Past-paper walk-through

Inventory management ▪ 4.2

eXercise

Questions in this set

- 9609/12 N25 Q4 ▪ 5 marks
- 9609/23 N25 Q2 ▪ 30 marks
- 9609/12 J25 Q3 ▪ 5 marks
- 9609/13 J25 Q3 ▪ 5 marks

Reading the mark scheme

- **B1** a mark that stands on its own – the point is either made or not.
- **M1** a *method* mark: the right approach, even if the number is wrong.
- **A1** an *answer* mark, and it usually needs its M mark first.
- **C1** a working mark on the way to the answer.
- // separates answers the examiner accepts equally.
- **ecf** = error carried forward: a later part is marked on your own earlier answer.
- **owtte** = "or words to that effect" – the wording need not match.

Question 4

9609/12 N25 ▪ Q4 ▪ 5 marks

4 Analyse one reason why a business might hold low levels of inventory. [5] Section B Answer one question only. EITHER **[5]**

Solution 4

Mark scheme

- Analyse one reason why a business might hold low levels of inventory.
- NOTE: No marks can be awarded if a valid reason is not given.
- Indicative content.
- Responses may include:
- AO1 Knowledge and understanding – 1 mark for identifying ONE reason why a business might hold low levels of
- inventory
- ▪

Solution 4

Mark scheme

- A business needs to avoid too high costs
- ▪
- Low inventory levels avoid many costs
- ▪
- Business may not afford high levels of inventory
- ▪
- Business operating JIT – no need for inventory
- ▪
- Concern for cash flow management

Solution 4

Mark scheme

- ▪
- Concern for high profit
- ▪
- Avoiding waste
- 5
- 9609/12
- October/November 2025
- 4
- AO2 Application – 2 marks for DEVELOPED application/explanation of ONE reason-put ticks in body of script.

Solution 4

Mark scheme

- – 1 mark for LIMITED application/explanation of ONE reason – put tick in body of script.
-
  -
- Too high costs include storage damage, theft, costs
-
  -
- Businesses may be able to avoid these costs
-
  -
- Opportunity cost possibilities
-
  -
- Low inventory costs provide business flexibility

Solution 4

Mark scheme

- ▪
- Some businesses may have little choice of high or low inventories
- ▪
- Perishable goods become out of date
- AO3 Analysis – 2 marks for DEVELOPED analysis of ONE reason – put ticks in body of script
- – 1 mark for LIMITED analysis of ONE reason – put tick in body of script.
- ▪
- The avoidance of costs involved in holding high levels – storage costs – obsolescence costs – spoilage, theft, damage,

Solution 4

Mark scheme

- shifts in demand etc.
- ▪
- Opportunity cost of high levels – limitation of business flexibility.
- ▪
- Less pressure on cash flow and profitability.
- ▪
- Business might be involved in specialised work requiring only low levels of inventory.
- ▪
- Business (new)might only be able to afford a low level of inventory.

Solution 4

Mark scheme

- ▪
- JIT inventory opportunities may exist that allows low levels to be carried.
- ▪
- Wasted goods have to be thrown away costing money and reducing profit
- Accept all valid responses.
- 9609/12
- October/November 2025

Question 2

9609/23 N25 ▪ Q2 ▪ 30 marks

2 Popular Drinks (PD)

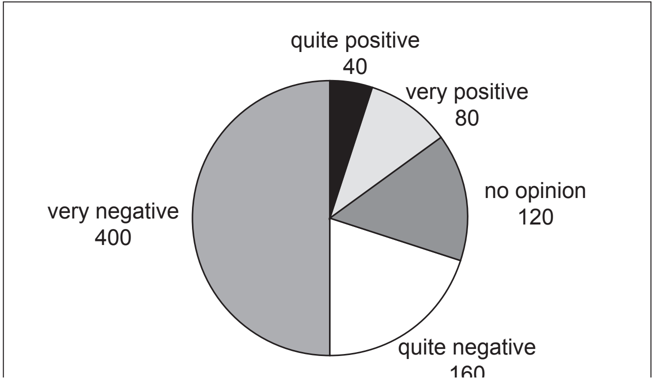
PD is a mass market fizzy drinks manufacturer in country Z. The fizzy drinks market in country Z is dominated by a few well-known brands. The total market value is $5.3bn and the PD brand has a 17% share of this market.

Pablo was recruited to be the Marketing Director of PD in 2022. He launched a new promotional campaign based on trending music on social media. He decided to use social media influencers to focus on this market.

