

Example Candidate Responses – Paper 2

Cambridge International AS & A Level Business 9609

For examination from 2023



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Introduction

The main aim of this booklet is to exemplify standards for those teaching Cambridge International AS & A Level Business, and to show how different levels of candidates' performance (high, middle and low) relate to the syllabus requirements. This document helps teachers to assess the standards required to achieve marks beyond the guidance of the mark scheme.

In this booklet candidate responses have been chosen from the June 2023 exam series to exemplify a range of answers.

For each question, the response is annotated with examiner comments about where and why marks were awarded or omitted. This is followed by comments on how the answer could be improved. There is also a list of common mistakes and guidance for candidates for each question.

Please refer to the June 2023 Examiner Report for further details and guidance.

The questions and mark schemes are available on the [School Support Hub](#)

9609 June 2023 Question Paper 22
9609 June 2023 Mark Scheme 22

Past exam resources and other teaching and learning resources are available on the [School Support Hub](#)

How to use this booklet

This booklet goes through the paper one question at a time, showing you a high-, middle- and low-level response for each question. The candidate answers are set in a table. In the left-hand column are the candidate answers, and in the right-hand column are the examiner comments.

Example Candidate Response – high		Examiner comments
1	a.i) innovation ¹	¹ Identify as a command word only requires a simple answer and the candidate gives the quality (innovation).
	a.ii. The next most desired option that must be given up. Markus's opportunity cost cost might be his second option warehouse which he has not chosen.	Mark for (a)(i) = 1 out of 1
		² The candidate is awarded a clear knowledge mark for their definition of opportunity cost.
		³ Responses are written by real candidates in exam conditions, demonstrating the types of answers for each level. These could be used to discuss and analyse the answers with learners in the classroom to improve their skills.
		⁴ Examiner comments explain where and why marks were awarded. These help to interpret the standard of Cambridge exams to help learners refine their exam technique.

How the candidate could improve their answer

- The candidate was awarded most of the marks for this question, but a large amount of (d) did not answer the question. For a 12-mark question, half of the response should be focused on the skill of evaluation. This candidate gives too much analysis and not enough evaluation.
- The use of context was reasonable, but in each question where a mark was not awarded it was due to a lack of contextual application. In (a)(ii), this was application of opportunity cost, in (b)(ii) it was not enough specific context about OFD and in (d) it was a lack of specific context about OFD in the judgements and evaluative comments made to answer the question.

This section explains how the candidate could improve each response. It helps learners to improve their exam technique.

Common mistakes and guidance for candidates

- Candidates must be aware of what is required for each command word used in a question paper. The command word, in combination with the number of marks available, should give a good indication of the length of answer that is required. Writing too much is not detrimental to the mark awarded, but it does limit the time left for higher mark questions.

This section lists common mistakes as well as helpful guidance from the examiner. This will help your learners to avoid these mistakes. You can use this alongside the relevant Examiner Report to guide your learners.

Question 1

Example Candidate Response – high

1	a.i) innovation ¹
	a.ii. The next most desired option that must be given up. Markus's opportunity cost cost might be his second option warehouse which he has not chosen.
	b.i) closing balance = opening + (inflow - outflow)
	81 - 31 + (39 - 72) = -14 ⁴

Examiner comments

¹ Identify as a command word only requires a simple answer and the candidate gives the quality (innovation).

Mark for (a)(i) = 1 out of 1

² The candidate is awarded a clear knowledge mark for their definition of opportunity cost.

³ Application marks are available for applying the knowledge of opportunity cost to a business context. This question does not reference OFD or Markus, so the application can be to any business. However, the candidate chooses to apply to OFD and Markus' decision to purchase a warehouse. There are two elements to opportunity cost; the decision or choice and the lost benefit. In this case, the candidate exemplifies the lost benefit (the second option warehouse), but not the decision being made.

Mark for (a)(ii) = 2 out of 3

⁴ The candidate gives a well set out answer. They show the formula and then outline the correct numbers and the correct answer. The correct answer is negative and the candidate makes this clear. However, since the question paper uses brackets to show a negative, it is a good idea for the answer to also use them. The reason why brackets are preferred for minus numbers is that it is clearer, as opposed to a minus sign which can be more easily missed.

Mark for (b)(i) = 3 out of 3

Example Candidate Response – high, continued

- 5 b. ii) One factor is the amount of finance needed. If Markus needs to raise finance to purchase machinery to make his furniture, this will require a large amount of finance. Therefore, a ~~big~~ bank loan may be suitable as it raises large sums of capital and it can be paid back over a long time. Whereas retained profit will not be suitable as Markus has limited start up funds.
- 6
- 7
- c. One benefit is that induction training will allow the employees of OFD to be highly skilled at using machinery in the ~~store~~ warehouse. This means that production of furniture will be higher and more efficient because the employees know how to use the machines. If they do not carry out induction training, on the job training would have to be provided and productivity

Examiner comments

- 5 This question requires knowledge and application skills to be shown. The candidate shows their knowledge quickly (the amount of finance needed).
- 6 The second sentence does not add to the answer in terms of application. The candidate's response is generic and not specific to OFD, so it is not awarded any marks. Mentioning the name of the product will not be awarded application marks.
- 7 The last few words (limited start-up funds) of this answer are the only part which is specific to OFD.

