



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2011

GCE Applied Business

Assessment Unit AS 4

assessing

E-Commerce

[A3B41]

THURSDAY 13 JANUARY, MORNING

**MARK
SCHEME**

1 Using **one** example from the case study, explain what is meant by the term “E-Commerce”.

- E-commerce is taken to mean the conduct of business activities or transactions in an electronic form.
- With reference to Farm Wizard Limited, this could take the form of: the website: users can access their website for information regarding farm management software solutions;
- telecommunications – telephone/email/PDAs and other contact details are available to facilitate communications with callers/customers.

	AO1 Knowledge and Understanding	AO2 Application
Level 1	[1]–[2] Candidate demonstrates a good understanding of the term E-commerce.	[1] Candidate applied knowledge effectively in context of stimulus material.
Level 0	[0] Candidate demonstrates no understanding of the term E-commerce.	[0] Candidate does not attempt to apply knowledge to stimulus material

[3]

3

2 Analyse three benefits to the users of having fast access to the Farm Wizard Ltd website.

- Online ordering of “Farm Wizard” system will be quicker for users to process – this will retain customer goodwill for the business, since 1100 members are already registered;
- Users of the “Farm Wizard” system should not have to wait too long for images/data to upload – this will reassure users and promote a positive image of the business;
- Users can benefit from a quick and efficient response from Farm Wizard Ltd, e.g. Farm Wizard EID Solution – this will ensure a high standard of service;
- To improve reliability of services to users, i.e. download statistical data on herds, for example mobile/PDA data transmissions – this will enhance member trust in the systems; latest updates;
- Payments/membership enquiries are processed quicker and securely – this will reassure users;
- Enables fast processing of actions linked to hyperlinks, which users might wish to access, e.g. with other related websites such as Barony Agri College, DARD.
- Improves decision making for customers; e.g. buying and selling animals; livestock welfare issues.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[3]–[4] Candidate demonstrates a good understanding of the benefits for fast access by users in relation to Farm Wizard website. Candidate makes good use of specialist vocabulary when it is appropriate.	[3]–[4] Candidate applies knowledge effectively.	[3]–[4] Candidate thoroughly analyses the reasons for fast access by users in relation to Farm Wizard website.
Level 2	[2] Candidate demonstrates adequate understanding of the benefits for fast access by users in relation to Farm Wizard website. Candidate makes adequate use of specialist vocabulary when it is appropriate.	[2] Candidate attempts to apply reasonable knowledge.	[2] Candidate shows some attempt to analyse the reasons for fast access by users in relation to Farm Wizard website.
Level 1	[1] Candidate demonstrates some understanding of the benefits for fast access by users in relation to Farm Wizard website. Candidate makes some use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply some knowledge.	[1] Candidate shows little attempt to analyse the reasons for fast access by users in relation to Farm Wizard website.
Level 0	[0] Candidate demonstrates no understanding of the benefits for fast access by users in relation to Farm Wizard website. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the reasons for fast access by users in relation to Farm Wizard website.

[12]

12

3 Using examples from the case study and Fig. 1, analyse **five** ways in which the requirements of the Data Protection Act might affect Farm Wizard Limited.

- Personal Data: Farm Wizard Limited must ensure that any data collected from customers is processed lawfully and fairly; observe privacy of user/customers;
- Specific Purpose: Farm Wizard Limited must ensure that the data obtained is only used for one specified purpose – e.g. customer's address to verify delivery/postal address;
- Data to be Relevant: Farm Wizard Limited must ensure that personal data is relevant, adequate and not excessive relative to the purpose for which it is used – e.g. herd numbers must only be collected for purposes of tracking/DARD movement book;
- Accurate: Farm Wizard Limited must ensure that data is accurate and up-to-date – e.g. herd numbers must be correct in order to be recorded in livestock movements in the DARD movement book;
- Time: Farm Wizard Limited must ensure that personal data is not kept for longer than is necessary – e.g. once a farmer has sold the cattle, the numbers recorded should be deleted and DARD movement book erased;
- Technical: Farm Wizard Limited are required to take technical/operational measures to ensure authorised and lawful processing of personal data – e.g. personal data must be kept private/secure;
- Geographical: Farm Wizard Limited must ensure that personal data is not transferred outside of the European Economic Area – e.g. placed in hands of a person in a country importing livestock.
- Data Processing: personal data shall be processed in accordance with the rights of the data subjects under this Act.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[4]–[5] Candidate demonstrates a good understanding of the requirements of the DPA relative to Farm Wizard Limited. Candidate makes good use of specialist vocabulary when it is appropriate.	[4]–[5] Candidate applies knowledge effectively.	[4]–[5] Candidate thoroughly analyses the requirements of the DPA relative to Farm Wizard Limited.
Level 2	[2]–[3] Candidate demonstrates adequate understanding of the requirements of the DPA relative to Farm Wizard Limited. Candidate makes adequate use of specialist vocabulary when it is appropriate.	[2]–[3] Candidate attempts to apply reasonable knowledge.	[2]–[3] Candidate shows some attempt to analyse the requirements of the DPA relative to Farm Wizard Limited.
Level 1	[1] Candidate demonstrates some understanding of the requirements of the DPA relative to Farm Wizard Limited. Candidate makes some use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply some knowledge.	[1] Candidate shows little attempt to analyse the requirements of the DPA relative to Farm Wizard Limited.
Level 0	[0] Candidate demonstrates no understanding of the requirements of the DPA relative to Farm Wizard Limited. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the requirements of the DPA relative to Farm Wizard Limited.