Online feedback of the campaign was poor. Many of PD's customers did not want to be associated with trending music. National news highlighted the negative feedback and PD's sales volume decreased by 20% within a week and continued falling. This led to excess inventory in PD's warehouses. The bad publicity also caused a drop in PD's share price and a negative impact on cash flow.

Question 2

Fig. 2.1 shows feedback from a recent questionnaire where previous PD customers were asked what they thought about the promotional campaign.



Question 2

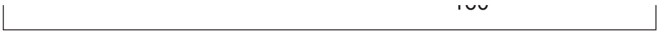


Fig. 2.1 Market analysis data of a sample of PD's customers

Pablo has called an emergency meeting of PD's marketing managers to repair the damage done to the PD brand from this recent promotional campaign.

(a) **(i)** Identify **one** recruitment method. [1]

(ii) Explain the term *cash flow*. [3]

(b) **(i)** Refer to Fig. 2.1. Calculate the percentage of PD's customers with positive feedback. [3]

(ii) Refer to Fig. 2.1 and other information. Explain **one** reason why this data collected for PD may not be reliable. [3]

Question 2

(c) Analyse **two** possible costs to PD of holding inventory. [8]

(d) Evaluate the importance of branding to the future success of PD. [12]

Solution 2

(a)(i) Mark scheme

- Identify one recruitment method.
- Indicative content
- Identification of a method
- may include:
- ▪
- job advertisements
- ▪
- employment agencies

Solution 2

- ▪
- online recruitment
- ▪
- internal / external recruitment
- ▪
- job description
- ▪
- person specification
- ▪
- headhunting

Solution 2

- ▪
- advertising media for recruitment, e.g. newspapers, websites, word of mouth, internal noticeboard, intranet
- Do not allow selection methods, e.g. curriculum vitae, résumé, application forms, interviews, references, testing,
- assessment centres.
- If more than one answer is given, only mark the first, reading from top left to bottom right.
- Accept all valid responses.
- 1
- 9609/23

Solution 2

- October/November 2025

Solution 2

(a)(ii) Mark scheme

- Explain the term cash flow.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business
- context.

Solution 2

- 1 mark
- Knowledge of one relevant point is used to answer the
- question.
- 1 mark
- Limited application of one relevant point to a business
- context.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

Solution 2

- AO1 Knowledge and understanding
- Knowledge of cash flow
- may include:
- ▪
- The sum of cash payments into a business less the sum of cash payments out of a business
- ▪
- Inflows and outflows
- ▪
- Into and out of the business

Solution 2

- ▪
- Receipts and payments
- ▪
- Money / notes / coins / funds / finance
- 3
- 9609/23
- October/November 2025
- AO2 Application
- Limited application
- applies knowledge of cashflow to a business context.

Solution 2

- Developed application
- +
- applies knowledge of cashflow to a business context.
- ▪
- Who the cash flow is from / to, e.g. customers, suppliers, lenders
- ▪
- Liquidity / solvency
- ▪
- Working capital
- ▪

Solution 2

- Prediction / forecast
-
  -
- Opening / closing balance
-
  -
- Different to profit
-
  -
- Benefits of producing a cash flow forecast, e.g. take preventative action
-
  -
- Uses of a cash flow forecast, e.g. predict shortfalls, apply for finance, business plans

Solution 2

- ▪
- Examples of what cash may be used for, e.g. bills, staff wages, electricity, pay debts
- ▪
- Example from a business context
- Accept all valid responses.
- Exemplar and annotations
- Mark
- Rationale
- Cash in and out

Solution 2

- measures the business's ability to
- pay debts
- and the solvency of the business
- .
- 3
- The answer shows knowledge by the reference to
- cash in and out. There is an explanation of how it
- measures the ability to pay debts which is developed
- by the reference to solvency.
- Money into and out of the business.

