Past-paper walk-through

Marketing analysis ▪ 8.1

eXercise

Questions in this set

- 9609/31 N25 Q4 ▪ 16 marks
- 9609/32 N25 Q4 ▪ 16 marks
- 9609/31 J25 Q4 ▪ 16 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

9609/31 N25 ▪ Q4 ▪ 16 marks

4 **(a)** Using the data in Table 1.2, calculate the monthly revenue from the sales of the classic pie after the price increase.

Question 4

(b) Evaluate the usefulness to PPP of elasticity measures when deciding on the marketing mix for the new cheese pies in export markets.

Solution 4

(a) Mark scheme

- Using the data in Table 1.2, calculate the monthly revenue from the sales of the classic pie after the price increase.
- Mark
- Correct new sales revenue
- $ sign not required
- 3500 $\times$ 3.60 $=$12 600
- 4
- New quantity of sales

Solution 4

- $5000 - 30\% = 5000 - 1500 = 3500$
- 3
- % change in QD
- $20\% \times -1.5 = (-)30\%$
- 2
- Percentage change in price OR
- PED equation
- $0.60/3.00 \times 100 = (+)\ 20\%$
- Percentage change in Quantity demanded /
- Percentage change in price

Solution 4

- 1
- No creditable response
- 0
- 4
- 9609/31
- October/November 2025

Solution 4

(b) Mark scheme

- Evaluate the usefulness to PPP of elasticity measures when deciding on the marketing mix for the new cheese
- pies in export markets.
- Level
- AO1 Knowledge
- and
- understanding
- 2 marks

Solution 4

- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks
- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪

Solution 4

- A developed judgement/conclusion
- is made in the business context.
- ▪
- Developed evaluative comments
- which balance some key
- arguments in the business context.
- 2
- 2 marks
- Developed
- knowledge of

Solution 4

- relevant key
- term(s) and/or
- factor(s) is used to
- answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to
- the business

Solution 4

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

Solution 4

- Developed evaluation
- ▪
- A developed judgement/conclusion
- is made.
- ▪
- Developed evaluative comments
- which balance some key
- arguments.
- 1
- 1 mark

Solution 4

- Limited
- knowledge
- of relevant key
- term(s) and/or
- factor(s) is used to
- answer the
- question.
- 1 mark
- Limited application
- of relevant point(s)

Solution 4

- to the business
- context.
- 1 mark
- Limited analysis
- that identifies
- connections
- between causes,
- impacts and/or
- consequences.
- 1–2 marks

Solution 4

- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.
- 0
- 0 marks

Solution 4

- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable response.

Solution 4

- 12
- 9609/31
- October/November 2025
- Responses may include:
- AO1 Knowledge and understanding
- Limited knowledge
- will be demonstrated through knowledge of the concept of elasticity of demand or knowledge or
- marketing strategy.
- Developed knowledge

Solution 4

- $+$
- will be demonstrated through knowledge of the concept of elasticity of demand and
- knowledge of marketing strategy.
- Knowledge of elasticity of demand
- Understanding of different elasticity concepts:
- ▪
- promotional elasticity measures responsiveness of demand to changes in promotional spending
- ▪
- price elasticity measures responsiveness of demand to a change in price

Solution 4

- ▪
- cross price elasticity measures the responsiveness of demand to a change in price of another product
- ▪
- income elasticity measures the responsiveness of demand to a change in income.
- ▪
- Understanding of inelastic - not responsive and elastic - responsive to change in price / promotion / income.
- Knowledge of marketing strategy
- ▪

Solution 4

- Marketing strategy includes market research and marketing mix to achieve marketing objectives within a budget.
- ▪
- Marketing mix consists of price, place, promotion and product
- 9609/31
- October/November 2025
- AO2 Application
- Do not reward APP for quoting elasticities, need to show understanding of the figures.
- Limited application,
- applies knowledge to PPP once.