Mark for (b)(ii) = 2 out of 3

Example Candidate Response – high, continued

- would be lower as they are working ~~fast~~ while learning which will slow the process down. As a result, induction training will lead to higher productivity. This means ~~fixed~~ costs will be reduced and profit margins will be larger. However, induction training can be expensive so this will increase ~~business~~ costs; which is negative as they are a new business & have little finance.
- 8
- 9
- Another benefit is that employees will be more motivated. This is because if employees are confident and know what they are doing, they will have higher morale. For example, if customer assistants know how to operate e.g. the telephone system to connect with customers they will be able to provide better customer service to them and will work harder to sell OFD's furniture goods. This is beneficial to OFD as they markus keen to offer high quality customer service. As a result, they will make more sales and revenue, allowing their start up business to survive.
- 10
- 11
- d) Plan: depends - type of finance.
w/o cost info may not have cash
Yes no:
- budgets - ~~costs~~ costs may vary
- profit margin - sales vary?
- choose e.g. location, machinery - may not use loan & shares
- to obtain a loan
- breakeven $\geq p$ - cost of places less important - value
- less finance - can exceed - more imp when started

Examiner comments

- 8 The candidate offers a clear chain of analysis. The advantage is that workers will be more productive, which can lead to more efficiency, lower costs and greater profit margins.
- 9 The candidate continues their chain of analysis by using two-sided analysis. There is nothing wrong with this, but the marks have already been awarded and continuing the development of the analysis is wasted time for another question.
- 10 The candidate shows good use of context in the disadvantage. This answer is specific to OFD and their customer service workers. Good analysis is always in context and applied to the specific business given in the data.

Mark for (c) = 8 out of 8

- 11 Plans can be very useful for a candidate and allow them to work out which points are going into the answer. However, by crossing out the work, the examiner is not allowed to award any marks (when an alternative answer is given). An answer is never negatively marked, so it is always worth leaving the plan without crossing out, so that anything relevant (that adds to the answer) can be awarded marks.

Example Candidate Response – high, continued

1 d) Markus will need accurate cost information before setting up OFD because it is vital when making business decisions, making business plans, budgets, charts etc. Because OFD is a new business, Markus will need an accurate cash flow forecast to be able to obtain a bank loan. Banks will need to see that the OFD will be able to make enough profit to pay back the loan, and to find out profit accurate cost info is needed. This is important for Markus because if he does not obtain a loan or other finance, he will not be able to pay for a warehouse to produce his office furniture, raw materials such as wood to make the furniture, etc. Furthermore, Markus has limited start up funds so obtaining finance & being able to pay it back is very important. Having accurate cost information is also important before setting up OFD because it is necessary to make business decisions e.g. which warehouse to choose, which raw materials to use. Markus has to take into account the costs because if he chooses a warehouse that is too expensive, they may not have enough capital to pay for it and this could lead to insolvency. As a result, business failure may happen as they cannot pay off their debts and they may have to sell assets. However, cost information may not be too important because the choice of warehouse or materials should be based on quality and whether it will be worth it in the future. If they choose materials that are too cheap, customers will be

Examiner comments

12 Evaluation can occur at any point in an answer and this judgement is awarded Level 1 AO4.

13 Very quickly, the candidate shows two pieces of knowledge about cost information (useful to make business plans and to forecast cash flows).

14 This chain of analysis starts with profit and it is difficult to continue the chain beyond this. However, the candidate takes a step backwards and states why it would lead to greater profit. Candidates should outline their chains of analysis in a logical order that follows a normal flow.

15 At this point in the response, the candidate is awarded all of the AO1, AO2 and AO3 marks. They are also awarded one AO4 mark. By continuing to analyse, the candidate is not adding to their marks and the focus should be on evaluation (AO4) which has half of the marks for a 12-mark question.

16 Some more evaluation here focused on the importance (the wording of the question) of the accurate cost information. This reaches Level 2 AO4, but it lacks the context required to push this into Level 3 AO4. There is a reasonable development of the evaluation as this 'mini conclusion' goes across the page, but it does not alter how well-developed the evaluation is. If it is not specifically in the context of the business, then it cannot progress into Level 3.

Example Candidate Response – high, continued

1 d) unsatisfied and will not repeat purchase. It may also encourage negative word of mouth which will damage OFD's reputation. However, overall cost information is still important because it is required for many other things besides making business decisions. Also, even if ~~these~~ high quality materials are chosen and they make a lot of sales & costs aren't kept under control it will lead to business failure.

On the other hand, ^{accurate} cost information may not be too important to Markus before setting up OFD because it might not be required to raise finance. Markus is planning to set up a Ltd so he may decide to sell shares to raise finance, which will not require cost information. Selling shares will also be a good decision because it does not have to be payed back with interest and given OFD is a new business this will be easier. Another reason cost information won't be too important is because it is more important for him to focus on advertising the business and making sales because if they don't attract customers to their furniture, then low costs won't matter as they still won't be making a profit. This is especially important to OFD as they are an online retailer and won't receive footfall like physical stores, so promotion will be very important to ensure that they get customers and make sales. However, the costs of promotion may be high so it is important that they record these costs or they may

Examiner comments

17 The candidate loses focus on the question here and starts to analyse the importance of selling shares as a source of finance. This does not take any marks away from the response, but it does waste time, which the candidate could use to focus on the missing evaluation marks.