Solution 2

- It measures the
- liquidity of the business.
- 2
- Two marks. The first for knowledge and the second
- mark for application to liquidity.
- The flow of cash receipts and payments
- 1
- A reasonable definition
- The flow of cash
- 0

Solution 2

- Tautological
- 9609/23
- October/November 2025

Solution 2

(b)(i) Mark scheme

- Refer to Fig 2.1. Calculate the percentage of PD's customers with positive feedback
- Formula to calculate percentage:
- Positive Respondents = Positive feedback
- Total feedback
- $\times$ 100 (1 mark – formula only)
- Positive Respondents = 80/40 800
- $+$

Solution 2

- $\times$ 100 (1 mark – use of correct figures)
- Positive Respondents = 15 (%) (1 mark – correct answer (no % necessary)
- Answer = 15 (%) (3 marks – correct answer (no working or % necessary)
- 9609/23
- October/November 2025
- Exemplar and annotations
- Rationale
- 3 marks
- Correct answer
- 15%

Solution 2

- Working and % do not matter.
- Must be three
- to denote the three
- marks.
- Correct rounding must be applied.
- 2 marks
- Both of the following:
- -
- Correct calculation of total respondents
- (800)

Solution 2

- ▪
- Correct calculation of positive
- respondents (120)
- OR
- ▪
- An incorrect answer with one mistake
- allowing OFR for final stage.
- OR
- ▪
- A correct answer from an inverted

Solution 2

- formula (6.67 – OFR)
- To award two marks, there must be
- ▪
- Two
- and a
- OR
- ▪
- One
- , one
- and one

Solution 2

- 1 mark
- One of the following:
- ▪
- Correct formula
- ▪
- Correct calculation of total respondents
- (800)
- ▪
- Correct calculation of positive
- respondents (120)

Solution 2

- To award one mark, there must be:
- ▪
- One
- and two
- 0 marks
- No creditable content.
- To award zero marks, there must be
- ▪
- One
- 9609/23

Solution 2

- October/November 2025

Solution 2

(b)(ii) Mark scheme

- Refer to Fig. 2.1 and other information. Explain one reason why this data collected for PD may not be reliable.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a business

Solution 2

- context.
- 1 mark
- Knowledge of one relevant point is used to answer the
- question.
- 1 mark
- Limited application of one relevant point to a business
- context.
- 0 marks
- No creditable response.
- 0 marks

Solution 2

- No creditable response.
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of one reason for data not being reliable
- (max 1 mark), including:
- ▪
- Human error
- ▪
- Lack of data standards
- ▪

Solution 2

- Incomplete / outdated data
- ▪
- Poor questionnaire design / poorly written questions / question construction
- ▪
- Incorrect sampling
- ▪
- Data collection issues
- ▪
- Low response rates
- 3

Solution 2

- 9609/23
- October/November 2025
- AO2 Application
- Explanation of one reason for data not being reliable
- (max 1 mark), including:
- ▪
- Human error–untrained employees enter the data incorrectly / different teams with inconsistent methods
- ▪
- Lack of data standards–no rules of formatting / classifying data

Solution 2

- ▪
- Incomplete / outdated data–data no longer reflects current opinions
- ▪
- Poor questionnaire design / poorly written questions–leading questions / confusion
- ▪
- Incorrect sampling–sample doesn't represent target customers
- ▪
- Data collection issues–timing
- ▪
- Low response rates–bias / length of questionnaire

Solution 2

- Context applied to PD
- (max 1 mark), including:
- ▪
- Mass market
- ▪
- Market dominated by a few well-known brands
- ▪
- Total market value is $5.3bn
- ▪
- 17% share of market

Solution 2

- ▪
- Pablo became Marketing Director in 2022
- ▪
- Launched promotional campaign based on trending music on social media
- ▪
- Used social media influencers
- ▪
- Poor online feedback
- ▪
- Sales volume decreased by 20% in a week and continued to fall

Solution 2

- ▪
- Excess inventory in warehouses
- ▪
- Drop in PD's share price
- ▪
- Negative impact on cashflow
- ▪
- Questionnaire completed by previous PD customers
- ▪
- Data from Fig. 2.1

Solution 2

- ▪
- 800 respondents
- 9609/23
- October/November 2025
- Exemplar and annotations
- Mark
- Rationale
- Low response rates
- may lead to biased data
- affecting

Solution 2

- decisions to repair the damage to PD's brand
- .
- 3
- Low response rates
- , with further
- explanation to how it may affect the data
- The third mark is for reference to the
- context
- .
- An incorrect sample size

Solution 2

- of 800 customers
- .
- 2
- Knowledge of a use and applied to the
- number of customers who completed the
- questionnaire.
- Problems collecting the data
- 1
- Knowledge of a reason with no application
- The data will be inaccurate, incomplete and misleading

Solution 2

- .
- 0
- No reason why the data collected may not
- be reliable. This answer is a description of
- unreliable data and does not answer the
- question
- Accept all valid responses.
- 9609/23
- October/November 2025

Solution 2

(c) Mark scheme

- Analyse two possible costs to PD of holding inventory.
- Level
- AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis

Solution 2

- 4 marks
- 2
- 3–4 marks
- Developed analysis
- ▪
- Developed analysis that identifies connections
- between causes, impacts and/or consequences of
- two points.
- ▪
- Developed analysis that identifies connections

Solution 2

- between causes, impacts and/or consequences of
- one point.
- 1
- 1–2 marks
- ▪
- Knowledge of two
- relevant points is
- used to answer the
- question.
- ▪

Solution 2

- Knowledge of one
- relevant point is
- used to answer the
- question.
- 1–2 marks
- ▪
- Application of two
- relevant points to a
- business context.
- ▪

Solution 2

- Application of one
- relevant point to a
- business context.
- 1–2 marks
- Limited analysis
- ▪
- Limited analysis that identifies connections
- between causes, impacts and/or consequences of
- two points.
- ▪

Solution 2

- Limited analysis that identifies connections
- between causes, impacts and/or consequences of
- one point.
- 0
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.

Solution 2

- First cost in the left-hand side column, second cost in the right-hand side column
- 8
- 9609/23
- October/November 2025
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of possible costs of holding inventory (max 2
- s), may include:
- ▪
- Opportunity cost of holding stock

Solution 2

- ▪
- Impact on working capital
- ▪
- Labour cost
- ▪
- Storage costs
- ▪
- Risk of wastage / damage
- ▪
- Depreciation

Solution 2

- ▪
- Insurance
- AO2 Application
- Application of cost to PD
- , including:
- ▪
- Mass market
- ▪
- Market dominated by a few well-known brands
- ▪

Solution 2

- Total market value is $5.3bn
- ▪
- 17% share of market
- ▪
- Pablo became Marketing Director in 2022
- ▪
- Launched promotional campaign based on trending music on social media
- ▪
- Used social media influencers
- ▪

Solution 2

- Poor online feedback
- ▪
- Sales volume decreased by 20% in a week and continued to fall
- ▪
- Excess inventory in warehouses
- ▪
- Drop in PD's share price
- ▪
- Negative impact on cashflow
- ▪

Solution 2

- Data from Fig. 2.1
- ▪
- 800 respondents
- AO3 Analysis
- Limited analysis of cost of holding inventory
- – candidate shows one link in the chain of analysis.
- Developed analysis of cost of holding inventory
- candidate shows two or more links in the chain of analysis or a two-
- sided analysis.
- 9609/23

Solution 2

- October/November 2025
- Analysis may include:
- ▪
- Opportunity cost of holding stock–space used to store stock could be used for production reducing potential output–
- lower revenue
- ▪
- Impact on working capital–money / cash will be tied up in the stock–cannot pay suppliers
- ▪
- Labour cost–reduced profit–lower shareholder dividends

Solution 2

- ▪
- Increase storage costs–reduction in profit margins–reduction in share price
- ▪
- Increase risk of wastage–spend time disposing of the waste–inefficiency
- ▪
- Depreciation–reduces profits to reinvest–less future growth
- ▪
- Insurance–increased expenses–reduced working capital
- Accept all valid responses.
- Exemplar and annotations

Solution 2

- AO1 Knowledge
- AO2 Application
- AO3 Analysis
- Exemplar for one cost of
- holding inventory
- Annotations for the first
- cost should be placed in
- the left-hand margin.
- Insurance
- To reduce risk of disruption

Solution 2

- to operations to maintain
- PD's 17% market share
- .
- Insurance will compensate
- PD if an incident destroys
- stock so it can maintain
- sales
- satisfying
- customers
- .

Solution 2

- Exemplar of a second cost
- of holding inventory
- Annotations for the
- second cost should be
- placed in the right-hand
- margin.
- Risk of wastage
- Of the unsold mass market
- fizzy drinks
- .