Solution 4

- Developed application,
- +
- applies knowledge to PPP twice.
- ▪
- Estimated PED for classic pies is –1.5, which is price elastic, as confirmed by the calculation in 3a, the 20% increase in
- price would lead to a 30% decrease in demand.
- ▪
- Estimated PED for premium pies is –0.4, which is price inelastic. The 25% increase in price only led to a 10% decrease
- in demand

Solution 4

- ▪
- OFR for PED calculations
- ▪
- YED for classic pies is –1.2 (inferior good) and for premium pies $+1.5$ (normal/luxury good)
- ▪
- Monthly sales revenue following price increases would decrease (by $2400) *forclassicpiesbutincrease*(*by*3000) for
- premium pies.
- ▪

Solution 4

- Market research data may suggest whether the demand for the proposed new cheese pie will be price elastic or price
- inelastic in other countries in the region.
- ▪
- As real incomes are falling in other countries in the region, cheese pies may be more successful if seen as a ‘budget’
- product.
- 9609/31
- October/November 2025
- AO2 Analysis
- Limited analysis

Solution 4

- – candidate shows one link in the chain of analysis.
- Developed analysis
- – candidate shows two or more links in the chain of analysis.
- ▪
- Knowledge of PED is useful to PPP in making decisions about pricing. For example, elastic PED would indicate that an
- increase in price would decrease revenue
- and therefore probably decrease profit
- .
- ▪

Solution 4

- Decreasing price, such as using a launch penetration price will increase quantity of cheese pies demanded and
- therefore increase revenue/encourage more customers to try the new product
- overall leading to a successful
- launch and loyal customers increasing profit
- .
- ▪
- As real incomes are falling, launching cheese pies as a ‘budget’ item should lead to higher sales due to negative YED.
- AO3 Evaluation
- Limited evaluation

Solution 4

- – limited supported judgement and/or a weak attempt at 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.
- ▪
- In a marketing strategy, PPP will also consider other factors e.g. promotional elasticity of demand and local tastes in
- different countries in the region.

Solution 4

- ▪
- As this is a new pie product being launched, existing elasticity data for other products may not be as useful
- ▪
- To what extent may a pan global strategy be suitable in this case?
- ▪
- A judgement about the usefulness of elasticity to marketing mix decisions.
- ▪
- A judgement about the most important factors influencing marketing strategy decisions.
- ▪

Solution 4

- A judgement about the limitations of elasticity calculations.
- ▪
- Measurement of elasticity is difficult and likely to be inaccurate due to large range of factors that will affect outcomes,
- particularly competitor decisions. Other things don't remain equal in markets.
- ▪
- Factors that the judgement could depend on including the degree of competitive rivalry in the market
- ▪
- Other elements of marketing strategy are important e.g. integrated marketing mix to ensure consistency in message

Solution 4

- communicated to potential customers and therefore attract sales.
- Accept all valid responses.
- 9609/31
- October/November 2025
- 5
- Evaluate the importance of emotional intelligence to Pedro's leadership of PPP
- Level
- AO1 Knowledge
- and understanding
- 2 marks

Solution 4

- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks
- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪

Solution 4

- A developed
- judgement/conclusion is made in
- the business context.
- ▪
- Developed evaluative comments
- which balance some key
- arguments in the business context.
- 2
- 2 marks
- Developed

Solution 4

- knowledge of
- relevant key term(s)
- and/or factor(s) is
- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to
- the business context.

Solution 4

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

Solution 4

- A developed
- judgement/conclusion is made.
- ▪
- Developed evaluative comments
- which balance some key
- arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key

Solution 4

- term(s) and/or
- factor(s) is used to
- answer the question.
- 1 mark
- Limited application
- of relevant point(s) to
- the business context.
- 1 mark
- Limited analysis
- that identifies

Solution 4

- connections between
- causes, impacts
- and/or
- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.

Solution 4

- ▪
- An attempt is made to balance the
- arguments.
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.

