Past-paper walk-through

Costs ▪ 5.4

eXercise

Questions in this set

- 9609/12 N25 Q3 ▪ 5 marks
- 9609/13 N25 Q6 ▪ 20 marks
- 9609/21 N25 Q2 ▪ 30 marks
- 9609/13 J25 Q5 ▪ 20 marks
- 9609/22 J25 Q1 ▪ 30 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 3

9609/12 N25 ▪ Q3 ▪ 5 marks

3 **(a)** Define the term *break-even analysis*. [2]

(b) Explain **one** limitation for a business of break-even analysis. [3]

Solution 3

(a) Mark scheme

- Define the term break-even analysis
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- CLEAR UNDERSTANDING (2 marks)
- ▪
- The point where total revenue equals total costs/or where a business makes neither a profit nor a loss 2

Solution 3

- ▪
- Using cost and revenue data to determine the level of output that needs to be reached to start making a profit 2
- ▪
- Uses cost and revenue data to determine the break-even level of output 2
- ▪
- Uses cost and revenue data to calculate the margin of safety 2
- Clear understanding of the term (or similar) is worth 2 marks. This is indicated by 2 ticks
- PARTIAL UNDERSTANDING (1 mark)
- ▪

Solution 3

- A way to calculate profitability/or decide on output 1
- ▪
- Used to determine break-even point 1
- ▪
- Allows calculation of margin of safety 1
- Partial understanding of the term (or similar) is worth 1 mark. This is indicated by 1 tick
- Accept all valid responses
- 2
- 9609/12

Solution 3

- October/November 2025

Solution 3

(b) Mark scheme

- Explain one limitation for a business of break-even analysis.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding – 1 mark for identifying ONE limitation for a business of break-even analysis –
- put tick in body of script.
- ▪
- Assumptions may well be unrealistic

Solution 3

- ▪
- May not be accurate
- ▪
- Can be time consuming – deflects a business away from core activities
- ▪
- External factors may undermine the calculations
- ▪
- Assumes all relationships are linear
- ▪
- Sales are unlikely to be the same as output

Solution 3

- ▪
- Variable costs do not always stay the same
- ▪
- Not all costs can be defined as fixed and variable
- ▪
- Most businesses sell more than one product
- AO2 Application – 2 marks for DEVELOPED explanation of ONE limitation – put ticks in body of script.
- – 1 mark for LIMITED explanation of a limitation – put tick in body of script.
- ▪

Solution 3

- Unrealistic assumptions – products are not sold at the same price at different levels of output, fixed costs do vary when
- output changes
- ▪
- The assumption that costs and revenue are always represented by straight lines is not realistic
- ▪
- Sales may not be the same as output – there may be some build-up of inventory or wasted output – the use of
- inventory is ignored
- ▪

Solution 3

- Variable costs may well change with output – as output rises the buying power of a business may allow buying of inputs
- at lower prices which reduces variable cost per unit
- 3
- 9609/12
- October/November 2025
- ▪
- Semi- variable costs will make the technique much more complicated
- ▪
- With more than one product the break-even for the business becomes harder to calculate

Solution 3

- ▪
- Break-even charts are only accurate with narrow levels of output – a significant change in output level may result in
- fixed costs changing – scope of analysis is limited
- ▪
- It is more of a planning aid than a decision-making tool.
- Accept all valid responses.

Question 6

9609/13 N25 ▪ Q6 ▪ 20 marks

6 **(a)** Analyse **two** uses of cost information for a business. [8]

(b) ‘A large bank loan is the most appropriate source of finance for the expansion of a furniture retailer.’

Evaluate this view. [12]

Solution 6

(a) Mark scheme

- Analyse two uses of cost information for a business.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- 1 mark for identifying ONE use (K)
- ▪
- provides vital information for effective decision-making- such as cash flow management

Solution 6

- ▪
- cost information can be used to monitor business performance - identifying which products are most profitable
- ▪
- can be used to reduce costs - take out high-cost centres
- ▪
- role in selecting price strategy - cost based pricing
- ▪
- calculating profits
- ▪

Solution 6

- constructing break-even
- ▪
- setting budgets
- ▪
- financial reporting
- ▪
- choosing suitable location
- ▪
- choosing appropriate method of production
- 8

Solution 6

- 9609/13
- October/November 2025
- AO2 Application
- 1 mark for application of ONE use (APP)
- ▪
- decision-making – start-up; expand; cost reduction
- ▪
- measurement of performance – profit / loss; comparisons
- ▪
- setting prices - cost plus pricing, contribution pricing

Solution 6

- ▪
- whether to accept special orders – additional cost of order
- ▪
- supports review of how areas of business contribute to overall business performance
- ▪
- may be used as evidence to support business rationalisation
- AO3 Analysis - up to 2 marks for analysis of each use
- 2 marks for DEVELOPED analysis of each use (L2 AN)
- 1 mark for LIMITED analysis of each use (L1 AN)

Solution 6

- ▪
- decision-making – can produce break even, budgets, cashflow forecasts, variances accurately and make informed
- decisions
- ▪
- measurement of performance – knowing revenue minus total costs (fixed and variable) means profit or loss can be
- calculated
- ▪
- identify cost centres – allocate costs to different departments / products and monitor

Solution 6

- ▪
- comparing costs with previous years, predictions, competitors or different parts of the business is vital to assess and
- improve performance – more profitable / competitive
- ▪
- cutting costs increases profits as long as revenue stays the same
- ▪
- prices must cover all costs of the business to make a profit
- ▪
- special orders – contribution of one product

