



**General Certificate of Education (A-level) Applied
June 2013**

Applied Business

BS04

**(Specification
8611/8613/8616/8617/8619)**

Unit 4: Meeting Customer Needs (External Test)

Final

Mark Scheme

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	Assessment Objectives
	The Assessment Objectives represent those qualities which can be demonstrated in students' work and which can be measured for the purposes of assessment.
AO1 Knowledge, skills and understanding	Students demonstrate knowledge and understanding of the specified content and relevant business skills.
AO2 Application of knowledge, skills and understanding	Students apply knowledge and understanding of the specified content and relevant business skills.
AO3 Research and analysis	Students use appropriate methods in order to obtain and select information from a range of sources to analyse business problems.
AO4 Evaluation	Students evaluate evidence to reach reasoned judgements.
Quality of Written Communication	<p>The quality of written communication is assessed in all assessment units where students are required to produce extended written material. Students will be assessed according to their ability to:</p> <ul style="list-style-type: none">• select and use a form and style of writing appropriate to purpose and complex subject matter• organise relevant information clearly and coherently, using specialist vocabulary when appropriate• ensure that text is legible, and that spelling, grammar and punctuation are accurate, so that meaning is clear. <p>The assessment of the quality of written communication is included in Assessment Objective 4.</p>

1

Total for this question: 20 marks

1 (a) Using **Item A**, explain **one** reason why using a questionnaire was a good way for *Which?* to collect information on customer attitudes. (4 marks)

Level	Descriptor	Marks	Assessment Objective
2	Uses information from Item A to explain why questionnaires may have been used by <i>Which?</i>	4–3	AO2
1	Demonstrates understanding of questionnaires and their use.	2–1	AO1

Relevant answers might include the following:

Knowledge and application:

- questionnaires. A customer feedback questionnaire is a form of primary market research and is a focused survey
- questionnaires are made up of mainly closed questions designed to collect information in a form which can be analysed relatively easily
- questionnaires can be conducted by post or by using the internet
- questionnaires would have been an appropriate method of research because of the large number of people (over 40 000) who were surveyed
- the nature of the questions, asking for scores on the quality of service would be suitable for questionnaires
- the timescale of six months would have made it very difficult or expensive to collect information using methods such as personal interviews.

1 (b)	<i>Virgin Books and Virgin Money sell very different products. Using Item A, explain why customer needs may differ between people who buy books and those who buy financial services.</i>	<i>(7 marks)</i>
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Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to explain why customer needs may differ for books and financial services.	7–6	AO2
2	Uses Item A to explain why customer needs may differ for books or customer services / offers partial explanation of both.	5–4	
1	Demonstrates understanding of customer needs.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *customer needs include a range of factors such as information, advice and after-sales support associated with the purchase of a product*
- *customer needs may differ due to a range of factors including income levels, whether the product is essential and the complexity of the product*
- *Virgin Money offers a range of financial services all of which are complex*
- *consumers need detailed information before buying financial services to ensure that they meet their individual needs*
- *financial services are essential for many people and this means that they need information to be able to judge the quality and features of Virgin Money's products against those of rivals such as Barclays Bank*
- *Virgin Money's customers are likely to have a long-term relationship with the business and may require extensive after-sales support*
- *Virgin Books is a relatively cheap product and is not essential. Consumers need relatively little information before purchasing this product*
- *it is unlikely that consumers will need any after-sales support for Virgin Books.*

1 (c) Analyse the reasons why it is particularly important for Virgin Money to provide good customer service. Use **Item A** to support your answer. (9 marks)

Level	Descriptor	Marks	Assessment Objective
3	Analyses reasons for the importance of good customer service to <i>Virgin Money</i> .	9–8	AO3
2	Describes reasons for the importance of good customer service to <i>Virgin Money</i> .	7–4	AO2
1	Demonstrates understanding of customer service.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *customer service is a range of support activities provided before, during and after a the purchase of a product*
- *customer service is intended to enhance customer satisfaction and may provide competitive advantage*
- *Virgin Money has recently opened 75 new branches in the UK and hopes to attract customers from other banks*
- *Virgin Money will offer a similar range of products to its more established rivals*
- *a recent survey by Which? revealed that many customers of large UK banks are dissatisfied with the levels of customer service received – some only achieved a 40–50% satisfaction rating*
- *the same Which? survey stressed the importance of customer service to bank customers.*