Example Candidate Response – high, continued

Examiner comments

(d) go over budget and not have enough cash to pay for it. Furthermore, shareholders will want to know whether the business is profitable before buying shares, so cost info is still important. Therefore, cost information is important because without it, ~~the business~~ OFD ~~is~~ may ~~not~~ realise that they do not have enough capital to spend on things such as paying their warehouse & customer assisted employees as they have spent too much without looking at their costs.

Overall, ~~for~~ it is very important that Markus has accurate cost information before setting up OFD because it is necessary when making cash flow forecasts, breakeven charts, choosing capital goods e.g. warehouses etc. In the short term it may not be as important because high costs will be incurred anyways, ~~and~~ however in the long term they will be because they have to ensure that revenue covers all their costs. ~~and~~ However, it may ~~depend~~ depend on the type of finance they choose and whether they value quality of raw materials more or the cost.

18 The candidate offers further evaluation of the importance of cost information, and they make their answer slightly more specific to OFD. By mentioning the customer assisted employees, this is at least an attempt at context which is awarded marks at Level 3 AO3. However, this is at the bottom of Level 3 AO3 and needs to be contextual to improve the mark.

19 The candidate makes a reasonable conclusion, but without specific context so does not improve the mark beyond the bottom of Level 3 AO3.

Mark for (d) = 11 out of 12

Total mark awarded = 27 out of 30

How the candidate could improve their answer

- The candidate was awarded most of the marks for this question, but a large amount of the response to (d) did not answer the question. For a 12-mark question, half of the response should be focused on the skill of evaluation. This candidate gave too much analysis and not enough evaluation.
- The use of context was reasonable, but in each question where a mark was not awarded it was due to a lack of contextual application. In (a)(ii), this was application of opportunity cost, in (b)(ii) it was not enough specific context about OFD and in (d) it was a lack of specific context about OFD in the judgements and evaluative comments made to answer the question.

Example Candidate Response – middle

Examiner comments

1 (a)(i) ~~innovation~~ commitment **1**

7 (a)(ii) Opportunity cost is ~~the~~ when you have two options and it is the one you don't choose to take for example you have the choice between a pen or a ~~pencil~~ **2** pencil and you choose the pen so the opportunity cost is the pencil.

7 (b)(i) Net cash flow = inflow - outflow
-33 (33) 29 - 72
opening balance = (40)

3 Closing balance = opening balance - net cash flow
(7) (40) - (33)

Closing balance = \$(7) \$(700)

7 (b)(ii) One factor that will influence Markus' choice of a source of finance is the price of interest to pay it back. If he can't afford to pay back the source of finance in the specified time, he should choose another source of finance. **4**

7 (c) One benefit ~~of~~ ^{to} OFD of offering induction training to all employees is that when they start they will be able to start working properly and making money full time straight away. Not having this induction training would mean they would have to be trained whilst on the job ~~for some time~~ and this wastes time and money. So doing induction training with all employees would help the business to start making money quicker and more prosperously because the employees **5**

1 The candidate gives a clear and concise one word answer.

Mark for (a)(i) = 1 out of 1

2 The candidate provides a reasonable definition and is awarded full marks for this answer. It is not as precise as a textbook definition, but the meaning is clear and the example is simple but effective. There is clear exemplification of the choice (between a pen or a pencil) and the lost benefit (the pencil).

Mark for (a)(ii) = 3 out of 3

3 The candidate correctly calculates the closing balance (-33). However, they take the opening balance from the previous month instead of the closing balance from the previous month (which becomes the opening balance). That might suggest 2 marks, but in this case the formula is actually wrong. This can be seen because the correct formula is opening balance + net cash flow. If the candidate had used the correct formula, then their own answer would have been -77, not -7.

Mark for (b)(i) = 1 out of 3

4 The candidate gives a reasonable factor affecting the source of finance, but makes no attempt to apply the answer to Markus or OFD so is only awarded 1 mark.

Mark for (b)(ii) = 1 out of 3

5 The candidate correctly identifies that induction training may help the business to 'start working properly' and this could lead to more 'prosperity' for the business. This is very weak analysis and it would have been much better to link this to revenue and profit, which are more technical terms. This advantage is awarded Level 1 AO3 and there is no application in the point.

Example Candidate Response – middle, continued

Examiner comments

		know what they are doing and don't need to be trained when they join.	
		Another benefit to OFD of offering induction training to all employees is that it means OFD's workers won't have to cease working working to train employees when they join. If they have to stop working to train others it would reduce the output being produced and therefore the profit being made, and waste time. So offering induction training would mean the workers already employed and trained don't have to stop work to to train at others, which would result in decreased output levels and profits.	
1	(d)	I think Markus needs accurate costs information before setting up OFD to know if the business will be profitable and the will be successful not fail.	
		This would be important because if the costs information wasn't accurate, Markus could go and set up OFD thinking he had enough money to finance his business when he actually doesn't, this means that his business would fail very quickly.	
		However I also think that Markus needs accurate costs information before setting up OFD because if he is thinking of getting a loan of finance then where he gets his source of finance from is going to want to see an accurate cost sheet to know if he is able likely to get the money pay the interest back back to them. His source of finance would be important to Markus as as it would help him grow his business so he would need accurate cost information.	

6 The disadvantage is better and the analysis goes further (more work being done leading to less output and less profit), but the candidate does not attempt to use the context of OFD so this answer has no application at all.

Mark for (c) = 5 out of 8

7 Early judgements are valid but tend not to have the depth required to go beyond Level 1 AO4. In this case, the first sentence is a simple judgement with no justification.