Solution 6

- Accept all valid responses.
- 9609/13
- October/November 2025

Solution 6

(b) Mark scheme

- ‘A large bank loan is the most appropriate source of finance for the expansion of a furniture retailer.’
- Evaluate this view.
- Indicative content
- Responses may include:
- AO1 Knowledge and understanding - 2 marks for DEVELOPED knowledge and understanding (L2 K)
- 1 mark for LIMITED knowledge & understanding (L1 K)

Solution 6

- ▪
- sources of finance – internal and / or external – retained profit; share capital; debentures; venture capital; bank
- overdraft; leasing; hire purchase; bank loan; mortgage; debt factoring; trade credit; crowd funding; government grant
- ▪
- types of expansion - buying new premises / extending current premises; employing more staff; increasing product
- range; buying outlets in different areas
- ▪

Solution 6

- furniture manufacture – type of retailer – mass market or bespoke selling physically or online and / or online
- AO2 Application - 2 marks for DEVELOPED application (L2 APP) - 1 mark for LIMITED application (L1 APP)
- ▪
- furniture retailers – a range from high end to self-assembly
- ▪
- furniture retailer needs a show room to exhibit the furniture
- ▪
- sofas, beds, tables, and chairs, home décor items
- ▪

Solution 6

- Ikea, Lazy Boy, DFS, John Lewis, Furniture World, Furniture Village – accept local examples
- AO3 Analysis - 2 marks for DEVELOPED analysis (L2 AN) - 1 mark for LIMITED analysis (L1 AN)
- ▪
- strengths and weaknesses of relevant sources of finance – availability, interest payments, amount required, short or
- long term, investor confidence, loss of control, input of new ideas,
- ▪
- consideration of internal and / or external finance, long term and / or short term
- ▪

Solution 6

- some types of finance may not be available / suitable / enough for expansion – crowdfunding, venture capital, micro-
- finance, overdraft, debt-factoring, trade credit
- ▪
- consideration of different types of expansion and what finance method may be appropriate e.g. mortgage for buildings
- or land, leasing or hire purchase for buying new tills, shelving (is a retailer, not a manufacturer), becoming a plc for
- large scale expansion of an already recognised business
- 12
- 9609/13

Solution 6

- October/November 2025
- AO4 Evaluation – Up to 6 marks for EVALUATION - USE THE FOLLOWING TABLE:
- Developed / Supported judgement in context
- 6 marks
- Developed / Reasonable evaluative comments in context
- 5 marks
- Developed / Supported judgement without context
- 4 marks
- Developed / Reasonable evaluative comments without context

Solution 6

- 3 marks
- Limited supported judgement
- 2 marks
- An attempt to balance the arguments / Weak attempt at evaluative
- comments
- 1 mark
- A judgement / conclusion is made as to whether a large bank loan is the most appropriate source of finance for the
- expansion of a furniture retailer.
- These judgements / conclusions may be made at any point in the essay, not only in a concluding section.

Solution 6

- Appropriateness of finance may depend on:
- ▪
- the type / extent of expansion being undertaken
- ▪
- size and type of business ownership
- ▪
- the amount of retained earnings, non-current liabilities, need to retain control of the business and make decisions,
- interest rate levels and stability, opinions of current shareholders
- ▪

Solution 6

- government grant may only be possible if expansion benefits the area and / or meets governments objectives and
- criteria.
- ▪
- could be more appropriate to use a variety of sources to finance the full amount, rather than just a large bank loan
- Accept all valid responses.
- NOTE: The marks for 5(b) and 6(b) are recorded in the following way. The marks are entered in the mark input
- column on the right-hand side of the screen
- The K marks are entered in the 5b / 6b AO1 box

Solution 6

- The APP marks are entered in the 5b / 6b AO2 box
- The AN marks are entered in the 5b / 6b AO3 box
- The EVAL marks are entered in the 5b / 6b AO4 box
- 9609/13
- October/November 2025
- Mark Grids for Section B
- Used for Q5(a) and Q6(a)
- Level
- AO1 Knowledge and
- understanding

Solution 6

- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis
- 4 marks
- 2
- 3–4 marks
- Developed analysis
-
  -
- Developed analysis that identifies connections between causes,

Solution 6

- impacts and / or consequences of two points.
- ▪
- Developed analysis that identifies connections 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 6

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

Solution 6

- 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.
- ▪
- Limited analysis that identifies connections between causes,

Solution 6

- impacts and / or consequences of one point.
- 0
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.
- 0 marks
- No creditable response.
- 9609/13
- October/November 2025

Solution 6

- Mark Grids for Section B
- Used for Q5(b) and Q6(b)
- Level
- AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis
- 2 marks

Solution 6

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

Solution 6

- 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.
- 2 marks
- Developed application of

Solution 6

- relevant point(s) to the
- business context.
- 2 marks
- Developed analysis
- that identifies connections
- between causes, impacts
- and / or consequences.
- 3–4 marks
- Developed evaluation
- ▪

Solution 6

- A developed judgement / conclusion is
- made.
- ▪
- Developed evaluative comments which
- balance some key arguments.
- 1
- 1 mark
- Limited knowledge
- of relevant key term(s)
- and / or factor(s) is used

Solution 6

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

Solution 6

- 1–2 marks
- Limited evaluation
- ▪
- A judgement / conclusion is made with
- limited supporting comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.
- 0
- 0 marks

Solution 6

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

Question 2

9609/21 N25 ▪ Q2 ▪ 30 marks

2 Natalia's Naturals (NN)

NN is a small business owned by Natalia. NN produces and sells a range of natural skincare products.

In 2020, Natalia started making her own skincare products at home using natural ingredients. She realised that there was a demand for her products among her friends and family. Natalia then decided to turn her hobby into a business and launched NN in 2021.

Natalia operates her business from a rented workshop with limited space, where she makes her products by hand. She buys her ingredients from local suppliers who share her values of environmentally friendly production.