[15]

15

4 Analyse the barriers to E-Commerce that customers of Farm Wizard Limited might experience when purchasing online:

- **Cost of technology:**
e-commerce systems require backup services and hardware. System infrastructure is required to enable benefits to be fully gained from e-commerce. High connectivity costs might lead to minimal use of the internet.
- **Fear of technology:**
Some customers have a genuine fear of modern IT systems and the complex operation of the internet. Customers who have a genuine fear may be reluctant to use e-commerce, thus reducing the potential sales of the Farm Wizard system within the farming community.
- **Security:**
Trust and reliability are key issues in internet transactions, including verification of personal data, herd numbers, and financial transactions. Measures must be taken to enhance customers' trust of Farm Wizard/ e-commerce by implementing secure payment systems/security measures. Display of appropriate symbols on screen might assist this e.g. padlock, username/password information. Absence of this important element of e-commerce might deter users from the use of e-commerce.
- **Speed of Connection:**
Standard analogue is slow and unreliable to make purchases. Farm Wizard Limited customers may feel that the analogue connections are unreliable, slow and ineffectual hence they may be reluctant to conduct business online. Customers of Farm Wizard Limited might not have internet access in many rural communities.
- **Complexity of Technology:**
Some people find technology too complicated to use, therefore potential users of the Farm Wizard herd management solution might find it difficult to use the technology, e.g. installing software, using mobile devices/PDAs etc, which in turn might reduce market share.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[4]–[5] Candidate demonstrates a good understanding of the barriers to e-commerce relative to Farm Wizard Limited. Candidate makes good use of specialist vocabulary when it is appropriate.	[4]–[5] Candidate applies knowledge effectively.	[4]–[5] Candidate thoroughly analyses the barriers to e-commerce relative to Farm Wizard Limited.
Level 2	[2]–[3] Candidate demonstrates adequate understanding of the barriers to e-commerce relative to Farm Wizard Limited. Candidate makes adequate use of specialist vocabulary when it is appropriate.	[2]–[3] Candidate attempts to apply reasonable knowledge.	[2]–[3] Candidate shows some attempt to analyse the barriers to e-commerce relative to Farm Wizard Limited.
Level 1	[1] Candidate demonstrates some understanding of the barriers to e-commerce relative to Farm Wizard Limited. Candidate makes some use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply some knowledge.	[1] Candidate shows little attempt to analyse the barriers to e-commerce relative to Farm Wizard Limited.
Level 0	[0] Candidate demonstrates no understanding of the barriers to e-commerce relative to Farm Wizard Limited. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the barriers to e-commerce relative to Farm Wizard Limited.

[15]

15

5 Analyse **five** ways in which customers of Farm Wizard Limited can benefit from online trading.

- 24/7 shopping: customers of Farm Wizard Limited can access the company's website 24 hours a day, 7 days a week. This will enable them to study the product information, find out about the business, the product, and sign up as a member. This will be of benefit to customers.
- Global access: global access is provided to the product website and the company. In addition, the company states that the customers can access their data using mobile phone/PDA technology, which is a remote form of communication and thus convenient for members, in their working environments/farms. This will be of benefit for the customer.
- Wider choice: Potential customers of Farm Wizard Limited can browse internet sites of similar suppliers of the herd management software and compare/acquire their products to global suppliers in terms of price/quality/functionality.
- Compare prices: Whilst no information is given in case study, it is assumed that the Farm Wizard system is price competitive, enabling customers to acquire the system to improve efficient operation of farms. The company has benefited from R & D grants from Invest NI, thus this would enable the company's customers to acquire a reliable product. This will benefit customers.
- Help/support: members/customers have access to help/support, newsletters, other information from the company and from fellow members, once they sign up for the system – achieved by a username/password. This will benefit the customers.
- Product reviews: the website features product reviews/news items/developments in relation to industry matters and the product itself, which aims to keep customers/members abreast of latest developments and conduct product reviews. This will benefit the customer.
- Personal offers: The website states that customers/members can obtain a quote/price for the product and thus assumed that the company is able to compete on price/provide personal offers to members/potential customers. This will benefit customers.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[4]–[5] Candidate demonstrates a good understanding of the ways customers can benefit from online trading relative to Farm Wizard Limited. Candidate makes good use of specialist vocabulary when it is appropriate.	[4]–[5] Candidate applies knowledge effectively.	[4]–[5] Candidate thoroughly analyses the ways customers can benefit from online trading relative to Farm Wizard Limited.
Level 2	[2]–[3] Candidate demonstrates an adequate understanding of the ways customers can benefit from online trading relative to Farm Wizard Limited. Candidate makes adequate use of specialist vocabulary when it is appropriate.	[2]–[3] Candidate attempts to apply reasonable knowledge.	[2]–[3] Candidate shows some attempt to analyse the ways customers can benefit from online trading relative to Farm Wizard Limited.
Level 1	[1] Candidate demonstrates some understanding of the ways customers can benefit from online trading relative to Farm Wizard Limited. Candidate makes some use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply some knowledge.	[1] Candidate shows little attempt to analyse the ways customers can benefit from online trading relative to Farm Wizard Limited.