8 The candidate gives a simple piece of analysis with no application or development. They do not make it clear why a lack of money might lead to business failure. Filling in this gap would have pushed this up into Level 2 AO3.

9 The candidate makes a basic analysis. It does not matter how many pieces of Level 1 AO3 there are, as it can only be awarded 1 mark. To increase the AO3 mark, the candidate needed to show some development of the analytical chain.

Example Candidate Response – middle, continued

Examiner comments

		However, I think that he doesn't need accurate costs information before setting up OFD because he won't have made any money yet and he is just using his own supplies. Accurate costs information won't be needed before setting up OFD as this won't impact the setting up, however it will impact the day-to-day running of the business.	
		Overall, I think it is important that Markus has accurate cost information before setting up OFD. I think this because he needs to not have a clear idea of whether his business is going to be profitable and grow or whether it won't. It also will be important for if he wants to get a source of finance because the lender wants to know if he he will pay the be able to pay the interest. It depends on whether he wants a source of finance straight away and whether he is bothered about failure. But I think it is important that Markus has accurate cost information before setting up OFD.	

10 The candidate offers another basic judgement with no justification.

11 The conclusion has both elements expected from an evaluation to this question, however the candidate does not develop either element. The judgements just repeat the previous judgements, but they are not justified and there is no attempt to use the context of Markus or OFD. The candidate gives some perspective on the judgement (depends upon) but again this is not developed or put into context.

Mark for (d) = 5 out of 12

Total mark awarded = 16 out of 30

How the candidate could improve their answer

- The candidate missed most of the AO2 Application marks in this question. There was no real attempt, especially in the longer questions, to apply the answers to OFD or Markus. Business exists in a dynamic environment and the skills of analysis and evaluation are always improved through the use of context.
- The skill of evaluation was only required in (d), but it made up half of the marks for this question. This is a difficult skill and developing evaluative skills in terms of justifying a judgement and having developed evaluative comments need to be practised. The candidate made judgements and tried to weigh up perspectives to those judgements, but they were too basic and not developed.

Example Candidate Response – low

1	a	1	An entrepreneur needs to be innovative, to identify gaps in the market and create a product/service that is unique and different from competitors.
1a	ii		Opportunity cost is when an individual gives up a product or service they want for a product/service they need.
1b	i	3	Closing balance = Net cash flow - Opening Balance → 33 - (81) → 113
1b	ii	4	Since Markus' business is a new one, Markus' may be influenced by the competitive market that OFD will be operating in as he could have competitors who are ahead of him and loyal customers who are booked on to them. Markus' may be influenced by this as he knows it will take a lot of investments, a lot of market research and a significant amount of market research, promotion of business and products and, high quality products that customers approve of and most importantly capital. So Markus' may be inclined to choose a source of finance that doesn't send money at high interest and limited funds.
1	c	7	If OFD offers induction training to all employees they could potentially have a more productive and effective workforce which could lead to fulfillment of business objectives such as

Examiner comments

1 The command word is 'identify', which the candidate does quickly. There is no need to write in sentences and a single word ('innovative') would fully answer this question.

Mark for (a)(i) = 1 out of 1

2 An 'explain' question requires two skills to be shown; knowledge and application. This candidate shows some knowledge of opportunity cost, but they do not attempt to explain what this actually means to a business.

Mark for (a)(ii) = 1 out of 3

3 The candidate shows their working. This allows a mark to be awarded, despite an incorrect answer. The formula is slightly wrong and there is some confusion over the use of the minus sign. However, the candidate correctly identifies the opening balance (-81) and this is where the mark is awarded.

Mark for (b)(i) = 1 out of 3

4 The fact that OFD is a new business is clear application.

5 A good example of knowledge combined with application – the influence of the market is clear knowledge, and this is immediately applied to OFD as a 'competitive' market.

6 The candidate is awarded all the marks for this question in the first three lines of their response. The rest of the answer is unnecessary.

Mark for (b)(ii) = 3 out of 3

7 The candidate demonstrates clear knowledge of a benefit of offering induction training (improving productivity).

Example Candidate Response – low, continued

8			Survival and growth. As a healthy workforce and efficient workforce will maintain the business' market share and increase profit. If OFD offers induction training to employees with zero skills, and upgrade the employees current level of experience, they could potentially create a stable workforce and OFD won't need to terminate any employees contract on their end as they've trained the employees exactly how they wanted and they possess the correct amount of skills for OFD to achieve it's business objectives. Furthermore, this could be a large benefit to OFD as they've invested very little for the joining of the employees compared to the possible opportunities for success. However Induc
9			However Induction training
10			However offering induction training may not be so suitable for OFD as Indus' induction training is time-consuming and expensive and is not necessary for OFD's employees as customer service training does not require heavy training. OFD can save costs by explicitly ordering/telling their employees how they want the job done. Induction training is not ideal either as OFD's employees can take the skills they were taught/trained to another competitor.
11			Nevertheless, OFD can analyse both benefits and limitations of induction training and can make an informed decision on what whether or not it's a good sense approach to enforce induction training on employees.

Examiner comments

8 Although there is not application in this benefit, the candidate shows a chain of analysis. In this case, a more productive workforce could lead to fulfilment of objective, and this could lead to a healthy and efficient workforce which can maintain market share and increase profit. This is an example of developed analysis because the analysis is developed beyond one simple impact.

9 The candidate seems to move on to their second benefit, but it is unclear if this is a different point, or a continuation of the first benefit.