Question 2

NN has been growing steadily and has gained a loyal customer base. NN has received positive reviews from beauty magazines. Natalia's skincare products are sold through her own website, social media platforms and local retailers who specialise in selling natural products.

Natalia is developing a new face cream. Table 2.1 shows price and cost estimates for the new face cream.

Table 2.1 Price and cost estimates

Product	Price	Allocated fixed costs	Variable costs per unit
Face cream	\$5	\$12 000	\$2

The skincare market is very competitive. There are many established brands that offer similar products to NN, but with wider distribution channels.

Question 2

Natalia needs to balance her time between production, managing orders, delivery, marketing and other administrative tasks. She works long hours and is stressed and exhausted.

Natalia is considering outsourcing to increase NN's production capacity.

(a) **(i)** Identify **one** internal stakeholder of a business. [1]

(ii) Explain the term *distribution channels*. [3]

(b) **(i)** Refer to Table 2.1. Calculate the break-even level of output of the new face cream. [3]

(ii) Explain **one** limitation to NN of break-even analysis. [3]

(c) Analyse **one** advantage and **one** disadvantage to NN of being a small business. [8]

Question 2

(d) Evaluate whether outsourcing is the most suitable way to increase NN's production capacity. [12]

Solution 2

(a)(i) Mark scheme

- Identify one internal stakeholder of a business.
- AO1 Knowledge and understanding
- Indicative content
- Responses may include:
- ▪
- employees
- ▪
- owners

Solution 2

- ▪
- shareholders
- ▪
- managers
- ▪
- directors
- ▪
- investors
- Accept all valid responses.
- 1

Solution 2

- 9609/21
- October/November 2025

Solution 2

(a)(ii) Mark scheme

- Explain the term ‘distribution channels.
- 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

- Responses may include:
- AO1 Knowledge and understanding
- (max 1 mark), including:
- ▪
- stages/routes/path a good/service passes through to the final buyer/customer/consumer
- ▪
- how a product or service gets from the producer to the final customer/from supplier to consumer
- AO2 Application
- Explanation of distribution channels

Solution 2

- (max 1 mark), including:
- ▪
- can be direct/indirect/digital
- ▪
- help businesses access wider markets
- ▪
- efficient for getting products to customers
- ▪
- convenient for customers
- ▪

Solution 2

- reduce costs through specialisation
- ▪
- help gain brand recognition
- 3
- 9609/21
- October/November 2025
- Application for distribution channels
- (max 1 mark), including:
- ▪
- vary according to business type

Solution 2

- ▪
- business can use more than one channel such as selling through website and retail shop
- ▪
- examples of distribution channels such as:
- producer sells direct to the consumer
- involves intermediaries such as wholesalers/retailers/agents
- digital platforms/websites/apps/social media
- ▪
- example of a business distribution channel

Solution 2

- Accept all valid responses

Solution 2

(b)(i) Mark scheme

- Refer to Table 2.1. Calculate the break-even level of output of the new face cream.
- Indicative content
- formula: break-even output = fixed costs / selling price-variable costs (contribution per unit) 1
- calculation of contribution per unit = \$5 – \$2 = \$3 1
- calculation of output = 12 000/3 (1) = 4000 units
- Answer = 4000 3
- OFR applies

Solution 2

- 3
- 9609/21
- October/November 2025

Solution 2

(b)(ii) Mark scheme

- Explain one limitation to NN of break-even analysis.
- 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

- Responses may include:
- AO1 Knowledge and understanding – Knowledge of a limitation
- (max 1 mark), including:
- ▪
- may be based on unrealistic assumptions
- ▪
- price can change
- ▪
- fixed costs can change
- ▪

Solution 2

- variable costs do not always stay the same
- ▪
- some costs semi-fixed/variable
- ▪
- sales not the same as output
- ▪
- hard to calculate for a single product in a business.
- ▪
- does not take account of changes in the external environment
- 3

Solution 2

- 9609/21
- October/November 2025
- Dis AO2 Application
- Explanation of a limitation
- (max 1 mark), including:
- ▪
- leads to inaccurate analysis
- ▪
- assumes all units produced are sold
- ▪

Solution 2

- example of changing fixed costs such as rent/salaries/investments
- ▪
- example of changing variable costs
- ▪
- example of semi-fixed/variable costs
- ▪
- example of difference between sales and output such as unsold inventory/returns/discounts
- ▪
- products may have different profit margins

Solution 2

- Context applied to a limitation
- (max 1 mark), including:
- ▪
- answer to 2(b)(i) (OFR)
- ▪
- price of $5
- ▪
- sells other products that contribute to fixed costs
- ▪
- use of table 2.2

Solution 2

- ▪
- rents workshop
- ▪
- competitive market
- Accept all valid response
- 9609/21
- October/November 2025

Solution 2

(c) Mark scheme

- Analyse one advantage and one disadvantage to NN of being a small business.
- Level AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis
- 4 marks

Solution 2

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

Solution 2

- identifies connections 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.
- ▪
- Application of one relevant
- point to a business context.

