

Centre Number						Candidate Number				
Surname										
Other Names										
Candidate Signature										

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



General Certificate of Education
Advanced Subsidiary Examination
June 2014

Applied Business

BS04

Unit 4 Meeting Customer Needs

Monday 19 May 2014 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 maximum mark for this paper is 60.
- The marks for questions are shown in brackets.
- 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 4 B S 0 4 0 1

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

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

Item A

Tesco plc and the changing retail market

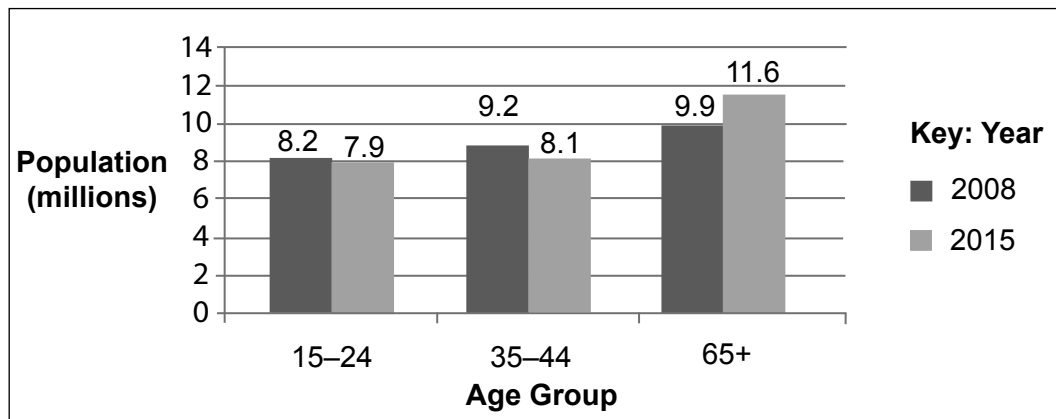
Tesco plc is the UK's largest retailer. It sells groceries as well as clothing, electronics and financial services. Tesco plc has over 3000 stores in the UK, including 1400 small local Express stores. It also sells online through Tesco Direct and provides a delivery service to its customers.

Tesco plc sells a wide range of food products including its low priced 'Everyday Value' products and its luxury range, 'Tesco Finest'. It sells groceries packaged in different quantities and styles to suit families, those who are single or consumers who have little time for cooking.

The population structure of the UK is changing and this will affect Tesco plc. Some of the key changes are:

- the number of people aged over 65 is growing rapidly and by 2015, 18% of the population will be in this age group
- those aged over 85 will increase in number particularly quickly and many will live alone. Some will suffer from poor health and mobility problems
- the number of people in the 15–24 and 35–44 age groups will decline.

Figure 1: Changes in the number of people (millions) in UK age groups 2008 and 2015



Source: Verdict Research/ONS

A recent report predicted other changes that will affect Tesco plc and other retailers.

- Older consumers are expected to become more expert in using computers.
- Spending by many people may be limited as prices rise more quickly than incomes.
- There will be fewer visits to out-of-town stores and customers will seek to shop locally.



.....

.....

.....

.....

.....

.....

16

Turn over for the next question

Turn over ▶



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

Item B

A successful business

Tesco plc is a successful business. In October 2012, the company announced half-year profits of £1.6 billion. Tesco plc opened 260 new stores in the UK and 563 overseas in 2011–2012. As part of its growth strategy, Tesco plc carried out product development by introducing new products and augmenting others during 2011–2012.

- Products available online increased from 70 000 to 200 000; online sales increased by 11%.
- A click and collect service was introduced (online ordering and local collection) for groceries and other products at 1300 locations.
- The company's banking service generated revenue of £514 million with profits rising 114% to £94 million.
- The company opened 60 smaller Express stores to meet the demand for local shopping. In total, newly-opened stores contributed 3.3% of Tesco plc's revenue.

Understanding its customers' needs benefits Tesco plc. Over 15 million people in the UK and 20 million overseas have a Tesco Clubcard – the company's loyalty card. Clubcard holders provide Tesco plc with details of age, gender and address and may also give information about their families. Every time a Clubcard is used, details of the store shopped in, products purchased and price paid are stored against the holder's Clubcard account. Clubcard provides Tesco plc with around five billion items of data weekly.

Clubcard assists Tesco plc in classifying its customers into lifestyle segments. The information from Clubcard helps Tesco plc to stock the right products, charge the right prices, promote products successfully and communicate personalised offers to customers. This information helps the company to meet its customers' needs when shopping habits are changing rapidly. Promotional offers may be sent using mail shots or coupons on till receipts. Tesco plc also sells the information it collects to other businesses for more than £50 million a year.

Source: © Interim Results 2012/2013 Tesco Stores Limited



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

Item C

Feeling the heat

Paradise Kitchens Ltd designs and fits individually-designed kitchens in London. Lynda Whyte established the company in 2012 having had much experience in the industry.

The company's niche market has two segments: wealthy individuals (private customers) and house builders selling high quality new homes (trade customers). The company's private customers want a personal service and a unique luxury kitchen; this requires regular meetings and good communication. Trade customers often want the same design of kitchen for several expensive houses. Fitting kitchens on time and within budget is vital for house builders, so that properties can be sold quickly.

Lynda knows that customers' buying decisions are influenced by the kitchen's features, materials, design and colour, and that fashions change quickly. She is considering buying costly computer software to help her design kitchens and display options for customers but this purchase would mean that she has to reduce her advertising by 40% next year. However, word-of-mouth is an important way of winning new private customers as many satisfied clients make recommendations.

Lynda's market research has revealed the following.

- Sales of fitted kitchens have declined in recent years but are forecast to rise by 7% in 2015 and 9% in 2016 as more houses are built.
- Income levels and house prices in London are expected to rise steadily until 2017.
- The niche market for luxury kitchens in London is highly competitive, including large firms (department stores such as John Lewis) and many smaller businesses.
- Price is not the most important factor in some customers' buying decisions. The quality of design and the standard of after-sales service are both more important to private customers.

Paradise Kitchens Ltd wants to develop long-term relationships with its customers to improve its future financial performance. A business adviser has recommended that Lynda develop a reputation for providing outstanding customer service for the company's private and trade customers. However, Lynda is not convinced by this advice, and wonders if other factors such as price and design are more important for long-term relationships.



There are no questions printed on this page

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**



There are no questions printed on this page

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**



There are no questions printed on this page

**DO NOT WRITE ON THIS PAGE
ANSWER IN THE SPACES PROVIDED**

Acknowledgement of copyright-holders and publishers

Permission to reproduce all copyright material has been applied for. In some cases efforts to contact copyright-holders have been unsuccessful and AQA will be happy to rectify any omissions of acknowledgements in future papers if notified.

Copyright © 2014 AQA and its licensors. All rights reserved.