Solution 4

- 0 marks
- No creditable
- response.
- 0 marks
- No creditable response.
- 12
- 9609/31
- October/November 2025
- 5
- Responses may include:

Solution 4

- AO1 Knowledge and understanding
- Limited knowledge
- will be demonstrated through knowledge of emotional intelligence.
- Developed knowledge
- +
- + will be demonstrated through knowledge of emotional intelligence and its importance in
- leadership.
- Knowledge of emotional intelligence (EI):
- Goleman's four competencies:

Solution 4

- ▪
- Self-awareness
- ▪
- Social awareness
- ▪
- Self-management
- ▪
- Social skills/relationship management
- Statements showing understanding, such as:
- ▪

Solution 4

- Understanding emotions of yourself and others
- ▪
- Empathy with employees
- ▪
- Self control over moods/emotions
- Knowledge of EI importance in leadership
- ▪
- Effective leaders use their EI to understand others and motivate them
- ▪

Solution 4

- Effective leaders understand their own emotions and the impact they have on others so communicate effectively
- ▪
- The modern view of a good leader is one who has excellent social awareness and skills and maintains good
- relationships with their workforce.
- 9609/31
- October/November 2025
- 5
- AO2 Application
- Limited application,

Solution 4

- applies knowledge to PPP once.
- Developed application,
- +
- applies knowledge to PPP twice.
- ▪
- There is evidence that Pedro is a democratic, transformational leader, who has taken employees with him since taking
- over PPP.
- ▪
- Pedro has a high level of emotional intelligence, so he understands his employees' feelings as well as his own.

Solution 4

- ▪
- Pedro encourages intrapreneurship in his employees and welcomes their ideas.
- ▪
- PPP has grown successfully under Pedro's leadership since 2010
- ▪
- Pedro has ethical principles and social objectives in his employment practices
- AO3 Analysis
- Limited analysis
- - – candidate shows one link in the chain of analysis.
- Developed analysis

Solution 4

- – candidate shows two or more links in the chain of analysis.
- ▪
- Pedro has developed PPP, using his social skills and a mainly democratic leadership style, leading to employee loyalty
- and therefore low recruitment costs.
- ▪
- Employees are motivated by their ideas being welcomed and delegated responsibilities, so productivity will increase
- .
- ▪

Solution 4

- Pedro's emotional intelligence will help him to understand how his employees may react to a change in the
- organisation, such as the introduction of automation, leading to successful change management.
- ▪
- Pedro's employment principles, giving opportunities to unemployed young people gain PPP the reputation as an ethical
- employer with social objectives which may attract customers
- which will help improve PPP's performance
- .
- 9609/31

Solution 4

- October/November 2025
- 5
- AO4 Evaluation
- Limited evaluation
- – limited supported judgement and/or a weak attempt at 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.

Solution 4

- ▪
- Which of Goleman's EI competencies may be most important for Pedro's leadership in the past and going forward?
- ▪
- Revenue and profit growth suggest improving performance year on year. To what extent can this be attributed to
- Pedro's emotional intelligence and leadership?
- ▪
- Future success may depend on many factors, both internal and external. How might the external influences disrupt
- PPP's future plans?

Solution 4

- ▪
- Democratic leadership and emotional intelligence may not be so effective if the business is faced with crisis situations.
- ▪
- Many of the job roles at PPP may be low skilled production tasks, might a more autocratic approach be needed in this
- case?
- ▪
- What might be the different measures of success for PPP, given its social objectives?
- ▪

Solution 4

- Too much emphasis may be placed on the characteristics and emotional intelligence of Pedro as a leader, who else is
- driving the success of PPP?
- Accept all valid responses.

Question 4

9609/32 N25 ▪ Q4 ▪ 16 marks

4 **(a)** Using the data in Table 1.4, calculate the four period centred moving average for Quarter 1 2025.

Question 4

(b) Evaluate the usefulness of time series analysis to KTJ in making business decisions.