Solution 2

- Could lead to a reduction in
- profit
- and future
- expansion
- .
- 9609/23
- October/November 2025

Solution 2

(d) Mark scheme

- Evaluate the importance of branding to the future success of PD.
- Level AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks

Solution 2

- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪
- A developed
- judgement/conclusion is made in
- the business context.
- ▪

Solution 2

- Developed evaluative comments
- which balance some key
- arguments in the business
- context.
- 2
- 2 marks
- Developed
- knowledge of
- relevant key term(s)
- and/or factor(s) is

Solution 2

- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to the
- business context.
- 2 marks
- Developed analysis
- that identifies

Solution 2

- connections between
- causes, impacts
- and/or consequences.
- 3–4 marks
- Developed evaluation
- ▪
- A developed
- judgement/conclusion is made.
- ▪
- Developed evaluative comments

Solution 2

- which balance some key
- arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key term(s)
- and/or factor(s) is
- used to answer the
- question.
- 1 mark

Solution 2

- Limited application
- of relevant point(s) to
- the business context.
- 1 mark
- Limited analysis
- that identifies
- connections between
- causes, impacts
- and/or consequences.
- 1–2 marks

Solution 2

- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance
- the arguments.
- ▪
- 12

Solution 2

- 9609/23
- October/November 2025
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks

Solution 2

- No creditable
- response.
- 0 marks
- No creditable response.
- Indicative content
- AO1 Knowledge and understanding
- Knowledge of branding (max 2
- s), including:
- ▪
- Creating a distinct identity / image

Solution 2

- ▪
- Brand values
- ▪
- A company's name and logo, visual design, slogan, jingle
- ▪
- Making consumers feel good about supporting a company and establishing an emotional connection.
- ▪
- Differentiates from competitors
- ▪

Solution 2

- Influence purchasing decisions
- Customers identify with business / brand
- Brand personality
- Build trust / relationships
- 9609/23
- October/November 2025
- AO2 Application

Solution 2

- Application of branding to PD
- , including:
- ▪
- Mass market
- ▪
- Market dominated by a few well-known brands
- ▪
- Total market value is $5.3 bn
- ▪
- 17% share of market

Solution 2

- ▪
- Pablo became Marketing Director in 2022
- ▪
- Launched promotional campaign based on trending music on social media
- ▪
- Used social media influencers
- ▪
- Poor online feedback
- ▪
- Sales volume decreased by 20% in a week and continued to fall

Solution 2

- ▪
- Excess inventory in warehouses
- ▪
- Drop in PD’s share price
- ▪
- Negative impact on cashflow
- ▪
- Data from Fig. 2.1
- ▪
- 800 respondents

Solution 2

- ▪
- Need to repair damaged PD brand from promotional campaign
- AO3 Analysis
- Limited analysis of the importance of branding to PD
- – candidate shows one link in the chain of analysis.
- Developed analysis of the importance of branding to PD
- – candidate shows two or more links in the chain of analysis.
- ▪
- Create distinct identity/image – maintaining customer base and repeat sales/loyalty–long term profitability

Solution 2

- ▪
- Name and logo conjure brand values–can attract/deter new customers–increase/decrease market share
- ▪
- Customers buy the brand regardless of quality–repeat customers–increased market share
- ▪
- Differentiates from competitors–attracts customers–increased market dominance
- ▪
- Influence purchasing decisions–increase revenue–increased profits
- ▪

Solution 2

- Customers identify with business / brand–building brand loyalty–long-term profitability
- ▪
- Brand personality–helps to differentiate and create a USP–customers pay a higher price
- ▪
- Build trust / relationships–increased reputation–increased market share
- 9609/23
- October/November 2025
- AO4 Evaluation

Solution 2

- Limited evaluation – an unsupported judgement and/or weak attempt at an evaluative comment
- Developed evaluation–supported judgement and/or reasonable evaluative comment
- Developed evaluation in context–supported judgement in context and/or reasonable evaluative comment in context
- .
- ▪
- The external impacts that affect the future brand image, e.g. new competitors or social trends
- ▪

Solution 2

- The relative importance of other elements of the marketing mix
- ▪
- Other factors that affect future success, e.g. financial management, competition, social trends
- ▪
- An evaluation on whether branding is important to PD's future success.
- Accept all valid responses.
- Exemplars for awarding evaluation
- L1
- (limited supporting

Solution 2

- evidence)
- L2
- (developed supporting
- evidence)
- L3
- (developed supporting
- evidence with context)
- Branding is important to support PD's
- future success.
- Branding is important to support PD's

Solution 2

- future success. Branding helps
- customer recognise PD's drinks
- amongst competing brands.
- Branding is important to support PD's
- future success. Branding helps
- customer recognise PD's drinks
- amongst competing brands and
- therefore maintain a 17% share of the
- market.
- Branding is not important to the future

Solution 2

- success of PD.
- Branding is not important to the future
- success of PD. The taste of the drink
- is more important because customers
- will not buy a drink that they dislike
- the taste of, even if attractively
- branded.
- Branding is not important to the future
- success of PD. The taste of the drink
- is more important because customers

Solution 2

- will not buy a drink that they dislike
- the taste of, even if attractively
- branded in the mass market.