Solution 2

- 1–2 marks
- Limited analysis
- ▪
- Limited analysis that identifies
- connections between causes,
- impacts and/or consequences
- of two points.
- ▪
- Limited analysis that identifies
- connections between causes,

Solution 2

- 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

- Annotate the advantage in the left-hand margin and the disadvantage in the right-hand margin.
- 8
- 9609/21
- October/November 2025
- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of an advantage
- (max 1 mark), including:
- ▪

Solution 2

- more flexible and adaptable to changing customer needs or market conditions
- ▪
- more personal and responsive customer service
- ▪
- lower overheads and operating costs
- ▪
- easier to control and manage
- ▪
- able to target niche markets or segments
- Knowledge of a disadvantage

Solution 2

- (max 1 mark), including:
- ▪
- lower economies of scale
- ▪
- high unit costs.
- ▪
- low bargaining power
- ▪
- difficult to be competitive
- ▪

Solution 2

- may not be able to fulfil all orders
- ▪
- smaller customer base
- ▪
- fewer distribution channels
- ▪
- limited funding opportunities
- AO2 Application Max one
- for application to an advantage and Max one
- for application to a disadvantage

Solution 2

- ▪
- needs to sell 4000 units of new product to break even (OFR from 2(b)(i))
- ▪
- high fixed costs of one product such as the new face cream \$12 000
- ▪
- niche market for natural ingredients in skincare
- ▪
- competitive market with large chains/established brands
- ▪
- can quickly adapt products for different skin types

Solution 2

- ▪
- hand-made products
- ▪
- Natalia manages all tasks/no employees
- ▪
- Natalia works long hours/stressed and exhausted
- 9609/21
- October/November 2025
- AO3 Analysis
- Limited analysis

Solution 2

- – candidate shows one link in the chain of analysis.
- Developed analysis
- candidate shows two or more links in the chain of analysis or a two-sided analysis.
- Advantages, including:
- ▪
- can be more flexible and adaptable as a small business – such as by being able to modify its
- products/prices/promotions/places quickly and easily according to customer feedback or market trends.
- ▪
- increase customer satisfaction – leading to customer loyalty/retention.

Solution 2

- ▪
- reduced fixed costs – more profit
- Disadvantages, including:
- ▪
- small market and high costs – lead to a lower profit margin
- ▪
- less potential for growth – limited access to capital
- ▪
- difficult to compete in the market – less brand recognition
- ▪

Solution 2

- limited sources of finance – difficult to attract investors/obtain loans
- Accept all valid responses
- 9609/21
- October/November 2025

Solution 2

(d) Mark scheme

- Evaluate whether outsourcing is the most suitable way to increase NN's production capacity.
- Level AO1 Knowledge
- and understanding
- 2 marks
- AO2 Application
- 2 marks
- AO3 Analysis

Solution 2

- 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 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
- used to answer the

Solution 2

- 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.
- ▪

Solution 2

- 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.
- 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

Solution 2

- consequences.
- 1–2 marks
- Limited evaluation
- ▪
- A judgement/conclusion is made with
- limited supporting comment/evidence.
- ▪
- An attempt is made to balance the
- arguments.
- 0

Solution 2

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

Solution 2

- No creditable response.
- 12
- 9609/21
- October/November 2025
- Responses may include:
- AO1 Knowledge and understanding – of outsourcing (max 2
- s), including:
- ▪
- the process of contracting out a business activity or function to another business/organisation

Solution 2

- ▪
- pay other businesses to take on some tasks
- ▪
- can help reduce unit costs
- ▪
- a business can concentrate on what it does best
- ▪
- can reduce risks
- ▪
- specialists skilled in function

Solution 2

- ▪
- specialist facilities
- AO2 Application
- Limited application
- applies knowledge of outsourcing to NN once.
- Developed application
- $+$
- applies knowledge of outsourcing to NN twice.
- ▪
- growing demand for its products

Solution 2

- ▪
- small business
- ▪
- Natalia works long hours/stressed and exhausted
- ▪
- NN's values/standards
- ▪
- Natalia's passion and satisfaction as an entrepreneur
- ▪
- competitive market

Solution 2

- ▪
- loyal customer base
- ▪
- narrow distribution channels
- ▪
- organic ingredients
- ▪
- natural, handmade products
- ▪
- local suppliers

Solution 2

- ▪
- small, rented workshop
- ▪
- answer to 2(b)(i), required output/sales to break-even
- 9609/21
- October/November 2025
- AO3 Analysis
- Limited analysis
- – candidate shows one link in the chain of analysis.
- Developed analysis

Solution 2

- candidate shows two or more links in the chain of analysis or a two-sided analysis.
- Arguments for outsourcing:
-
  -
- outsourcing allows a business to scale up production – no need to invest in larger premises or equipment.
-
  -
- would free up time to focus on other tasks – like product development/marketing.
-
  -
- external manufacturers may have better equipment and processes – leading to improved efficiency/product consistency.
-
  -

Solution 2

- this could enhance reputation – supporting growth/sales
- Arguments against outsourcing:
- ▪
- could compromise product quality – resulting on dissatisfied customers
- ▪
- customers may perceive outsourced products as less personal – reducing demand
- ▪
- may conflict with values – especially if the external firm does not share the same environmental standards.
- ▪

Solution 2

- may involve high initial costs or long-term contracts- risky for a small business with limited financial resources.
- AO4 Evaluation
- Limited evaluation
- – unsupported 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 2

- Outsourcing could help NN expand production and reduce Natalia's workload, but it also poses risks to quality, brand
- identity, and cost control. A hybrid approach may be more suitable – Natalia could outsource part of the production while
- maintaining control over key processes. This would allow NN to grow sustainably while preserving its unique brand values.
- Other points might include:
- ▪
- depends on various factors – such as her objectives, resources, capabilities, market conditions
- ▪

Solution 2

- judgement over the most important/influential factor affecting growth of NN
- ▪
- elements that the judgement could depend upon, such as losing control over the quality and consistency of the
- products, compromising on the natural and organic ingredients used in the products, or damaging the reputation and
- image of NN
- ▪
- judgement on the implications for cost and NN's ability to compete with big brands
- ▪

Solution 2

- weighing up of the factors and their relative influence on NN's options
- Accept all valid responses

Question 5

9609/13 J25 ▪ Q5 ▪ 20 marks

5 **(a)** Analyse **two** benefits to a business of using break-even analysis. [8]