Solution 4

(a) Mark scheme

- Using the data in Table 1.4, calculate the four period centred moving average for Quarter 1 2025.
- Responses may include:
- 4 period moving average = 8 period moving total / 8 (1 mark if no relevant calculation)
- Calculation of one or two relevant 4 period totals 1
- $7 + 5.5 + 4.2 + 6.4 = 23.1$
- AND/OR

Solution 4

- $5.5 + 4.2 + 6.4 + 7.6 = 23.7$
- Calculation of relevant 4 period totals and relevant 8 period total OR calculation of relevant 8 period total (2 marks)
- 8 period total $= 23.1 + 23.7 = 46.8$ 2
- Centred quarterly moving average $= 46.8 \ / \ 8$ 3
- $= 5.85$ or \$5.85m 4
- Other common answers:
- $23.1 \ / \ 4 = 5.775$ OR $23.7 \ / \ 4 = 5.925$ 2
- Not using the correct sales volume figures.
- 4 consecutive quarterly sales volumes added together and divided by $4 = 1$ mark

Solution 4

- e.g. $(6 + 7 + 5.5 + 4.2)\ /\ 4 = 22.7\ /\ 4 = 5.675$ 1
- 4
- 9609/32
- October/November 2025

Solution 4

(b) Mark scheme

- Evaluate the usefulness of time series analysis to KTJ in making business decisions.
- Level
- AO1 Knowledge
- and understanding
- 2 marks
- AO2 Application
- 2 marks

Solution 4

- AO3 Analysis
- 2 marks
- AO4 Evaluation 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪
- A developed judgement/conclusion
- is made in the business context.
- ▪

Solution 4

- 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
- used to answer the
- question.

Solution 4

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

Solution 4

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

Solution 4

- 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 4

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

Solution 4

- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.

Solution 4

- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.

Solution 4

- 0 marks
- No creditable response.
- 12
- 9609/32
- October/November 2025
- Responses may include:
- AO1 Knowledge and understanding
- Limited knowledge
- will be demonstrated through knowledge of TSA.
- Developed knowledge

Solution 4

- $+$
- will be demonstrated through knowledge of TSA and its usefulness.
- Examiner note: Do not reward comments that TSA is time consuming or calculations are complex or that workers require
- training.
- ▪
- Sales forecasting involves making a prediction of future sales.
- ▪
- Time series analysis is a method of forecasting based on extrapolation from past data. (maximum of 1 mark for
- definition of TSA / sales forecasting)

Solution 4

- ▪
- Benefits include:
- –
- Contribution to workforce planning.
- –
- Planning purchase of resources.
- –
- Greater accuracy in cash flow forecasting.
- –
- Aids operational decisions such as need to increase capacity.

Solution 4

- –
- Aids decisions about pricing.
- –
- Improves forecasting accuracy
- –
- Identifies both trend and seasonal variation.
- ▪
- Limitations
- –
- Based on historical data

Solution 4

- –
- Does not account for external changes
- AO2 Application
- Limited application,
- applies knowledge to KTJ once. Developed application,
- +
- applies knowledge to KTJ twice.
- Application is making use of relevant case information not just repeating it.
- ▪
- Q3 is peak month for sales.

Solution 4

- ▪
- Juice is not produced in the US but is imported.
- ▪
- Helps plan fruit imports.
- ▪
- The US market is very competitive.
- ▪
- Fluctuations in country B's exchange rate.
- 9609/32
- October/November 2025

Solution 4

- AO3 Analysis
- Limited analysis
- – candidate shows one link in the chain of analysis.
- Developed analysis
- – candidate shows two or more links in the chain of analysis.
- ▪
- Helps ensure efficient use of labour and machinery helping to control costs of production
- and therefore profit.
- ▪

Solution 4

- ▪
- Contributes to creating cash flow forecast which will help ensure that KTJ has sufficient finance in place to deal with
- future needs.
- ▪
- Identifying the trend in sales growth will help set realistic marketing objectives in the marketing plan thus ensuring that
- resources are not wasted
- AO4 Evaluation
- Limited evaluation

Solution 4

- – limited supported judgement and/or a weak attempt at 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.
- ▪
- Using 4 period moving average fits the data well as there are clear seasonal variations ensuring that the technique is
- more likely to give reliable results.
- ▪

