CAMBRIDGE
International Education

Cambridge International AS & A Level

BUSINESS **9609/31**

Paper 3 Case Study **October/November 2025**

MARK SCHEME

Maximum Mark: 60

Published

This mark scheme is published as an aid to teachers and candidates, to indicate the requirements of the examination. It shows the basis on which Examiners were instructed to award marks. It does not indicate the details of the discussions that took place at an Examiners' meeting before marking began, which would have considered the acceptability of alternative answers.

Mark schemes should be read in conjunction with the question paper and the Principal Examiner Report for Teachers.

Cambridge International will not enter into discussions about these mark schemes.

Cambridge International is publishing the mark schemes for the October/November 2025 series for most Cambridge IGCSE, Cambridge International A and AS Level components, and some Cambridge O Level components.

© Cambridge University Press & Assessment 2025

PUBLISHED

Generic Marking Principles

These general marking principles must be applied by all examiners when marking candidate answers. They should be applied alongside the specific content of the mark scheme or generic level descriptions for a question. Each question paper and mark scheme will also comply with these marking principles.

GENERIC MARKING PRINCIPLE 1:

Marks must be awarded in line with:

- the specific content of the mark scheme or the generic level descriptors for the question
- the specific skills defined in the mark scheme or in the generic level descriptors for the question
- the standard of response required by a candidate as exemplified by the standardisation scripts.

GENERIC MARKING PRINCIPLE 2:

Marks awarded are always **whole marks** (not half marks, or other fractions).

GENERIC MARKING PRINCIPLE 3:

Marks must be awarded **positively**:

- marks are awarded for correct/valid answers, as defined in the mark scheme. However, credit is given for valid answers which go beyond the scope of the syllabus and mark scheme, referring to your Team Leader as appropriate
- marks are awarded when candidates clearly demonstrate what they know and can do
- marks are not deducted for errors
- marks are not deducted for omissions
- answers should only be judged on the quality of spelling, punctuation and grammar when these features are specifically assessed by the question as indicated by the mark scheme. The meaning, however, should be unambiguous.

GENERIC MARKING PRINCIPLE 4:

Rules must be applied consistently, e.g. in situations where candidates have not followed instructions or in the application of generic level descriptors.

© Cambridge University Press & Assessment 2025

GENERIC MARKING PRINCIPLE 5: Marks should be awarded using the full range of marks defined in the mark scheme for the question (however; the use of the full mark range may be limited according to the quality of the candidate responses seen).
GENERIC MARKING PRINCIPLE 6: Marks awarded are based solely on the requirements as defined in the mark scheme. Marks should not be awarded with grade thresholds or grade descriptors in mind.

© Cambridge University Press & Assessment 2025

PUBLISHED

Social Science-Specific Marking Principles
(for point-based marking)

1 Components using point-based marking:

- Point marking is often used to reward knowledge, understanding and application of skills. We give credit where the candidate's answer shows relevant knowledge, understanding and application of skills in answering the question. We do not give credit where the answer shows confusion.

From this it follows that we:

a DO credit answers which are worded differently from the mark scheme if they clearly convey the same meaning (unless the mark scheme requires a specific term)
b DO credit alternative answers/examples which are not written in the mark scheme if they are correct
c DO credit answers where candidates give more than one correct answer in one prompt/numbered/scaffolded space where extended writing is required rather than list-type answers. For example, questions that require *n* reasons (e.g. State two reasons …).
d DO NOT credit answers simply for using a 'key term' unless that is all that is required. (Check for evidence it is understood and not used wrongly.)
e DO NOT credit answers which are obviously self-contradicting or trying to cover all possibilities
f DO NOT give further credit for what is effectively repetition of a correct point already credited unless the language itself is being tested. This applies equally to 'mirror statements' (i.e. polluted/not polluted).
g DO NOT require spellings to be correct, unless this is part of the test. However spellings of syllabus terms must allow for clear and unambiguous separation from other syllabus terms with which they may be confused (e.g. Corrasion/Corrosion)

2 Presentation of mark scheme:

- Slashes (/) or the word 'or' separate alternative ways of making the same point.
- Semi colons (;) bullet points (•) or figures in brackets (1) separate different points.
- Content in the answer column in brackets is for examiner information/context to clarify the marking but is not required to earn the mark (except Accounting syllabuses where they indicate negative numbers).