Level 0	<p>[0] Candidate demonstrates no understanding of the ways customers can benefit from online trading relative to Farm Wizard Limited. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>[0] Candidate does not attempt to apply knowledge.</p>	<p>[0] Candidate shows no attempt to analyse the ways customers can benefit from online trading relative to Farm Wizard Limited.</p>
---------	--	--	---

[15]

15

6 Evaluate the ways in which Farm Wizard Limited might employ each of the four elements of the “marketing mix” in order to market its online trading activities.

- Product: this is the farmwizard product itself (i.e. herd management solution). This is the only one of its kind in the UK as stated in case study and is compliant with DARD/government requirements in relation to livestock movements. The product is available online and has the advantage of improving efficiency in farm management and being operated remotely using the latest mobile phone/PDA technology. It also incorporates the latest technology and is thus a unique selling proposition globally within the farming industry. This element of the marketing mix can be successfully employed to boost future sales of the product;
- Place: the system is available online and thus exposes the company (Farm Wizard Limited) to the global farming market. This element of the marketing mix can be successfully employed to boost future sales of the product;
- Promotion: this refers to the ability of the company to promote/advertise the product. Evidence of this can be seen from the press release from Invest NI, the company’s website, customer feedback, newsletters, and other interactive elements present on the website. This element of the marketing mix can be successfully used to boost future sales of the product;
- Price: this refers to the price at which the product is sold to customers. Case study indicates that it is the only product of its type in the UK, hence it is assumed that in order to develop and grow market share, the product (Farmwizard) is priced either:
 - Competitively – in order to attract interest; or
 - At a premium – to capitalise on the initial interest and take advantage of the situation whereby it is the only product of its kind in the market.
 Final judgement: it is possible to conclude that the key elements of the marketing mix can be used effectively to market the product portfolio and boost future sales of the product.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	<p>[4] Candidate demonstrates a good understanding of the elements of the marketing mix relative to Farm Wizard Limited. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[4] Candidate applies knowledge effectively.</p>	<p>[4] Candidate thoroughly analyses the elements of the marketing mix relative to Farm Wizard Limited.</p>	<p>[4]–[8] Candidate gives a full evaluation of the elements of the marketing mix relative to Farm Wizard Limited, and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>

<p>Level 2</p>	<p>[2]–[3] Candidate demonstrates an adequate understanding of the elements of the marketing mix relative to Farm Wizard Limited. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p>[2]–[3] Candidate attempts to apply reasonable knowledge.</p>	<p>[2]–[3] Candidate shows some attempt to analyse the elements of the marketing mix relative to Farm Wizard Limited.</p>	<p>[4]–[6] Candidate provides a satisfactory evaluation of the elements of the marketing mix relative to Farm Wizard Limited, and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
----------------	---	--	---	--

Level 1	<p>[1] Candidate demonstrates some understanding of the elements of the marketing mix relative to Farm Wizard Limited. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to apply some knowledge.</p>	<p>[1] Candidate shows little attempt to analyse the elements of the marketing mix relative to Farm Wizard Limited.</p>	<p>[1]–[3] Candidate makes some evaluation of the elements of the marketing mix relative to Farm Wizard Limited. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of the elements of the marketing mix relative to Farm Wizard Limited. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>[0] Candidate does not attempt to apply knowledge.</p>	<p>[0] Candidate shows no attempt to analyse the elements of the marketing mix relative to Farm Wizard Limited.</p>	<p>[0] Candidate makes no attempt to evaluate the elements of the marketing mix relative to Farm Wizard Limited.</p>

	AVAILABLE MARKS
[20]	20
Total	80