10 This question asks for two benefits and there is no need to look at the potential costs of induction training.

11 The candidate attempts an evaluation, however, analysis questions do not require any evaluation (AO4) skills to be shown. This is a waste of time that could be spent on another question.

Mark for (c) = 4 out of 8

Example Candidate Response – low, continued

1	d	Markus may need accurate cost information before setting up OFD as it is important and essential for him to know how as it may cause him OFD to fail to immediately decline in the market if he doesn't.
12		
13		Markus! It is ultimately crucial for Markus to know the exact cost of resources, promotional strategy, product research, advertisements of the business and cost of production. If a business owner dives into starting up a business with inaccurate information of resources and they only have a budget for of \$50,000 for both resources and market research but the resources itself are \$40,000. It's going to end up in debt, and the decline of the business as the owner didn't receive accurate information of certain things.
14		
15		
16		

Examiner comments

12 The candidate does not state why not having accurate cost information may lead to decline, so this is not worth any marks.

13 Evaluation can occur at any point in an answer and the candidate makes some very limited AO4 points here about accurate cost information being crucial in these areas of the business. They are awarded marks at the bottom of AO4 and they make a judgement with limited supporting evidence.

14 The candidate demonstrates some basic knowledge about the different costs of a business.

15 The candidate attempts to use some figures to apply their knowledge. However, they have chosen to make up some numbers instead of using the ones in Table 1.1. Since the question specifically references Markus and OFD, the response must also use that specific data.

16 The candidate attempts an analysis here, but there is only one effect of not having accurate cost information (that the business will end up in debt). To develop the analysis, the candidate needs to take this point further, as opposed to a very vague 'decline' of the business.

Mark for (d) = 3 out of 12

Total mark awarded = 13 out of 30

- In (c), the candidate gave a reasonable benefit of induction training, but then did not clearly differentiate a second benefit. The use of separate paragraphs for each point made greatly increases the chances of each point being recognised. Despite this, the second point could be awarded a mark, but it was so close to the first point that it did not show a new piece of knowledge. Each point made should not only be separated by paragraphs, but also by clear pieces of knowledge. It also helps if a candidate can start each point with words such as 'the first benefit...', 'the second benefit...'.

Common mistakes and guidance for candidates

- Candidates must be aware of what is required for each command word used in a question paper. The command word, in combination with the number of marks available, should give a good indication of the length of answer that is required. Writing too much is not detrimental to the mark awarded, but it does limit the time left for higher mark questions.
- Context is important. If a question references the business or a stakeholder of the business, then the answer should be specific. That does not mean just using the name of the business or a product. Context is about making an answer specific to that scenario. For example, the candidate could have stated that OFD should reduce the price to increase the sales of furniture. They could replace OFD with the name of any business and the word 'furniture' with any product and this is likely to be true, but this does not really use context. However, if they stated that OFD should reduce the price of the furniture because the businesses that buy it are likely to be attracted to lower prices then this is contextual. That is not true about every business, since not every business sells business to business.

How the candidate could improve their answer

- This candidate showed good business knowledge, and was awarded the majority of AO1 marks in this question. However, they did not focus their response on the skills required for each question. For example, in (c), the candidate spent time on the potential costs of induction training, despite the question only asking for benefits. Likewise, on (b)(ii), the candidate was awarded all of the marks available in the first three lines. The rest of the answer attempted to analyse the factor and the source of finance. Writing too much and not focusing on the question is never negatively marked, but it wastes time that would be better spent working towards marks on other questions.

Question 2

Example Candidate Response – high

2	a)i)	shareholders. ①
2	a)ii)	② sustainability is when a business carries out its operations in a way that can be maintained in the long term. For example, MXB can be sustainable by manufacturing their bikes with recycled materials, so that future generations can continue to use them. This will lead to better brand reputation.
2	b)i)	③ $\frac{\text{sales rev of MXB}}{\text{total sales rev}} \times 100$ $\frac{265}{265 + 85 + 178 + 230 + 185 + 95 + 115 + 50} \times 100$ ④ = 22.03%

Examiner comments

① The candidate gives a clear and concise correct answer.

Mark for (a)(i) = 1 out of 1

② Despite being awarded all of the marks for this question, this is not a very precise answer. The definition of sustainability is weak (carries out operations in a way that can be maintained in the long term), but the candidate demonstrates some knowledge here.

③ Both application marks are awarded, but the second one is limited. 'Recycled materials' is good application of an element of being sustainable, but 'so that future generations can continue using them' does not exemplify this element of sustainability much more than the definition. A better answer might have been to use a specific example, for example renewable energy, where the use of the renewable source, such as wind, does not prevent continued use of wind power in the future.

Mark for (a)(ii) = 3 out of 3

④ The candidate offers a well laid out answer, starting with the formula and finishing with a clear overall answer. Correct and appropriate rounding is expected, but as a general rule, candidates should try to give answers to two decimal places (in this case 22.03%).

