

Centre Number						Candidate Number				
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Education
Advanced Subsidiary Examination
June 2013

Applied Business

BS04

Unit 4 Meeting Customer Needs

Monday 20 May 2013 1.30 pm to 2.30 pm

You will need no other materials.

Time allowed

- 1 hour

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 60.
- Questions 2(b) and 3(b) should be answered in continuous prose. In these questions you will be marked on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.



J U N 1 3 B S 0 4 0 1

M/Jun13/BS04

BS04

Answer **all** questions in the spaces provided.

1 Read **Item A** and then answer the questions that follow.

Item A

Virgin Group

Virgin Group is made up of many separately run businesses trading under the Virgin name. These include *Virgin Atlantic*, *Virgin Media* and *Virgin Mobile*.

Virgin Books and *Virgin Money* are two contrasting companies within the *Virgin Group*.

- *Virgin Books* was established in 1979, initially specialising in books on rock music. It publishes non-fiction books on a broad range of topics, including biography, humour, business, health and lifestyle. These books are then sold online to its customers. One of *Virgin Books*' best-selling titles was Richard Branson's 'Business Stripped Bare'.
- *Virgin Money* is a rapidly expanding business within the *Virgin Group*, aiming for a long-term relationship with its customers. *Virgin Money* provides a wide range of complex products, including bank accounts, credit cards, insurance for cars and houses, and other financial services. In 2012, it opened 75 new branches in the UK. Although it provides similar products, it is hoping to attract new customers from rivals such as HSBC, Santander and Barclays Bank.

Virgin Money has a clear focus on providing good customer service. In its new branches, it will offer a highly personal service to its customers, supported by the use of technology to increase convenience.

A recent questionnaire by the consumer organisation *Which?* targeted over 40 000 bank customers. The results showed that many UK consumers are dissatisfied with the level of customer service provided by the UK's major high street banks. The survey, conducted over a period of six months, investigated customer attitudes on a wide range of banking services and asked them to provide a score out of 100 for each service. Most consumers said that customer service is important, but some large banks only scored a customer satisfaction rating of only 40–50%.



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

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(4 marks)

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Question 1 continues on the next page

Turn over ▶



1 (b) *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.

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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.

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2 Read **Item B** and then answer the questions that follow.

Item B
Virgin Atlantic

Virgin Atlantic is the UK's second largest long-haul airline providing flights to destinations such as the US, the Caribbean and the Far East. It operates in a highly competitive market in which sales are slowly recovering from the recession of 2008–09. In 2010, the airline recorded a loss of £132 million. However, in 2011, *Virgin Atlantic* announced profits of £18.5 million as revenues rose 13% to £2.7 billion.

The airline offers a range of products for its passengers, as shown in **Figure 1**.

Figure 1: Virgin Atlantic's ticket types and the prices of a return ticket from London to New York, April 2012

Ticket type	Passenger characteristics	Key benefits	Typical price
Upper Class	Business travellers, mainly male, aged 35–45. Socio-economic groups: ABC1. Income: £50 000 +.	Seats convert into beds. Chauffeur for journeys to and from airports. Extensive in-flight menu and bar.	£4 048
Premium Economy	Equal numbers of business and leisure travellers, average age 41. Socio-economic groups: ABC1.	Separate check-in, priority boarding, wider seat and more legroom than economy. Pre-flight drinks and dedicated cabin crew.	£1 145
Economy	Mainly travelling for leisure reasons. All socio-economic groups and ages.	Free meals and drinks.	£475



Virgin Atlantic has redesigned its Upper Class Suite (UCS), which is the cabin used by its business travellers. The latest UCS is a development of a previous suite which proved popular with passengers and was a unique selling point for *Virgin Atlantic*.

The redesign has required a £50 million investment. The new UCS was introduced on its aeroplanes in April 2012. Passengers with Upper Class and Premium Economy tickets represent 20% of airline passengers, but generate up to 50% of airlines' revenue from ticket sales. It is expected that the redesign of the UCS will add seven seats, increasing passenger numbers in Upper Class by 28% within the same space.

Source: reproduced with permission from *Virgin Atlantic Airways Limited* and photograph, *Getty Images*



2 (a) Analyse the reasons why *Virgin Atlantic* offers different ticket types to its passengers.

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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.

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Turn over for the next question

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3 Read **Item C** and then answer the questions that follow.

Item C

Unifo Ltd

Unifo Ltd manufactures uniforms for many well-known businesses, including several leading airlines. The company designs the clothing to meet the individual needs of its customers: for example, producing the uniforms that are worn by cabin crew on aircraft. *Unifo Ltd's* customers demand top quality products and a high level of customer service. They also expect the use of the latest fabrics and designs to make the uniforms easy to wash and iron whilst continuing to look smart.

In 2009, *Unifo Ltd* supplied 86 different customers with clothing, however, by 2012, this number had fallen to 58. On average, *Unifo Ltd* loses 20% of its customers every year and has to spend heavily on adverts to replace these with new customers.

Companies that succeed in this segment of the clothing market do so because they meet the diverse and changing needs of their customers through good customer service. *Unifo Ltd's* Chief Executive, Kathy Feng, is concerned by the company's weaknesses in this area (as shown in **Figure 2**) and is also worried that some customers have complained several times. A further problem is the steady fall in sales, which needs to be reversed as soon as possible.

Figure 2: Customer complaints about Unifo Ltd, 2010–2012

Type of complaint	Number of complaints		
	2010	2011	2012
Range of clothing available does not meet requirements (eg sizes available, designs)	12	19	33
Quality of clothing is below expectation	19	31	40

Kathy believes that greater use of ICT will help the company to meet its customers' needs more fully. More effective and greater use of email and the company's website should improve communication and help the business to update its customer records. Currently, the company communicates with its customers by telephone and through visits by sales teams whenever possible.



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