Solution 4

- Unexpected changes in the external environment such as entry of a new competitor will result in the predictions being
- incorrect and therefore less useful in making the best decisions.
- ▪
- TSA relies on future events behaving as in the past so may not be reliable as markets are dynamic
- ▪
- May be advisable to introduce an element of probability to the forecasts – what if analysis
- ▪
- Usefulness depends on stability of seasonal trends over time

Solution 4

- ▪
- Forecasts may be less reliable if market conditions change unexpectedly
- ▪
- Most effective when combined with other forecasting methods
- ▪
- More suitable for short-term operational planning than for long-term strategic decisions
- ▪
- Practical value depends on KTJ's capacity to adjust production and procurement in response to forecasts
- Accept all valid responses.

Solution 4

- 9609/32
- October/November 2025
- 5
- Evaluate the likely impact on KTJ of fluctuations in the exchange rate of country B's currency.
- Level
- AO1 Knowledge
- and understanding
- 2 marks
- AO2 Application

Solution 4

- 2 marks
- AO3 Analysis
- 2 marks
- AO4 Evaluation 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪
- A developed judgement/conclusion
- is made in the business context.

Solution 4

- ▪
- 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
- used to answer the

Solution 4

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

Solution 4

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

Solution 4

- Developed evaluative comments
- 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.

Solution 4

- 1 mark
- Limited application
- of relevant point(s)
- to the business
- context.
- 1 mark
- Limited analysis
- that identifies
- connections
- between causes,

Solution 4

- impacts and/or
- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance the

Solution 4

- arguments.
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable

Solution 4

- response.
- 0 marks
- No creditable response.
- 12
- 9609/32
- October/November 2025
- 5
- Responses may include:
- AO1 Knowledge and understanding
- Limited knowledge

Solution 4

- will be demonstrated through knowledge of exchange rate or knowledge of how it impacts KTJ
- Developed knowledge
- $+$
- will be demonstrated through knowledge of exchange rate and knowledge of how it impacts
- KTJ
- Exchange rate – price of one currency in terms of another. Explanation of fluctuation in exchange rate
- ▪
- depreciation – a decrease in the price of a currency in terms of another OR

Solution 4

- ▪
- appreciation – an increase in the price of a currency in terms of another
- Knowledge of impact of ER fluctuations
- ▪
- Fluctuations in the exchange increases uncertainty making decision making more difficult for KTJ Impact of
- depreciation
- ▪
- Beneficial for exporting
- ▪

Solution 4

- Imports more expensive
- ▪
- Imported goods in country B may be less price competitive following depreciation
- AO2 Application
- Limited application,
- applies knowledge to KTJ once. Developed application,
- +
- applies knowledge to KTJ twice.
- Application is making use of relevant case information not just repeating it.
- Use of case material to answer question

Solution 4

- ▪
- KTJ exports to US and other countries.
- ▪
- Link to achievement of mission statement.
- ▪
- KTJ imports fruits from West Africa.
- ▪
- Investment in country C or D.
- ▪
- Depreciation makes exports cheaper to US, increasing competitiveness.

Solution 4

- ▪
- Importing fruit becomes more expensive.
- ▪
- Margin squeeze despite higher export volume.
- ▪
- Impact on ARR for C/D investment.
- ▪
- Movements influence pricing strategy and profitability.
- 9609/32
- October/November 2025

Solution 4

- 5
- AO3 Analysis
- Limited analysis
- – candidate shows one link in the chain of analysis.
- Developed analysis
- – candidate shows two or more links in the chain of analysis or balanced argument.
- ▪
- Depreciation will reduce the price of KTJ juices in international markets such as the US resulting in greater price
- competitiveness

Solution 4

- and this will increase sales and market share of KTJ
- ▪
- The cost of investing in country C or D will increase which will reduce the ARR of the investment
- and may result
- ▪
- in a delay to opening a new factory
- ▪
- As KTJ imports fruit from West Africa its price will increase and therefore KTJ's variable costs will increase
- resulting in a reduction in profit