Mark for (b)(i) = 3 out of 3

Example Candidate Response – high, continued

2	b)ii)	MXB's objectives might change because of pressure from customers or pressure groups. This may have led them For example, they may choose to make one of their objectives 'improve sustainability' because that if they did not listen to customers or pressure groups then they may lose their high income customers and this will lead to worse brand reputation & lower sales.
2	c)	One advantage of launching a new range of electric scooters is that it will attract a new customer base of younger people. This will benefit MXB because it will increase increase their brand recognition so that not

		not only high income users buy their products. This larger market will increase their sales of MXB as a whole and should increase profits. As a result, they can use this excess profit to finance the loss from the 12% decrease in mountain bike sales. Therefore, MXB will not fail and can continue trading and may be able to grow. However, growth might be slow due to the decline in mountain bike sales so it may be better for MXB to focus on increasing their mountain bike sales.
		A disadvantage to MXB of launching a new range of scooters is that it is very expensive. This is because it requires lots of market research to find out to find out whether consumers are interested in buying this and how they can differentiate their new scooters from specialist scooter shops. It will also require a large sum of capital as they need to pay for materials and new machinery to make their scooters. As a result, growth will be slow because it will take long to make a profit, as all the fixed costs and overheads have to be covered.

Examiner comments

⑤ The candidate is awarded full marks for this answer. The knowledge of a reason why objectives can change is good (pressure from customers). However, the application is relatively limited. Any business could change their objective to 'improve sustainability' and just because the data mentions this as a priority for MXB does not mean that this is contextual enough. This is awarded the marks, but only just. The second application mark is better as the candidate specifically mentions 'high income customers' who are MXB's target market.

Mark for (b)(ii) = 3 out of 3

⑥ The candidate gives a good answer, but they go further than is necessary. All the marks for the advantage are awarded by this point in the answer and what comes after this is unnecessary.

⑦ The application in the disadvantage is weak but is awarded a mark. It is given for 'specialist scooter shops' (which is MXB's distribution channel). However, if the word 'scooter' was changed to 'bread' then the rest of the answer would equally apply to a bakery. This is not good application and should be avoided. Candidates should aim to target every sentence to something specific about the business to make sure that AO2 is always awarded for every point made.

Mark for (c) = 8 out of 8

Example Candidate Response – high, continued

Examiner comments

- 2 d One way MXB could extend the product life cycle of its mountain bikes is by lowering their prices. This will help increase sales because lower prices might encourage people to try out their bikes, and once they try them they may realise that they like the features and this will lead to positive word of mouth. As a result, this will attract more mountain bike users to buy their bikes and sales will increase. However, by lowering prices, this will decrease the profit margins of each bike so profits will not increase much. Furthermore, lowering prices is usually more effective with low price products such as foods as it will encourage repeat purchase but repeat purchase is unlikely with mountain bikes. In addition, lowering their prices may damage the brand image of MXB as it targets high income consumers and low prices will not establish a premium brand image. Therefore customers may be put off by the low price. Overall, lowering its prices would not be an effective strategy to extend the maturity stage of MXB's product life cycle because although it may increase sales ~~however~~ ~~by~~ ~~MXB~~ ~~could~~ slightly, it will damage their brand reputation and in the long term it will not increase sales.
- Another way MXB could extend its product life cycle is ~~by~~ by adding new features to its bikes. This will benefit them because the reason sales were declining might be because people already have the original bikes and they

8 The candidate gives an excellent answer which is awarded all the marks. However, not every piece of evaluation achieves Level 3 AO3, which is the top level. Here, the candidate develops their evaluation (by making a judgement about the effectiveness of the given strategy), but without context this is limited to Level 2 AO3.

Example Candidate Response – high, continued

Examiner comments

- have fully exploited their market of high income leisure users. As a result, by adding new features, these bikers may want to buy another bike to try out its new features. As a result, sales will increase and it ~~could~~ could generate publicity if the features are innovative. Therefore, brand awareness may increase. However, developing new features of the bikes might be expensive and fixed costs could increase. Furthermore, promotion may be required to inform customers of the new features. Overall, I think this strategy would still be quite effective because firstly, ~~the~~ specialist bike shops might not increase sales, although ~~it~~ ~~will~~ new features will require an additional cost, it is cheaper than developing a whole new product and it means they will not lose this existing market.
- Overall, I think MXB should change its marketing mix by changing its product design & adding new features, such as different colour bikes to extend its product life cycle. This is because it may attract new customers or make existing customers buy their bikes again. Although in the short term it will increase costs, in the long term sales will increase and the increased revenue will cover these costs. However, it depends on how much customers will value these new features so some market research should be carried out. It also depends on whether customers will
- stop buying the bikes because of its low price or if the price is low enough to attract lower income users.

9 This piece of evaluation is more successful because it is specific to the context of MXB by referencing the specialist bike shops. As previously noted, this is not the best context, but it is enough to push this up into Level 3 AO3.

10 'Depends upon' is a very useful, evaluative phrase and allows a candidate to show perspective to a judgement. In this case, the success of the marketing strategy will depend upon the value placed by customers. This is also related specifically to the context of MXB at the very end of the response when linked to 'lower income customers', which are not MXB's current target market. Again, this is not the best use of context, but it is enough to allow the examiner to award Level 3 AO3 and full marks.

Mark for (d) = 12 out of 12

Total mark awarded = 30 out of 30

How the candidate could improve their answer

Although the candidate was awarded all the marks for this question, their use of context was not successful. Some of the AO2 marks were awarded using the 'benefit of the doubt' (BOD). This is used when an examiner is not fully convinced that the marks should be awarded, but feels that the candidate is just close enough. A really successful answer is fully in context and written in a way that it is specific to the given business, in this case MXB.