© Cambridge University Press & Assessment 2025

3 Calculation questions:

- The mark scheme will show the steps in the most likely correct method(s), the mark for each step, the correct answer(s) and the mark for each answer
- If working/explanation is considered essential for full credit, this will be indicated in the question paper and in the mark scheme. In all other instances, the correct answer to a calculation should be given full credit, even if no supporting working is shown.
- Where the candidate uses a valid method which is not covered by the mark scheme, award equivalent marks for reaching equivalent stages.
- Where an answer makes use of a candidate's own incorrect figure from previous working, the 'own figure rule' applies: full marks will be given if a correct and complete method is used. Further guidance will be included in the mark scheme where necessary and any exceptions to this general principle will be noted.

4 Annotation:

- For point marking, ticks can be used to indicate correct answers and crosses can be used to indicate wrong answers. There is no direct relationship between ticks and marks. Ticks have no defined meaning for levels of response marking.
- For levels of response marking, the level awarded should be annotated on the script.
- Other annotations will be used by examiners as agreed during standardisation, and the meaning will be understood by all examiners who marked that paper.

© Cambridge University Press & Assessment 2025

Annotations guidance for centres

Examiners use a system of annotations as a shorthand for communicating their marking decisions to one another. Examiners are trained during the standardisation process on how and when to use annotations. The purpose of annotations is to inform the standard isation and monitoring processes and guide the supervising examiners when they are checking the work of examiners within their team. The meaning of annotations and how they are used is specific to each component and is understood by all examiners who mark the component.

We publish annotations in our mark schemes to help centres understand the annotations they may see on copies of scripts. Note that there may not be a direct correlation between the number of annotations on a script and the mark awarded. Similarly, the use of an annotation may not be an indication of the quality of the response.

The annotations listed below were available to examiners marking this component in this series.

Annotations

Annotation	Meaning
	For objective points that are correct.
	For objective points that are wrong.
TV	When the candidate has attempted something, but the mark/skill has not been awarded as the answer is not sufficiently clear.
Highlighter	To highlight a point or section of an answer that justifies the mark/annotation.
BOD	When the candidate has attempted something, and the mark/skill has been awarded.
SEEN	To show a page/section has been seen/read.
REP	The repetition of a previous point in a response **or** the candidate is copying the case study/data.
OFR	The own figure rule applies – acts as a mark/tick.
K	When AO1 has been awarded. The number of Ks should match the mark awarded.

© Cambridge University Press & Assessment 2025

Annotation	Meaning
APP	When AO2 has been awarded. The number of APPs should match the mark awarded.
AN	When AO3 at Level 1 has been awarded.
L2 AN	When AO3 at Level 2 has been awarded.
EVAL	When AO4 at Level 1 has been awarded.
L2 EVAL	When AO4 at Level 2 has been awarded.
L2	When AO3 or AO4 has been awarded at Level 2.
L3	When AO4 has been awarded at Level 3.

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>1</td><td>

Analyse two likely impacts on PPP of the changing external influences.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks
Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>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, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Note:
- If more than two impacts are referred to, reward the best two.
- Accept any external influence that relates to context
- L2AN (3 marks) is possible for just one point made.
- All annotation (K APP AN L2) should be in the left margin.