Analysis:

- *operating a USP of good customer service, Virgin Money may be able to win customers from competitors by using it as a competitive weapon*
- *customer service is important to bank customers and would be a good choice for Virgin Money to use as a means of developing a customer base and building market share*
- *it is vital for Virgin Money to offer this service to attract customers as this will assist the business in establishing itself from more established rivals and will be an important differentiator.*

2

Total for this question: 20 marks

2 (a)	<i>Analyse the reasons why Virgin Atlantic offers different ticket types to its passengers.</i>	<i>(8 marks)</i>
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Level	Descriptor	Marks	Assessment Objective
3	Analyses the reason(s) why <i>Virgin Atlantic</i> offers different ticket types to its passengers.	8–7	AO3
2	Describes the reason(s) why <i>Virgin Atlantic</i> offers different ticket types to its passengers.	6–4	AO2
1	Demonstrates understanding of segmentation.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *segmentation divides a market into groups of customers having similar characteristics*
- *segmentation may be based on income, lifestyle or age*
- *Virgin Atlantic sells to different types of customers in terms of incomes, ages and reasons for travelling*
- *the needs of Virgin Atlantic’s customers differ and the company offers differentiated products to meet these varied needs*
- *the company augments its products for business travellers to help to meet their needs by, for example, offering chauffeur-driven travel to and from the airport to make effective use of their time*
- *the features of the actual product differ for different groups such as increasing the legroom for premium economy passengers to enhance comfort.*

Analysis:

- *wealthier people travelling for leisure purposes may pay higher prices for comfort and convenience by opting for premium economy tickets which may enhance the company’s financial position*
- *leisure travellers, even on long flights, seek low prices, especially if they are from lower income households and these passengers can increase revenue with little effect on costs.*

2 (b) Do you think that investing in an improved design of its Upper Class Suite (UCS) will increase Virgin Atlantic's profits? Use **Item B** to justify your view. (12 marks)

Level	Descriptor	Marks	Assessment Objective
3	Analyses advantages and/or disadvantages of investing in the UCS in terms of effect on profits.	7–6	AO3
2	Describes advantages and/or disadvantages of having an improved UCS.	5–4	AO2
1	Demonstrates relevant understanding of research and development/profits.	3–1	AO1

Relevant answers may include the following:

Knowledge and application:

- research and development is undertaken to produce new goods, services or processes
- providing improved products as a result of investing in research and development can assist a business in attracting increased numbers of customers
- this investment could increase customer numbers in Upper Class by 28% per flight and high prices will be charged for seats in Upper Class
- the previous investment proved popular with customers and this was shown as the idea was copied by rivals
- passengers in Upper Class pay high prices for their tickets.

Analysis:

In support of the investment increasing Virgin Atlantic's profits:

- with the high prices charged for seats in Upper Class, this could increase revenues and profits substantially
- the new UCS can be used as a USP helping the airline to differentiate itself and possibly boosting revenue and profits as a result.

Against investing in improving products increasing profits:

- the cost of the investment is high (£50 million) when judged against relatively low profits (£18.5 million in 2011). This may increase the company's borrowing and costs
- fitting more passengers into its UCS may mean that their customer needs are not met as well. Sales, revenue and profits may decline.

In addition, use the grid below to award marks for A04 – evaluation and quality of communication.

For AO4, you should award marks using the scheme below.

Note: AO4 also assesses students' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the student orders and communicates his/her ideas.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO4 and quality of written communication
E1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

Possible themes for evaluation:

- how long did the previous UCS last? If this investment has come relatively soon after the company's previous redesign of its UCS, this could suggest that *Virgin Atlantic* will need to spend large sums regularly, which may damage its profits.
- this development only affects passengers in Upper Class
- the recovery from recession may be more important, as the company made a loss in 2010 because of this
- it may boost profits if it is not copied and *Virgin Atlantic* can use it as a USP.
- much will depend on the reaction of passengers in Upper Class to the new design, especially as the cabin will be more crowded.