(b) Evaluate whether cash flow forecasting is the most important activity for the success of a fashion clothing manufacturer. [12]

OR

Solution 5

(a) Mark scheme

- Analyse two benefits to a business of using break-even analysis.
- There are 8 marks in total for Q5(a)
- 4 marks for each of the two benefits given.
- These 4 marks consist of
- 1 mark for
- 1 mark for
- 2 marks for
- Indicative content

Solution 5

- Responses may include:
- AO1 Knowledge and understanding
- 1 mark for
- identifying one benefit of using break-even analysis.
- ▪
- Provides crucial insights for business decisions
- ▪
- Provides information for a range of important business decisions
- ▪

Solution 5

- Shows whether a product is worth selling or too risky- such as new products, pricing, costs and production levels
- Shows the amount of revenue a business will make at different levels of output
- Assists in evaluating investment plans/decisions
- Helps to analyse costs
- Calculations are quick/easy

Solution 5

- ▪
- Helps set pricing strategy
- ▪
- Supports setting targets
- 8
- 9609/13
- May/June 2025
- AO2 Application
- 1 mark for
- of a one benefit.

Solution 5

- ▪
- The use of break-even analysis in a business -indicates production volume required to cover costs/make profits
- ▪
- Allows informed decisions to be made on: Pricing
- ▪
- Cost management
- ▪
- Production levels
- ▪

Solution 5

- Overall business strategy
- ▪
- Relatively easy to calculate and understand – great for quick estimates.
- ▪
- Used to assist managers in decision making – location, equipment, projects.
- ▪
- The break-even analysis can be used in business plans to support loan applications
- ▪
- Really useful when launching new products or entering new markets
- AO3 Analysis

Solution 5

- 2 marks for developed
- of one benefit
- 1 mark for limited
- of one benefit
- ▪
- Break-even analysis can give a business an idea of whether the product is likely to be successful by analysing the
- costs involved and likely revenues.
- ▪
- The level of output for a desired level of profit can be determined

Solution 5

- ▪
- A break-even chart indicates the margin of safety. If the margin of safety is too low the business might reconsider its
- product(s)
- ▪
- Break even analysis can be used to assist managers when making important decisions such as location decisions,
- whether to buy new equipment, or invest in a project – so reduces the risk to the business.
- ▪

Solution 5

- A business might see that if a certain level of profit is to be achieved, costs might have to be reduced to make it
- possible
- ▪
- A change in price might also be indicated. If the desired profit is not achieved, then the price of the product might have
- to be increased.
- Accept all valid responses.
- The AN marks are recorded in the 5(a) AO3 box
- 9609/13
- May/June 2025

Solution 5

Solution 5

(b) Mark scheme

- Evaluate whether cash flow forecasting is the most important activity for the success of a fashion clothing
- manufacturer
- There are 12 marks for Q5(b)
- 2 marks for
- 2 marks for
- 2 marks for
- 6 marks for

Solution 5

- Indicative content
- Responses may include:
- AO1 Knowledge and understanding
- 2 marks for developed knowledge and understanding
- 1 mark for limited knowledge and understanding
- ▪
- Cash flow forecasting-the process of obtaining an estimate/forecast of a business's future cash position – anticipated
- payments and receivables in a given period of time
- ▪

Solution 5

- Clothing manufacturers convert raw materials into finished garments
- ▪
- Success may be measured in terms of quality of clothing, customer satisfaction, level of clothes purchased, reputation
- established, health of financial position, level of profit, amount of time in business.
- 12
- 9609/13
- May/June 2025
- AO2 Application/Context
- 2 marks for developed application/context

Solution 5

- 1 mark for limited application/context
- ▪
- Success of a fashion clothing manufacturer very much concerned with following/creating the latest trends,
- fashions/fads in clothing, keeping pace with the latest fashion house changes in a range of different clothing items.
- ▪
- Fashion clothing manufacturers produce a variety of clothes such as trousers, skirts, dresses, jumpers, T-shirts. casual
- wear, evening wear, summer ware etc
- ▪

Solution 5

- Use different materials-cotton, wool, leather
- ▪
- Creativity/innovation in clothing design work
- AO3 Analysis
- 2 marks for developed analysis
- 1 mark for limited analysis
- ▪
- A CFF can provide an early warning system for a business – future shortfalls in cash balances – allows a business to
- take informed business decisions, such as overdraft provision or short-term loan

Solution 5

- ▪
- If a business runs out of cash, it may face insolvency. A CFF can indicate the correct time to take action.
- ▪
- CFF enables a business to track expected cash movements over a period of time in the future – provides a degree of
- certainty in possible turbulent times – allows well planned decisions to be made
- ▪
- CFF is a strategic tool for a new business – gives information for development of plans for survival and growth
- ▪

Solution 5

- A cash flow forecast may be useful for external stakeholders – such as banks, may want to look at CFF at regular
- intervals in order to support a business plan.
- 9609/13
- May/June 2025
- AO4 Evaluation
- AO4 Evaluation: Up to 6 marks for evaluation:
- Developed/Supported judgement in context
- 6 marks
- Developed/Reasonable evaluative comments in context

Solution 5

- 5 marks
- Developed/Supported judgement without context
- 4 marks
- Developed/Reasonable evaluative comments without context
- 3 marks
- Limited supported judgement
- 2 marks
- An attempt to balance the arguments/Weak attempt at evaluative comments
- 1 mark

Solution 5

- A judgement/conclusion is made as to the importance of cash flow forecasting for the success of a new restaurant. Such
- judgements/conclusions may be made at any point in the essay, not only in a concluding section.
- ▪
- A judgement is made as to whether activities other than CFF could/should be considered as important or more
- important in affecting a new clothing manufacturer's ability to succeed.
- ▪
- A judgement is made as to what is meant by success and when to take the measure