Solution 4

- AO4 Evaluation
- Limited evaluation
- – limited supported judgement and/or a weak attempt at 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.
- ▪
- Supported judgement as to overall impact of depreciation on KTJ.
- –

Solution 4

- KTJ likely to benefit as although imported fruit costs rise this is only a part of KTJ's costs of production so
- ▪
- should still be more price competitive when KTJ exports the final product.
- –
- Inflationary impact of depreciation on the economy as a whole
- –
- Net impact depends on the balance between export revenue gains and import cost increases
- –

Solution 4

- Short-term depreciation may be beneficial but long-term volatility complicates planning
- ▪
- Factors that the impact might depend on:
- –
- Extent to which customers are impacted by changes in price – PED
- ▪
- Whether the depreciation is long term
- ▪
- Effects may be mitigated if exports are invoiced in foreign currency or supply sources can be diversified

Solution 4

- ▪
- Hedging strategies can reduce risk from currency volatility
- ▪
- Pricing power in export markets affects KTJ's ability to pass on cost changes

Question 4

9609/31 J25 ▪ Q4 ▪ 16 marks

4 **(a)** **(i)** Using the data in Table 1.2, calculate the average seasonal variation for Quarter 4.

Question 4

(ii) Jon has calculated the trend for 2025 Quarter 4 as $21.41 million.

Using your answer to **(a)(i)**, calculate forecast sales for 2025 Quarter 4.

Question 4

(b) Evaluate whether time series analysis is sufficient to allow WS to make decisions to achieve its marketing objective.

Solution 4

(a)(i)

Mark scheme

- Using the data in Table 1.2, calculate the average seasonal variation for Quarter 4.
- Average seasonal variation = Total seasonal variation for Quarter 4 2022–3 / 2.
- OR
- $1.02 + 0.32 = 1.34$ 1
- $1.34 / 2 =$ (\$)0.67 (million) 2
- 2

Solution 4

(a)(ii) Mark scheme

- Jon has calculated the trend for 2025 Quarter 4 as $21.41 million.
- Using your answer to (a)(i), calculate forecast sales for 2025 Quarter 4.
- Forecast revenue = forecast trend plus average seasonal variation for that quarter
- OR
- $21.41 + 0.67$ 1
- $21.41 + 0.67 =$ (\$)22.08 (million) 2
- OFR based on 4(a)(i)
- 2

Solution 4

- 9609/31
- May/June 2025

Solution 4

(b) Mark scheme

- Evaluate whether time series analysis is sufficient to allow WS to make decisions to achieve its marketing
- objective.
- Level
- AO1 Knowledge
- and understanding
- 2 marks
- AO2 Application

Solution 4

- 2 marks
- AO3 Analysis
- 2 marks
- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪
- A developed judgement/conclusion

Solution 4

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

Solution 4

- and/or factor(s) is
- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to
- the business
- context.
- 2 marks

Solution 4

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

Solution 4

- A developed judgement/conclusion
- is made.
- ▪
- Developed evaluative comments
- which balance some key
- arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key

Solution 4

- term(s) and/or
- factor(s) is used to
- answer the question.
- 1 mark
- Limited application
- of relevant point(s)
- to the business
- context.
- 1 mark
- Limited analysis

Solution 4

- that identifies
- connections
- between causes,
- impacts and/or
- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made
- with limited supporting

Solution 4

- comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.
- 0
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable

Solution 4

- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable response.
- 12
- 9609/31
- May/June 2025
- Indicative content

Solution 4

- AO1 Knowledge and understanding
- Limited knowledge
- will be demonstrated through knowledge of time series analysis OR knowledge of other factors
- Developed knowledge
- $+$
- will be demonstrated through knowledge of time series analysis and knowledge of how it
- contributes to decision making or knowledge of other factors influencing decision making
- L1 all skills if no clear K of what TSA is.