</td><td>8</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1	Responses may include: **AO1 Knowledge and understanding** Definition of external influences (max K1) might include: • External influences are those outside the control of business and act as both constraints and enablers for PPP's activities. • External influences include legal, political, economic and social changes. Knowledge of impact of changes in external influences might include (max K2): • Increased trading barriers making trade more difficult, such as due to import taxes/tariffs • Decreasing demand for luxury goods due to decreasing income • Increasing demand for budget or low-priced goods due to decreasing income • Changes to eating habits and diets, such as healthy eating **AO2 Application** Application is making use of relevant case information not just repeating it. *Limited application,* APP *applies knowledge to PPP once.* *Developed application,* APP + APP *applies knowledge to PPP twice.* *Max one* APP *for application for the first impact in context and max one* APP *for application for the second impact in context.* • Trade more difficult between Country A and other countries in the region, may mean more expensive to export and import pies and ingredients, due to import taxes. • PPP sells both 'classic' pies and premium 'handmade' pies, the mix of items sold may change, due to falling real incomes. • 'Classic' pies may have a negative YED, whereas premium pies may have a positive YED (see table 1.1) • Maybe an opportunity for the new vegan range to be developed, due to people consuming less meat. • Maybe a threat to the new cheese pie aimed at the export market	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
1	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *-– candidate shows two or more links in the chain of analysis OR offers a two-sided analysis* • An increase in export costs may make pies more expensive for overseas customers, leading to less export orde AN resulting in reduced revenues and prof L2 AN / unless PPP finds a way to decrease production co L2 AN • Imported ingredients may become more expensive leading to higher production costs and pric AN • Demand may increase for 'classic' pies and decrease for 'premium' pie AN The impact on total revenue will depend on the different added value amounts, but is likely to decrease, maybe decreasing pro L2 AN • If pies are seen as generally unhealthy, overall demand will fall, due to the 'healthy eating' trend, leading to a decrease in sales revenue AN • Demand for meat pies may decrease, decreasing revenue AN but there could be an increase in demand for no-meat vegan pies, giving PPP an opportunity to develop this innovative range and increase sales L2 AN (two-sided analysis) • The difficulties in exporting to countries in the region may encourage Pedro, as an innovator to explore other markets and target a wider range of customers in other countries or at home resulting in increased brand awarenes AN and sales revenue. L2 AN . • Accept all valid responses.	

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>2</td><td>

Analyse two benefits to PPP of using quality assurance.

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
4 marks</th></tr>
<tr><td>2</td><td></td><td></td><td>3–4 marks Developed analysis
• Developed analysis that identifies connections between causes, impacts and/or consequences of two points.
• Developed analysis that identifies connections between causes, impacts and/or consequences of one point.</td></tr>
<tr><td>1</td><td>1–2 marks
• Knowledge of two relevant points is used to answer the question.
• Knowledge of one relevant point is used to answer the question.</td><td>1–2 marks
• Application of two relevant points to a business context.
• Application of one relevant point to a business context.</td><td>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, impacts and/or consequences of one point.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

Note:
- Only reward benefits of **use** of QA to PPP.
- If more than two benefits are referred to, reward the best two.
- All annotation (K APP AN L2) should be in the left margin.

</td><td>8</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2	Responses may include: **AO1 Knowledge and understanding** • Definition of quality assurance (QA) (max K1) might include: • QA involves checking for errors throughout the production process/at each stage, rather than at the end. • QA focuses on preventing mistakes, rather than finding them. • QA gives all employees responsibility for the checking process. • QA as part of TQM. Knowledge of benefits might include (max K2): • QA means no need to employ quality control inspectors. • QA means mistakes should be picked up early in the production process, rather than at the end. • QA leads to more responsibility for employees and may lead to motivation. • QA should lead to less wasted output and lower costs. • QA should lead to all employees understanding that quality is part of their job. **AO2 Application** *Max one APP for application to the first benefit of using QA and max one APP for application to the second benefit of using QA.* • Pedro values his employees and trains them, including in carrying out QA. • Pedro encourages ideas from employees and offers rewards, which can improve QA methods. • QA would start from the point where ingredients arrive at the factory and it is likely that there would also be some checks on suppliers. • The importance of safety in food products.	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
2	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • QA is likely to have cut down on wasted ingredients and pies potentially reducing unit pie production costs, increasing efficiency AN and therefore increased pro L2 AN . • QA means that quality control inspectors are not needed, decreasing wage costs AN • Taking responsibility for quality may motivate employees and result in an increase in productivity or work eff AN reducing unit costs L2 AN and therefore increase profit. • Motivated employees may provide good product development ideas which will increase sale AN and therefore profit L2 AN. • QA will motivate and retain employees and therefore reduce recruitment cost AN . Accept all valid responses	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
3(a)	**Using the data in Table 1.3, calculate the payback period for PPP's proposed new machine.** Definition of payback: the amount of time it takes for the initial investment cost to be recovered (1 if no valid calculation) (1.9) + 0.5 + 0.6 + 0.8 = 0 payback is 3 years or 36 months (2) 0.5 + 0.6 + 0.8 = 1.9 (1) Correct units needed for full marks – years or months.	**2**
3(b)	**Using the data in Table 1.3, calculate the accounting rate of return (ARR) for PPP's proposed new machine.** ARR = average annual profit / average investment × 100 (1 if no valid calculation) ARR = 0.2 / 0.95 × 100 = 21.05% or 21.1% or 21% (2) Use of 'old' formula 0.2 / 1.9 × 100 = 10.53% (1) Correct units required for full marks – %	**2**