3

Total for this question: 20 marks

3	(a)	<p>Analyse the ways in which the use of ICT may help Unifo Ltd to improve its customer relations. Use Item C and Figure 2 to support your answer.</p>	<p>(8 marks)</p>
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Level	Descriptor	Marks	Assessment Objective
3	Analyses the way(s) in which ICT may help <i>Unifo Ltd</i> to meet its customers' relations.	8–7	AO3
2	Describes the way(s) in which ICT may help <i>Unifo Ltd</i> to meet its customers' relations.	6–4	AO2
1	Demonstrates relevant understanding of ICT/customer relations.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *customer relations* refers to a business's interactions with its customers and may cover fields such as sales, marketing and technical support
- having effective customer relations assists a business in discovering more about its customers and their needs
- using ICT would allow the company to communicate more regularly with its customers to discover their needs
- there were 40 complaints about quality of clothing in 2012 and 33 complaints about clothing not meeting requirements
- there is a rising trend of complaints from 2010–2012
- the company admits to having incomplete customer information (perhaps due to high rate of churn)
- the company currently only communicates with its customers by telephone and through visits by sales teams.

Analysis:

- the number of customers believing the clothing is not suitable for their purposes has risen dramatically and ICT could be used for online surveys, for example to uncover the reasons for this and help the company to respond appropriately
- *Unifo Ltd* could use ICT to analyse any data that it might gather from the use of ICT to create databases which may be interrogated to provide valuable customer information which might help it to meet customers' expectations
- high quality customer service is important in this industry if a company is to be successful. ICT can help to maintain good standards of customer service through effective and regular communication.

<p>3 (b)</p> <p><i>Unifo Ltd has two options to prevent its sales falling further. The company could:</i></p> <ul style="list-style-type: none"> • <i>research its customers' needs fully or</i> • <i>develop new products.</i> <p><i>Which option do you think that it should use? Use Item C to justify your decision.</i></p> <p style="text-align: right;"><i>(12 marks)</i></p>
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Level	Descriptor	Marks	Assessment Objective
3	Analyses arguments in context.	7–6	AO3
2	Describes how research or developing new products might help <i>Unifo Ltd</i> to prevent sales falling further.	5–4	AO2
1	Demonstrates understanding of researching customers' needs or developing new products.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *by researching its customers' needs a business may be able to meet them more fully*
- *developing new products allows a business to incorporate features and functions that meet customers' needs*
- *developing new products enables businesses to attract more customers by providing new and differentiated products*
- *the company is losing 20% of its customers each year which suggests that it is not meeting their needs fully*
- *this is a changing market and customers want high levels of service to meet their needs*
- *the statistics support the view of insufficient research in that rising proportions of customers are unhappy with the firm's products and their quality*
- *the company received 33 complaints in 2012 that its range of products does not meet requirements*
- *Unifo Ltd's customers want smart, up-to-date products made from the latest easy to maintain fabrics*
- *the company's customers' needs are changing.*

Analysis:

For researching its customers' needs fully:

- the first step in correcting the decline in falling sales should be to research customers' needs in depth to enable the company to provide the products that the market requires – research should take place before designing new products
- it is essential to discover changing customer needs through regular research to ensure that the business's products are up-to-date
- the company does not know what its customers require and therefore it is likely that sales will continue to fall until these needs are revealed as the business will be unable to satisfy its customers.

For developing new products:

- the company is likely to have a great deal of information already from complaints that it has received. Thus it is vital that the company develops new products to close this gap
- *Unifo Ltd's* customers have changing needs and this requires the company to develop some new products to meet these needs.

See next page for Evaluation grid.

In addition, use the grid below to award marks for A04 – evaluation and quality of communication.

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E1	Offers judgement plus limited justification. Ideas are communicated with some structure evident with occasional use of technical terms. There are noticeable errors in accepted conventions of written communication.	2–1	

Possible themes for evaluation:

- why should it be a choice between these two? Surely, both are required to prevent sales falling
- little can be done without customer research – perhaps the company has the right products available but does not understand what its customers want, or vice-versa. Without research to uncover the cause of the falling sales, it is difficult to recommend how to stop it.