3).	6 AO2=2 AO3=4

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0	0	Nothing worthy of credit.

Question	Part	Marking guidance	Total marks
11	5	Using the information in Table 3, calculate the price that MMS charges for one car seat. Show your calculations. All of the costs in Table 3 total 45 000 MAD Add 20% mark-up = $45\,000 \times 1.2 = 54\,000$ Charge for one car seat = $54\,000 / 100 = 540$ MAD 1 mark for correct addition of all costs (45 000). If incorrect use OFR. 1 mark for correctly adding on 20%. If incorrect use OFR. 1 mark for finding price of 1 seat (/100). Allow without MAD throughout.	3 AO1=1 AO2=2

Question	Part	Marking guidance	Total marks
11	6	MMS charges less for its car seats than car seat manufacturers based in Europe. One of the partners at MMS believes that the business should stop using cost-plus pricing. He thinks that MMS would make higher profits if it used competitive pricing. He wants to sell the car seats for a slightly lower price than their European competitors. The other three partners are unsure whether this is a good plan. Using Items C and D and Table 3: - analyse the arguments both for and against MMS changing from using cost-plus pricing to a competitive pricing system - use your analysis to recommend whether MMS should change to competitive pricing. Possible areas of analysis include: For not changing to competitive pricing: - there is only one buyer of MMS's car seats so MMS would lose all of its business if the car maker changed its supplier - cost-plus is easy to calculate and any cost increase would be shown in the price charged by MMS - if costs of production rise too high for the car maker, it may leave Morocco as the country has lost its cost advantage. For changing to competitive pricing: - European car seat manufacturers do not have the cost advantages of MMS so could not drive MMS out of business by undercutting their prices - the cost of car seats are only a small part of the cost of making a car. The car maker may be prepared to pay more for a locally made product - the car maker may want to support its suppliers while they become established – it realises that as the wealth of the country increases the demand for cars will rise. Evaluation: - depends on how much the price went up by and how much lower than the European prices the new price was set - would the Moroccan government be supportive of MMS's attempts to raise prices and profits? - what would the transport costs be if European car seats were imported into Morocco? Markers note: - Accept candidate's assumption that competitive pricing will result in lower prices.	12 AO2=4 AO3=8

		Allow candidate's interpretation that MMS is aiming to gain more customers. Candidates do not need to be explicit regarding where the new customers may come from.	
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0	0	Nothing worthy of credit.