Solution 5

- ▪
- Alternative measures of success are judged to be – perception of the quality of the clothes – brand image – desirability
- of clothes – strength/weakness of the economy – ability to react to changes in trends – retailer/supplier relationships
- ▪
- A judgement is made regarding the significance of cash control and CFF for a new clothing manufacturer in relation to
- other factors.
- ▪

Solution 5

- Is CFF as important as market research or monitoring trends and fashions in clothing?
- Accept all valid responses.
- NOTE: The marks for 5(b) are recorded in the mark input column on the right-hand side of the screen.
- K marks are entered in the 5b AO1 box
- APP marks are entered in the 5b AO2 box
- AN marks are entered in the 5b AO3 box
- EVAL marks are entered in the 5b AO4 box
- 9609/13
- May/June 2025

Solution 5

Question 1

9609/22 J25 ▪ Q1 ▪ 30 marks

1 Town Trucks (TT)

TT is a private limited company in country J. TT has contracts to deliver products to secondary, tertiary and quaternary sector businesses.

QZ is one of the largest manufacturers in country J and plans to outsource its supply chain management. A contract has been agreed between TT and QZ based on the following cost and revenue data (see Table 1.1). TT's Sales Manager has forecast that TT will make *5*
5000 deliveries with the new contract.

Table 1.1 Cost and revenue forecast for the QZ contract

Question 1

	$
Direct costs (average per delivery)	5
Total indirect costs	9 000
Total revenue	40 000

TT employs 120 drivers. The majority of these drivers are white men aged between 40 and 60. A national newspaper has recently criticised the truck industry in country J for not having diversity and equality in the workplace.

Question 1

Klide, the Marketing Manager, has been set an objective to increase TT's revenue. He has decided to target small online retailers. TT will pick up individual products from the small online retailers and deliver them to households. This would require a new fleet of smaller trucks but has the potential to increase TT's revenue. Klide plans to use digital promotion to target these small online retailers.

(a) **(i)** Identify **one** business activity within the quaternary sector. [1]

(ii) Explain the term *supply chain management*. [3]

(b) **(i)** Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract. [3]

(ii) Explain **one** reason why TT needs accurate cost information. [3]

Question 1

(c) Analyse **two** advantages to TT of improving diversity and equality in the workplace. [8]

(d) Evaluate the usefulness of digital promotion to TT when targeting small online retailers. [12]

Solution 1

(a)(i) Mark scheme

- Identify one business activity within the quaternary sector.
- Responses may include:
- The quaternary sector consists of those industries providing knowledge/communication and information services, such
- as
- ▪
- computing
- ▪

Solution 1

- ICT
- ▪
- consultancy
- ▪
- research and development (R&D)
- ▪
- digital marketing
- ▪
- digital recruitment and selection
- ▪

Solution 1

- Intellectual property (copyright, patents)
- Allow examples of specific business', industries etc. that exist in the quaternary sector, including
- ▪
- web/internet design
- ▪
- Education
- ▪
- Training
- ▪

Solution 1

- Media
- ▪
- Government
- ▪
- Cyber security
- Note: – allow any activity that could be in the quaternary sector
- Accept all valid responses.
- 1
- 9609/22
- May/June 2025

Solution 1

(a)(ii) Mark scheme

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

Solution 1

- 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 1

- Responses may include:
- AO1 Knowledge and understanding
- Knowledge of supply chain management
- (max 1 mark), including:
- The coordination (allow management) of the flow/movement of goods and services.
- Allow – management of inventory
- –management of raw materials
- AO2 Application
- Limited application

Solution 1

- applies knowledge of supply chain management from one aspect of the supply chain (ie suppliers to
- a business, within a business or from the business to customers).
- Developed application
- +
- applies knowledge of supply chain management in two or more aspects of a business.
- Explanation of supply chain management
- (max 2 marks), including:
- From suppliers to business
- Within the business

Solution 1

- To the customer
- 3
- 9609/22
- May/June 2025
- ▪
- From suppliers
- – and to customers
- .
- ▪
- Between different parts within the business – and to the customer.

Solution 1

- ▪
- Raw materials within the business – and to distribution channels.
- ▪
- Involves the complete chain of inventory from suppliers – to customers.
- ▪
- Involves inventories, from raw materials – to finished goods.
- Accept all valid responses.
- Exemplar and annotations
- Mark Rationale
- Coordination of the movement of products

Solution 1

- . For example, how
- raw materials are delivered to the business
- and how the
- business delivers products to customers
- .
- 3 Explicit knowledge of supply chain
- management and explanation of two
- elements of the supply chain.
- The coordination of products
- from the suppliers delivering to

Solution 1

- the business
- and how the business moves these through its
- production process
- .
- 3 Poorly defined, but there is clear
- knowledge that the supply chain involves
- movement. Two elements of the
- movement, from the supplier to the
- business and then the business through the
- production process.

Solution 1

- Movement of inventory
- around a factory
- , and to the
- customers
- 3 Knowledge of movement with movement
- around a factory and to customers, so all
- three marks.
- Management of the raw materials being turned into products
- which can be sent to customers
- .

Solution 1

- 2 Clear knowledge, but only one type of
- movement.
- Managing the movement of products
- .
- 1 Not a perfect definition, but enough to
- award the knowledge mark. No attempt to
- apply.
- Looking after how products are offered to customers.
- 0 No explicit knowledge of movement. Can
- not award APP without K.