Example Candidate Response – middle

2	(a)(i)	the stakeholder of a business is the owner,
	(b)(i)	The term sustainability refers in business to something's ability to continue. For example if MXB want to improve their sustainability it means they want to improve the companies ability to continue going in business.
	1	Want to improve the companies ability to continue going in business.
	(b)(i)	MXB sales
		$255 + 55 + 178 + 230 + 155 + 9.5 + 115 + 20 = \text{Market size}$
		Market size = 996
		MXB rev. = 265
		$\frac{265}{996} = \text{Market share } 26.60\%$
		Market share = 26.6%
	(b)(ii)	One reason why their objectives may change is that their sales are decreasing. So they may change from profit satisfying to profit maximisation to ensure they don't lose market share & don't go into debt.
	3	is that their sales are decreasing. So they may change from profit satisfying to profit maximisation to ensure they don't lose market share & don't go into debt.

Examiner comments

Mark for (a)(i) = 1 out of 1

1 The candidate offers little knowledge of sustainability, but enough to award the AO1 mark. However, there is no application here, despite stating 'for example'. Examples are a good way to be awarded application AO2 marks, but this is not an example, it is just a rewording of the previous piece of knowledge.

Mark for (a)(ii) = 1 out of 3

2 Mistakes happen and, in this case, it is not a barrier to being rewarded the majority of the marks for this question. Because each stage of the calculation is clearly set out, the candidate can be awarded a mark for what is correct here including an own figure rule (OFR) mark for a wrong answer, but with a correct technique. If the candidate had not shown their working and just stated the answer as 26.6%, then no marks could be awarded.

Mark for (b)(i) = 2 out of 3

3 'Sales decreasing' is a good reason why a business objective may change. The data states that MXB's sales have fallen by 12% and if the candidate had stated this piece of context, then they would have been awarded an AO2 mark. Being as specific as possible to the given data is essential to be awarded all the marks.

Mark for (b)(ii) = 1 out of 3

Example Candidate Response – middle, continued

	c	One advantage of MXB growing internally by creating a new electric scooter range is that employees will already be familiar with the company. One of the main costs when starting a new business is employee training. If MXB grow internally by creating a new electric scooter brand then it is possible that they just employ people that are already in the company to help. This will be more efficient as they will require very little training. This brand costs less means they have more money to put into marketing which is likely the most important consideration as brand reputation is already present. This device leads to a smaller campaign, more revenue & so potentially more profit & increased market share.
	4	One disadvantage of them growing by starting a new scooter brand is that growth maybe be hindered or not existent at all. They would enter a market full of competitors, many of these would have a lot of experience & knowledge in the market and will be respected brands with good reputations. They may find it very hard to create many sales because of this, it would increase costs & potentially not increase sales & revenue at all. decreasing profits & potentially market share. So counter setting & doing the opposite of the goal.
	5	

Examiner comments

4 The most common advantage stated by candidates was 'increased sales from launching a new product'. However, this candidate gives a different answer that starts off in a confusing way. It is difficult to see why employees being familiar with the company would be a benefit, but fortunately the candidate makes this clearer by linking this to training costs. There is nothing wrong with this answer, but it is a risk when a candidate goes for an obscure answer. Using the most obvious answer is often the best route to being awarded full marks.

5 The candidate does not state their answer in the most obvious way. Fortunately, the following sentence makes this clearer, puts the answer into context, and has a developed chain of analysis.

Mark for (c) = 8 out of 8

Example Candidate Response – middle, continued

DD	6	MXB will need to change their focus & change much of its marketing mix.
		One extension strategy MXB could use is a change of price. They sell high end bikes that are priced highly. Their
	7	target audience is primarily high income leisure users. If the market is slowing down then it may be wise to re-look at their target audience. One way to increase their target audience is to decrease their prices. This would ensure their more affordable to more
	8	people thus increasing their market share by taking from other businesses & increasing their product life cycle. But they
		they could also focus a lot on promotion or new advertising campaign may be required to extend the life cycle. This may increase interest in the market by finding new clients & so increasing sales revenue and allowing an increase market share.
	9	In conclusion, I believe they should shift their marketing mix to focus on decreasing price. This will increase the target audience rapidly increasing its product life cycle, but this reputation is important to consider as this may counteract the increased target audience. It depends on the
	10	company.

Examiner comments

6 This introductory sentence does not add to the answer. It is unnecessary and wastes time that could be spent on showing the skills required in this question.

7 This is a good use of context, which applies the point about price being a suitable change to the marketing mix.

8 This chain of analysis is not successful, but the candidate can be awarded marks at Level 2 AO3. The consequence of reducing price making it more affordable to customers is the weaker element of the analysis, however stating that this leads to an increase in market share is a much better addition.

9 This conclusion just gets into Level 2 AO4. The candidate offers more than just a basic judgement about the changes to the marketing mix suggested, but there is no use of context within the judgement and only a weak attempt to weigh up the factors which might limit or aid this judgement. The candidate is awarded marks at the bottom of Level 2 AO4 and their answer requires context and further development to increase it to Level 3 AO4.

10 The candidate appears to have run out of time and does not complete their answer. This is a common reason why candidates do not achieve higher marks in Question 2. By focusing on the skills required in each question, candidates are more likely to leave enough time to give the last question a full answer.