Solution 4

- Understanding of Time Series Analysis including its advantages (quantitative, based on actual data, factors in seasonality)
- and disadvantages (circumstances may change making prediction inaccurate, false sense of accuracy, relies on accurate
- data)
- ▪
- Knowledge of qualitative sales forecasting.
- ▪
- Knowledge of marketing planning and its elements: objectives, resources, research, marketing mix.
- ▪

Solution 4

- Role of market research and market analysis in setting marketing objectives and making decisions
- AO2 Application
- Limited application,
- applies knowledge to WS once.
- Developed application,
- +
- applies knowledge to WS twice.
- ▪
- WS three markets: fashion, leisure, work.

Solution 4

- ▪
- Use of information in Table 1.3.
- ▪
- WS products high price, value for money.
- ▪
- Jon's objective is to increase annual sales by 5% p.a.
- ▪
- WS sells to major retailers and independents.
- ▪
- Increasing demand for non-leather/sustainable shoes.

Solution 4

- ▪
- Jon recommended preparing an environmental audit.
- 9609/31
- May/June 2025
- AO3 Analysis
- Limited analysis
- – candidate shows one link in the chain of analysis.
- Developed analysis
- – candidate shows two or more links in the chain of analysis
- ▪

Solution 4

- Sales forecasting enables minimum cost distribution.
- Sales forecasting enables objective to be set and planned for.
- Sales forecasting may ignore changes e.g. new product lines, new marketing mix and therefore be inaccurate.
- Objective of increasing sales requires account to be taken of costs, not just sales.
- Changing nature of markets requires accurate forecasting (qualitative and quantitative) for sales targets to be met.

Solution 4

- ▪
- TSA data in Table 1.2 is for all products. Table 1.3 indicates there are differences in each product/market making the
- data inaccurate for each.
- ▪
- Table 1.3 gives important information which marketing planning can use
- AO4 Evaluation
- ▪
- Considered judgement based on argument.
- ▪

Solution 4

- Sales forecasting important but other elements need to be considered for objectives to be met e.g. production capacity,
- appropriate quality of product, appropriate marketing mix.
- ▪
- Objective of increasing sales is imprecise.
- ▪
- Accuracy of forecasting relies on accurate methods and data generated.
- ▪
- Objective is confused – ‘increase sale without entering new markets’ but Jon wants research into non-leather products.

Solution 4

- Are these a ‘new market’? or not? This needs clarifying before setting a marketing plan.
- ▪
- Any new products will significantly alter sales forecasts, and in a constantly changing market forecasts on their own
- may not be accurate.
- ▪
- Information on % sales revenue from different products, forecast market growth and strength of competition must be
- taken into account when forecasting sales, not just rely on TSA.
- ▪

Solution 4

- Forecasting sales must apply to the three different markets, not just overall sales.
- Accept all valid responses
- 9609/31
- May/June 2025
- 5
- Evaluate the most effective method WS could use to improve investor return.
- Level
- AO1 Knowledge
- and understanding
- 2 marks

Solution 4

- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks
- AO4 Evaluation
- 6 marks
- 3
- 5–6 marks
- Developed evaluation in context
- ▪

Solution 4

- A developed judgement/conclusion
- is made in the business context.
- ▪
- Developed evaluative comments
- which balance some key
- arguments in the business context.
- 2
- 2 marks
- Developed
- knowledge of

Solution 4

- relevant key term(s)
- and/or factor(s) is
- used to answer the
- question.
- 2 marks
- Developed
- application of
- relevant point(s) to
- the business
- context.

Solution 4

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

Solution 4

- ▪
- A developed judgement/conclusion
- is made.
- ▪
- Developed evaluative comments
- which balance some key
- arguments.
- 1
- 1 mark
- Limited knowledge

Solution 4

- of relevant key
- term(s) and/or
- factor(s) is used to
- answer the question.
- 1 mark
- Limited application
- of relevant point(s)
- to the business
- context.
- 1 mark

Solution 4

- Limited analysis
- that identifies
- connections
- between causes,
- impacts and/or
- consequences.
- 1–2 marks
- Limited evaluation
-
  -
- A judgement/conclusion is made

Solution 4

- with limited supporting
- comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.
- 0
- 0 marks
- No creditable
- response.
- 0 marks

Solution 4

- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable response.
- 12
- 9609/31
- May/June 2025

Solution 4

- 5
- Indicative content
- AO1 Knowledge and understanding
- Limited knowledge
- will be demonstrated through knowledge of investor return.
- Developed knowledge
- $+$
- will be demonstrated through knowledge of investor return and knowledge of how to
- improve investor return.