Solution 1

- Managing the supply chain.
- 0 Tautology
- 9609/22
- May/June 2025

Solution 1

(b)(i) Mark scheme

- Refer to Table 1.1 and other information. Calculate TT's forecast total profit from the QZ contract.
- Formula:
- Profit = TR – TC (direct costs + indirect costs) 1
- OR
- Calculation of total direct costs = 5×5000 =25 000 1
- Calculation of TC:
- TC = \$25 000 + \$9000 = \$34 000(1)

Solution 1

- \$40000 – \$34000 = \$6000 (1 – OFR rule applies)
- Ans = \$6000 (3 marks)
- 9609/22
- May/June 2025
- Exemplars and annotations
- 3 marks
- Correct answer
- 6000
- Working and \$ sign do not
- matter.

Solution 1

- An answer of 6 is incorrect.
- 2 marks
- Correct calculation of total costs
- (TC) ($34 000 – with working).
- OR
- Correct calculation of gross profit
- ($15 000 – with working)
- OR
- An incorrect answer with one
- mistake allowing OFR for final

Solution 1

- stage.
- To award two marks, there must
- be
- ▪
- Two
- and a
- OR
- ▪
- One
- , one

Solution 1

- and one
- OR
- ▪
- Two
- and a
- 1 mark
- One of the following:
- ▪
- Correct formula
- ▪

Solution 1

- Correct calculation of total
- direct costs ($25 000)
- To award one mark, there must
- be:
- ▪
- One
- and two
- 0 marks
- No creditable content.
- To award zero marks, there must

Solution 1

- be a minimum of one
- 9609/22
- May/June 2025

Solution 1

(b)(ii) Mark scheme

- Explain one reason why TT needs accurate cost information.
- AO1 Knowledge and understanding
- 1 mark
- AO2 Application
- 2 marks
- 2 marks
- Developed application of one relevant point to a
- business context.

Solution 1

- 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 1

- Responses may include:
- AO1 Knowledge and understanding
- Identification of a reason why a business needs accurate cost information
- (max 1 mark), including:
- ▪
- To calculate the total cost of production
- ▪
- To make sure a profit is made
- ▪
- To identify the profit margin

Solution 1

- ▪
- To identify the break even point / margin of safety / target profit level
- ▪
- To know how much finance is needed
- ▪
- To categorise costs
- ▪
- To forecast sales
- ▪
- To budget/plan

Solution 1

- ▪
- To set prices
- 3
- 9609/22
- May/June 2025
- AO2 Application
- Explanation of a reason why a business needs accurate cost information
- (max 1 mark), including:
- ▪
- To calculate the total cost of production – to calculate profit levels

Solution 1

- To make sure a profit is made – which can increase dividends
- To identify the profit margin – to benchmark against other businesses
- To identify the break-even point / margin of safety / target profit level – to ensure the business sells enough to cover
- the costs
- To know how much finance is needed – so that a bank can see how much profit may be made

Solution 1

- ▪
- To categorise costs – to budget for cost centres
- ▪
- To forecast sales – to estimate the break-even level of sales
- ▪
- To budget – so that the business can plan for future expansion
- ▪
- To set prices – by knowing the total costs which need to be covered.
- Context applied to TT
- (max 1 mark), including:

Solution 1

- ▪
- TT has shareholders
- ▪
- Specialises in supply chain management
- ▪
- Contracts to deliver raw materials
- ▪
- To secondary and tertiary sector businesses
- ▪
- Agreed contract between TT and QZ

Solution 1

- ▪
- Use of Table 1.1
- ▪
- TT employs 120 drivers
- ▪
- Objective to increase sales
- ▪
- Targeting small, online retail businesses
- ▪
- Requires a new fleet of smaller trucks

Solution 1

- 9609/22
- May/June 2025
- Exemplar and annotations
- Mark
- Rationale
- To set prices
- by calculating the total costs and setting a price
- higher than the cost per unit
- when delivering 5000 products for
- QZ

Solution 1

- .
- 3 A reason identified, explained
- and in context, so all 3 marks.
- To set budgets
- for the 5000 QZ deliveries
- .
- 2 A reason identified, but not
- explained. The context about QZ
- is fine.
- So that TT can know how much finance it needs

Solution 1

- to cover the
- QZ order.
- 1 Identification of a reason, but no
- explanation and the context is
- TV. Names are not enough for
- context.
- So that TT can survive.
- 0 No specific reason identified.
- ▪
- Plans to use digital promotion.

Solution 1

- Accept all valid responses.
- 9609/22
- May/June 2025

Solution 1

(c) Mark scheme

- Analyse two advantages to TT of improving diversity and equality in the workplace.
- Level
- AO1 Knowledge and
- understanding
- 2 marks
- AO2 Application
- 2 marks

Solution 1

- AO3 Analysis
- 4 marks
- 2
- 3–4 marks
- Developed analysis
- ▪
- Developed analysis that identifies connections
- between causes, impacts and/or consequences of
- two points.
- ▪

Solution 1

- Developed analysis that identifies connections
- 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 1

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

Solution 1

- ▪
- 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 1

- ▪
- 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

Solution 1

- No creditable response.
- 8
- 9609/22
- May/June 2025
- Note: Annotate the first advantage in the left-hand margin and the second advantage in the right-hand margin.
- Responses may include:
- AO1 Knowledge and understanding
- Identification of an advantage of improving diversity and equality
- , including:

Solution 1

- ▪
- Increase potential supply of workers
- ▪
- Reduce the chance of being sued
- ▪
- Increase motivation
- ▪
- Improve reputation/ brand image
- ▪
- Attract more diverse employees

Solution 1

- ▪
- Reduce labour turnover
- AO2 Application
- Application of the advantage to TT
- , including:
- ▪
- TT is a private limited company
- ▪
- Specialises in supply chain management
- ▪