Mark for (d) = 8 out of 12

Total mark awarded = 21 out of 30

How the candidate could improve their answer

- The candidate needed to check their answers to numerical questions. This is especially important since calculators were allowed in this examination. Most candidates had the time available to double check their answers and make sure marks were not missed by making a basic mistake. However, by setting out the stages of the calculation, a simple mistake would not end up becoming a zero-mark answer.
- Time management is important. Most candidates tackled the questions in this examination in order (but this was not compulsory). That means that one of the two largest mark questions was usually at the end of the examination. It would be very difficult to gain all the marks in less than 10-15 minutes of the examination and this might be the question you are best at answering. Many candidates liked marketing as a topic and having less time on this question may have cost this candidate some marks which they could have easily been awarded.

Example Candidate Response – low

2	(a)(ii)	Sustainability means to look at the other factors, following the ethical rules.
1	2	
2	(b)	Market share = Current market share x total market share = 265,000 x
	3	
2	(b)(ii)	Adaption to new processes may lead to MXB's objectives being changed.
	4	
2	(c)	MXB will improve their brand image as well as sales which will lead to more customers buying because of new product and improved brand name for example the new electric scooters hyped up the youth causing MXB to not only gain extra customers but also profit.
	5	
		Maintaining the marketing sector and production will not affect the business but help its reputation in a good way. However, it may be possible that MXB will see a lot of costs. They will have to handle large amount of costs.
	6	

Examiner comments

1 The candidate did not give an answer for part (a)(i) so no mark could be awarded.

Mark for (a)(i) = 0 out of 1

2 The candidate shows no understanding of sustainability.

Mark for (a)(ii) = 0 out of 3

3 The candidate uses the incorrect formula here. However, if they correctly calculated the total market size, then they could have been awarded 1 mark.

Mark for (b)(i) = 0 out of 3

4 This question calls for a reason why MXB's objectives might change. To be awarded 3 marks, the candidate needs to show knowledge and good application to the context. The knowledge here is weak, but correct, but there is no real application to the context. Using the name of the business or product is never enough for application (AO2) marks.

Mark for (b)(ii) = 1 out of 3

5 The candidate shows some clear knowledge of an advantage of launching a new product range and limited analysis of this in terms of leading to more customers. However, this is a fairly vague impact of the improved brand image and the candidate misses the opportunity to develop this into a chain of analysis. They attempt to use the context, but 'hyped up the youth' is not specific enough to the context given.

6 The candidate demonstrates some knowledge of a disadvantage in terms of increasing costs, but they do not apply or analyse this.

Mark for (c) = 3 out of 8

Example Candidate Response – low, continued

2	(d)	MXB can keep the price low which might help his product. For example, he could lower the price of the bike sold in specialist bicycle shops. This would attract more customers even those who are not high income leisuers. MXB could also add offers or discounts.
	7	
	8	Sales would eventually increase leading to high profit and the customers being attracted. However, this could decrease the brand image as some customers might think that MXB is now using low quality resources to make the bikes. Brand image can be affected.
	9	MXB can also try producing the mountain bikes in a way and in unique highlighted colours with new style. This
		will automatically lure in the customers. They might want something different. If little change could improve the sales back on track.
	10	The customers will instantly be attracted which can also spread the word around preventing bad brand image and restoring the amount of sales and reputation. However, it might be that some consumers won't want a new style and also this might consume cost, a lot increasing the manufacturing cost.

Examiner comments

7 The candidate identifies an element of the marketing mix (price) and what can be changed (lower the price). They put this straight into context in terms of the specialist bicycle shops.

8 The candidate starts to analyse the impact of lowering the price in terms of attracting more customers. They continue this chain of analysis in the following paragraph, showing developed analysis. They are awarded all the AO3 analysis marks.

9 The candidate chooses to give a second change to the marketing mix in terms of changing the product. They are awarded the second AO1 knowledge mark, but the point is not in context.

10 The candidate analyses the second point and gives a developed chain of analysis. Unfortunately, all the AO3 marks have already been awarded.

Mark for (d) = 5 out of 12

Total mark awarded = 9 out of 30

How the candidate could improve their answer

- In (d), the candidate developed their analysis of two points where only one was needed. However, they did not attempt include an evaluation in their response. This is a common mistake, where candidates overdo analysis and do not spend enough time on evaluation. Candidates should be made aware of the marks available for each skill and design their answers to reflect this. On a 12-mark evaluation question, half of the marks are for AO4. Therefore, half of the response should be focused on AO4. This question asks candidates to evaluate how MXB can change its marketing mix to extend the product life cycle of its range of mountain bikes, so a good response should include a clear judgement on what changes are most likely to achieve this. Of the two changes suggested, neither is judged to be better than the other and there is no attempt to weigh up the importance of the changes against one another.
- The candidate made very little application to the context of MXB. Application requires more than just using the name of the business or the product. They needed to tailor their answer to the given context. If the answer could be applied to any business, then it is not truly applied. For example, in (b)(ii), if the candidate had stated that MXB needed to adapt to the new processes involved in producing the batteries for the new electric bikes, then this would have been application.

Common mistakes and guidance for candidates

The data in each question contained clues and signposts to the best responses. For example, in answer to (d), there were an almost infinite number of possible things that MXB could change in their marketing mix. However, the context provided clear guidance about what was most important to MXB as a business. For example, MXB has been trading for 15 years, it was market leader in country J and made high-quality bikes. In fact, the data has plenty of context that made some responses more appropriate and easier to argue than others. Candidates should spend some time at the start of each question reading, understanding and thinking about the context. Candidates who spent their time doing this, usually produced more successful and more specific answers to the questions.