Question 3

9609/12 J25 ▪ Q3 ▪ 5 marks

3 **(a)** Define the term *inventory re-order level*. [2]

(b) Explain **one** advantage to a business of holding buffer inventory. [3]

Solution 3

(a) Mark scheme

- Define the term inventory re-order level.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- Clear understanding (2 marks)
-
- The level/quantity of inventory that triggers a new order to suppliers 2
- Partial understanding (1 mark)

Solution 3

- ▪
- The time to re-order inventory 1
- ▪
- A decision to replenish stock 1
- Accept all valid responses.
- 2
- 9609/12
- May/June 2025

Solution 3

(b) Mark scheme

- Explain one advantage to a business of holding buffer inventory.
- There are 3 marks for this question:
- 1 mark for
- 2 marks for
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- 1 mark for identifying one advantage of holding buffer inventory

Solution 3

- A term used in logistics that describes a level of extra stock that is maintained to mitigate risk or stockouts caused by
- uncertainties in supply and demand.
- ▪
- Avoid stockouts
- ▪
- Allow continuous production
- ▪
- Meet customer demands, including unexpected demands
- ▪

Solution 3

- Meet bulk orders
- ▪
- Avoid lost sales
- ▪
- Protect against fluctuations in demand/market
- ▪
- Helps if there is damage to parts of inventory
- AO2 Application
- 2 marks for developed
- of the advantage given

Solution 3

- 1 mark for limited
- of the advantage given
- ▪
- Adequate buffer stocks allow businesses operations to proceed according to plan.
- 3
- 9609/12
- May/June 2025
- ▪
- Protects against unforeseen variation in supply – supply chains are longer, more globalised with forces causing more

Solution 3

- frequent disruptions.
- ▪
- Compensates for forecast inaccuracies – a consistent demand changes suddenly – customer service is maintained
- through use of the buffer stock.
- ▪
- Avoids stockouts and keeps customer service and satisfaction levels high – keeps warehouse and supply chain
- running smoothly.
- ▪

Solution 3

- Allows a business to take advantage of bulk buying discounts and so reduce the cost of inventory.
- Accept all valid responses.
- 9609/12
- May/June 2025

Question 3

9609/13 J25 ▪ Q3 ▪ 5 marks

3 **(a)** Define the term *Just in Time (JIT)*. [2]

(b) Explain **one** disadvantage to a business of using Just in Time (JIT). [3]

Solution 3

(a) Mark scheme

- Define the term Just in Time (JIT).
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- Clear understanding
- NOTE: A clear definition that merits two marks should include reference to two out of the following three 1 mark responses:
- ▪

Solution 3

- The management of inventory (1) that ensures that new inventory arrives just when needed (1) removes the need for
- inventory to be held in storage until it is needed 1
- Partial understanding
- ▪
- Where inventory is kept low 1
- Accept all valid responses.
- 2
- 9609/13
- May/June 2025

Solution 3

(b) Mark scheme

- Explain one disadvantage to a business of using Just in Time (JIT).
- There are 3 marks for this question:
- 1 mark for
- 2 marks for
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- 1 mark

Solution 3

- for identifying one disadvantage of using JIT
- ▪
- Production process can be delayed when supplies do not arrive or are late
- ▪
- Frequent small deliveries needed
- ▪
- More planning ahead with suppliers required
- ▪
- Small orders need to be processed
- ▪

Solution 3

- Suppliers need to be reliable
- ▪
- Could be expensive
- ▪
- No discounts for bulk orders- no economies of scale
- ▪
- Unable to respond to unexpected customer demand
- ▪
- Can lead to stockouts
- 3

Solution 3

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- AO2 Application
- 2 marks for developed
- of the disadvantage given
- 1 mark for limited
- of the disadvantage given
- ▪
- Any failure to receive supplies or components on time – could lead to production delays.

Solution 3

- ▪
- Frequent small deliveries – could lead to an increase in delivery costs.
- ▪
- Small orders need to be processed – administration costs may rise.
- ▪
- Each order is likely to be small – lose out on bulk discounts.
- ▪
- Suppliers need to be reliable – if not could affect reputation
- ▪
- Could be expensive to implement for small firms – increase costs

Solution 3

- ▪
- May require investment in new technology
- ▪
- Could lose sales/ revenue/profit
- Accept all valid responses.
- 9609/13
- May/June 2025