Solution 4

- ▪
- Identification of investors with shareholders
- ▪
- Understanding of investor return measures: dividend cover (Profit for year/annual dividend), earnings (net profit),
- dividend per share, dividend yield (dividend per share/market share price), P/E ratio
- ▪
- Knowledge that shares may be held for long term or short-term reasons.
- ▪
- Directors decide on dividends.

Solution 4

- ▪
- Methods to increase investor return:
- -
- Increase revenue relative to costs
- -
- Decrease costs
- AO2 Application
- Limited application,
- applies knowledge to WS once.
- Developed application,

Solution 4

- +
- applies knowledge to WS twice.
- ▪
- Nature of CP's products: medium to high price, value for money leather footwear.
- ▪
- Shareholders take an active interest.
- ▪
- Recognition of changes in investment indicators in last three years (Table 1.4).
- ▪
- Operating profit has risen

Solution 4

- ▪
- EPS has risen
- ▪
- Share price has increased
- ▪
- P/E ratio has increased
- ▪
- Shareholders intend to use the AGM to seek methods to increase their returns.
- ▪

Solution 4

- Possible changes cited in case: environmental audit, ERP research, marketing plan, increased employee performance.
- 9609/31
- May/June 2025
- 5
- AO3 Analysis
- Limited analysis
- – candidate shows one link in the chain of analysis.
- Developed analysis
- – candidate shows two or more links in the chain of analysis

Solution 4

- ▪
- WS has plans for investing in ERP which would increase efficiency resulting in a reduction in unit costs and therefore
- an increase in profit margins. With increased operating profit there would be more profits available for distribution to
- shareholders as dividends.
- Effect of possible changes cited in the case:
- ▪
- Strategies to increase profit including investing in ERP, marketing and improving the performance of employees will

Solution 4

- make WS more attractive to investors resulting in an increase in the share price and therefore a potential capital gain
- for shareholders.
-
  -
- P/E ratio has risen indicating that shareholders are receiving less value for their shares, but it could mean there is an
- expectation for future growth.
-
  -
- Possibility of producing products increasingly demanded by the market so revenue and profit increase.
-
  -

Solution 4

- Marketing plan likely to increases sales and profits.
- ▪
- Employee performance increases, lowering costs and raising profit.
- ▪
- Shareholders take an active interest so likely to engage with managers on implementation.
- Other measures WS might introduce to raise investor return could include:
- ▪
- More machinery/automation to reduce labour costs.
- ▪

Solution 4

- Price increases to raise markup.
- ▪
- Cutting spending where this can be done so lowering costs.
- ▪
- Focusing a marketing plan on highest profitable products.
- 9609/31
- May/June 2025
- 5
- AO4 Evaluation
- Limited evaluation

Solution 4

- – limited supported judgement and/or a weak attempt at 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.
- ▪
- Considered judgement based on argument
- ▪
- Short term v long term

Solution 4

- ▪
- Changes in profit ratio in last two years suggest that management strategies are working and indicate that returns to
- shareholders will continue to increase
- ▪
- Changes being considered/implemented may increase sales and profits and sales. Directors would need to actively
- use these increases to pay more dividends
- ▪
- Effect of these changes is to make more money available for investors BUT will the cost of implementation actually

Solution 4

- lead to increased profit? Will WS increase dividends? Will the changes increase the share price?
- ▪
- What timescales are the changes going to occupy?
- ▪
- The changes that benefit investors will also be beneficial to WS, its managers and employees, so high probability of
- them succeeding.
- Accept all valid responses