Solution 1

- Contracts to deliver raw materials
- ▪
- To secondary and tertiary sector businesses
- ▪
- Works with one of the largest manufacturers in country J
- ▪
- Agreed contract between TT and QZ
- ▪
- Use of Table 1.1
- ▪

Solution 1

- TT employs 120 drivers
- ▪
- Objective to increase sales
- ▪
- Targeting small, online retail businesses
- ▪
- Requires a new fleet of smaller trucks
- ▪
- Plans to use digital promotion
- ▪

Solution 1

- Industry has been criticised for not having diversity and equality
- 9609/22
- May/June 2025
- AO3 Analysis
- ▪
- Limited analysis of an advantage of improving diversity and equality to a business
- – developed analysis
- ,
- including:
- ▪

Solution 1

- Increase potential supply of workers: reduce labour costs – increase profitability.
- ▪
- Reduce the chance of being sued – decrease business costs – increase profit.
- ▪
- Increase motivation – increase efficiency of the business – increase profitability.
- ▪
- Improve reputation – increase sales / contracts – increase profit.
- ▪
- Attract more diverse employees – brings new ideas into the business – increase sales / profit.

Solution 1

- ▪
- Reduce labour turnover – reduce business costs – increase profitability.
- Accept all valid responses.
- Exemplar and annotations
- AO1 Knowledge
- AO2 Application
- AO3 Analysis
- Motivate drivers
- ,
- as there are 120 of them

Solution 1

- ,
- so this might lead to more productive
- employees
- leading to lower
- average costs
- .
- Attract better employees
- .
- Which will help TT reach its
- objective to increase sales

Solution 1

- ,
- by having more skilled employees,
- TT can increase the number of
- deliveries
- and therefore increase
- the profit
- .
- 9609/22
- May/June 2025

Solution 1

(d) Mark scheme

- Evaluate the usefulness of digital promotion to TT when targeting small online retailers.
- Level
- AO1
- Knowledge and
- understanding
- 2 marks
- AO2 Application

Solution 1

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

Solution 1

- 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

Solution 1

- 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 1

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

Solution 1

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

Solution 1

- knowledge
- 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

Solution 1

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

Solution 1

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

Solution 1

- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable
- response.
- 0 marks
- No creditable response.
- 12

Solution 1

- 9609/22
- May/June 2025
- Responses may include:
- AO1 Knowledge and understanding – knowledge of digital promotion
- Knowledge of digital promotion
- (max 2 marks), including:
- ▪
- Social media
- ▪
- Email

Solution 1

- ▪
- Using the internet /technology (marketing)
- ▪
- Online (marketing)
- ▪
- Spam
- ▪
- Influencer
- ▪
- Search engine optimisation

Solution 1

- ▪
- Mobile/smartphone/ app-based (marketing)
- ▪
- Viral (marketing)
- ▪
- Pay per click
- AO2 Application
- Application to TT
- , including:
- ▪

Solution 1

- TT is a private limited company
- ▪
- Specialises in supply chain management
- ▪
- Contracts to deliver raw materials
- ▪
- To secondary and tertiary sector businesses
- ▪
- Works with one of the largest manufacturers in country J
- ▪

Solution 1

- Agreed contract between TT and QZ
- ▪
- Use of Table 1.1
- ▪
- TT employs 120 drivers
- ▪
- Objective to increase sales
- ▪
- Requires a new fleet of smaller trucks
- 9609/22

Solution 1

- May/June 2025
- AO3 Analysis
- Analysis of the usefulness of digital promotion, including
- ▪
- Limited analysis of the use of digital promotion
- – developed analysis
- , including:
- ▪
- To communicate: relatively inexpensive which reduces business costs – increases profit.

Solution 1

- ▪
- To inform: digital promotion can be very fast with messages reaching customers instantly, this is likely to increase
- customer knowledge of a business and increase sales – increasing profit.
- ▪
- To persuade: people spend vast amounts of time on digital devices so digital promotion is likely to target these
- customers more than other types of promotion, increasing sales – increasing profit.
- Always on: especially with the increase in wearable technology, digital promotion increases the chances of customers
- seeing the promotion and being persuaded to make a purchase – increasing profit.

Solution 1

- AO4 Evaluation
- Limited evaluation of the usefulness of digital promotion
- – developed
- – developed in context
- , including:
- ▪
- Relative usefulness of digital promotion in targeting smaller online retailers.
- ▪
- Comparison with non-digital types of promotion
- ▪

Solution 1

- Comparison of different digital promotion methods.
- ▪
- Use of digital methods may depend upon; cost of method, target market of customers for the online retailers, advances
- in technology (speed, influence etc.), budget available, geographical spread of market etc.
- ▪
- The impact of the chosen digital promotion methods method(s) and the impact of the methods themselves.
- ▪
- The likely response from competitors.

Solution 1

- ▪
- A judgement of the most useful method of digital promotion.
- Accept all valid responses.
- 9609/22
- May/June 2025
- Exemplars for awarding evaluation
- Evaluate the usefulness of digital promotion to TT when targeting small online retailers.
- L1
- (limited

Solution 1

- supporting
- evidence)
- L2
- (developed supporting
- evidence)
- L3
- (developed supporting evidence
- with context)
- Digital promotion is
- very useful for TT.

Solution 1

- Digital promotion is very useful for TT
- because it is a low-cost way to change
- customers opinion about the business.
- Digital promotion is very useful for TT
- because it is a low-cost way to change
- customers opinion about the business.
- Low cost is important so that TT can make
- the new QZ contract successful.
- Digital promotion is
- not useful for TT.

Solution 1

- Digital promotion is not useful for TT
- because it is more likely to be ignored by
- customers as spam.
- Digital promotion is not useful for TT
- because it is more likely to be ignored by
- customers as spam because of the
- newspaper criticism.
- 9609/22
- May/June 2025