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>3(c)</td><td>Evaluate whether PPP should invest in the new machine.
<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table></td><td>12</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
3(c)	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of one factor in investment decision / knowledge of impacts of process innovation.* *Developed knowledge* K + K *+ will be demonstrated through knowledge of two factors in the investment decision / impacts of process innovation.* Knowledge of process innovation and its impacts Definition of process innovation: the move to new methods of production, in this case computer-controlled automation. Less labour required. Knowledge of factors in decision • Investment cost. • Availability of finance. • Impact on employees. • ARR and Payback results. • Technical economies of scale possible. • Reduction in average cost of production. • Impact on quality. **AO2 Application** *Limited application,* APP *applies knowledge to PPP once.* *Developed application,* APP + APP *applies knowledge to PPP twice.* • Payback of 3 years – within 4 years of estimated life. • Return of $800 000 over 4 year period. • ARR of 21.05% • Cost of machine $1 900 000 • NCL are $6 million and gearing is 45%, total CE is therefore $13.3 million • Extra borrowing of $1.9 m would make gearing 7.9 / 15.2 = 51.97% • Pies have a shelf-life, therefore over-stocking inadvisable	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
3(c)	**AO3 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– candidate shows two or more links in the chain of analysis.* • Machine is costly, but the relatively high gearing of PPP increases risk of further borrowing AN causing cash flow problems for PPP L2 AN especially if sales fail to increase at the same rate as capacity increase. • Employee training to deal with computer automated system will result in increased costs AN , but PPP has a reputation for good employee training, which could be boosted by this L2 AN • Automation leads to increased efficiency AN and therefore eventually increased profit L2 AN . • Introducing automation may cause disruption to operations in the short-term reducing output whilst it is installed AN possible damage to reputation if orders are not fulfilled resulting in lower sales L2 AN • Automation will help PPP fulfil customer orders more quickly resulting in customer satisfaction AN and therefore an increase in sales L2 AN • Automation may result in a reduction in the number of employees engaged in production which will reduce operating costs AN but this will also result in redundancy payments being made L2 AN • If automation leads to excess stocks, waste may increase AN , which could lead to increased production costs L2 AN • Work may become more boring for employees resulting in a reduction in motivation and therefore an increase in labour turnover AN increasing costs L2 AN	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
3(c)	**AO4 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in contex* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • A judgement about whether to invest in automation/process innovation. • Elements that the evaluation/judgement might depend on: If automation is used, then success greatly depends on increased demand. How flexible might the machine be in changing from one type of pie to another? How well does automation fit with the 'social objectives' of PPP's employment practices? How important might the 'handmade' aspect of PPP's pies be in marketing? • Other factors to consider e.g. NPV as this considers time value of money. Depends on availability of finance linked to relatively high gearing and interest rate. How long will it take to install the automated system? Will specialist IT employees be required and how expensive is that? Opportunity cost of this project. • Weighing up of the factors and their relative influence on PPP's decision whether to invest in the new machine Accept all valid responses	

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(a)</td><td>Using the data in Table 1.2, calculate the monthly revenue from the sales of the classic pie after the price increase.
<table>
<tr><th></th><th></th><th>Mark</th></tr>
<tr><td>Correct new sales revenue
$ sign not required</td><td>3500 × $3.60 = $12 600</td><td>4</td></tr>
<tr><td>New quantity of sales</td><td>5000 – 30% = 5000 – 1500 = 3500</td><td>3</td></tr>
<tr><td>% change in QD</td><td>20% × –1.5 = (–)30%</td><td>2</td></tr>
<tr><td>Percentage change in price OR
PED equation</td><td>0.60/3.00 × 100 = (+) 20%
Percentage change in Quantity demanded /
Percentage change in price</td><td>1</td></tr>
<tr><td>No creditable response</td><td></td><td>0</td></tr>
</table></td><td>4</td></tr>
</table>

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>4(b)</td><td>

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

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
4(b)	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of the concept of elasticity of demand <u>or</u> knowledge or marketing strategy.* *Developed knowledge* K + K *will be demonstrated through knowledge of the concept of elasticity of demand <u>and</u> 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 • 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** • Marketing strategy includes market research and marketing mix to achieve marketing objectives within a budget. • Marketing mix consists of price, place, promotion and product	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
4(b)	**AO2 Application** Do not reward APP for quoting elasticities, need to show understanding of the figures. *Limited application,* APP *applies knowledge to PPP once.* *Developed application,* APP + APP *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 • 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) for classic pies but increase (by $3000) for premium pies. • 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.	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
4(b)	**AO2 Analysis** *Limited analysis* AN *– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– 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 revenu AN and therefore probably decrease pro L2 AN . • 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 produ AN overall leading to a successful launch and loyal customers increasing profi L2 AN . • As real incomes are falling, launching cheese pies as a 'budget' item should lead to higher sales due to negative YED. AN **AO3 Evaluation** *Limited evaluation* EVAL *– limited supported judgement and/or a weak attempt at evaluative comment.* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment.* *Developed evaluation in contex* L3 EVAL *– 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. • 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. • 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 communicated to potential customers and therefore attract sales. Accept all valid responses.	

© Cambridge University Press & Assessment 2025

<table>
<tr><th>Question</th><th>Answer</th><th>Marks</th></tr>
<tr><td>5</td><td>

Evaluate the importance of emotional intelligence to Pedro's leadership of PPP

<table>
<tr><th>Level</th><th>AO1 Knowledge and understanding
2 marks</th><th>AO2 Application
2 marks</th><th>AO3 Analysis
2 marks</th><th>AO4 Evaluation
6 marks</th></tr>
<tr><td>3</td><td></td><td></td><td></td><td>5–6 marks
Developed evaluation in context
• A developed judgement/conclusion is made in the business context.
• Developed evaluative comments which balance some key arguments in the business context.</td></tr>
<tr><td>2</td><td>2 marks
Developed knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>2 marks
Developed application of relevant point(s) to the business context.</td><td>2 marks
Developed analysis that identifies connections between causes, impacts and/or consequences.</td><td>3–4 marks
Developed evaluation
• A developed judgement/conclusion is made.
• Developed evaluative comments which balance some key arguments.</td></tr>
<tr><td>1</td><td>1 mark
Limited knowledge of relevant key term(s) and/or factor(s) is used to answer the question.</td><td>1 mark
Limited application of relevant point(s) to the business context.</td><td>1 mark
Limited analysis that identifies connections between causes, impacts and/or consequences.</td><td>1–2 marks
Limited evaluation
• A judgement/conclusion is made with limited supporting comment/evidence.
• An attempt is made to balance the arguments.</td></tr>
<tr><td>0</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td><td>0 marks
No creditable response.</td></tr>
</table>

</td><td>12</td></tr>
</table>

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
5	Responses may include: **AO1 Knowledge and understanding** *Limited knowledge* K *will be demonstrated through knowledge of emotional intelligence.* *Developed knowledge* K + K *+ will be demonstrated through knowledge of emotional intelligence <u>and</u> its importance in leadership.* Knowledge of emotional intelligence (EI): Goleman's four competencies: • Self-awareness • Social awareness • Self-management • Social skills/relationship management Statements showing understanding, such as: • 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 • 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.	

© Cambridge University Press & Assessment 2025

Question	Answer	Marks
5	**AO2 Application** *Limited application,* APP *applies knowledge to PPP once.* *Developed application,* APP + APP *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. • 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* AN -□*– candidate shows one link in the chain of analysis.* *Developed analysis* L2 AN *– 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 AN and therefore low recruitment costs L2 AN • Employees are motivated by their ideas being welcomed and delegated responsibilities, so productivity will increase AN. • 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 AN • 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 AN which will help improve PPP's performance L2 AN .	

Question	Answer	Marks
5	**AO4 Evaluation** *Limited evaluation* L1 EVAL *– limited supported judgement and/or a weak attempt at evaluative comment* *Developed evaluation* L2 EVAL *– supported judgement and/or reasonable evaluative comment* *Developed evaluation in contex* L3 EVAL *– supported judgement in context and/or reasonable evaluative comment in context.* • 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? • 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? • 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.	

© Cambridge University Press & Assessment 2025