

Surname						Other Names					
Centre Number						Candidate Number					
Candidate Signature											

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General Certificate of Education
 June 2006
 Advanced Subsidiary Examination



APPLIED BUSINESS
Unit 4 Meeting Customer Needs

BS04

Wednesday 14 June 2006 1.30 pm to 2.30 pm

You will need no other materials.

Time allowed: 1 hour

Instructions

- Use blue or black ink or ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- Answer the questions in the spaces provided.
- Do all rough work in this book. Cross through any work you do not want marked.
- If you need additional space, you should continue your answers at the end of this book, indicating clearly which question you are answering.

Information

- The maximum mark for this paper is 60.
- The marks for questions are shown in brackets.
- You are reminded of the need for good English and clear presentation in your answers. Questions 2(c) and 3(c) should be answered in continuous prose. Quality of Written Communication will be assessed in these answers.

For Examiner's Use			
Number	Mark	Number	Mark
1		3	
2			
Total (Column 1)		→	
Total (Column 2)		→	
TOTAL			
Examiner's Initials			

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

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

Item A

The market for crisps and savoury snacks

In the United Kingdom, sales of crisps and savoury snacks declined from £2.4 billion in 2002 to £2.2 billion in 2005. Several factors contributed to this decline, including:

- consumer concern over the high salt and fat content of crisps and savoury snacks
- a declining population of children aged under 15, falling by almost 4% between 2000 and 2005
- competition from healthier snacking products such as cereal bars.

Manufacturers of crisps and savoury snacks responded to these factors by developing new products. *Walkers*, for example, launched the following products:

- Walkers Lites described by *Walkers* as “... the healthier way to enjoy your favourite snack with 33% less fat than ordinary Walkers Crisps”
- Nobby’s Crisps and Nobby’s Nuts aimed at 17–34 year old males and described by *Walkers* as “a range of blokes snacks including ridged crisps, nuts and coated nuts, all in real food flavours.” Flavours include Friday Night Balti Chicken and Chip Shop Salt and Vinegar
- Sensations described by *Walkers* as “posh crisps” and “specially prepared crunchier crisps which are available in a range of indulgent flavours,” such as Thai Sweet Chilli and Oven Roasted Chicken and Thyme.

Source: adapted from www.walkers.corpex.com

(a) Describe **two** customer needs people have when purchasing a product.

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(2 marks)

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(b) Using **Item A**, explain why *Walkers* launched the following products.

Walkers Lites

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(4 marks)

Nobby’s Crisps and Nobby’s Nuts

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(4 marks)

Question 1 continues on the next page

Turn over 

(c) Using **Item A**, explain **how** *Walkers* differentiated its crisps by altering the **actual product**.

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(6 marks)

Turn over for the next question

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

Item B

Meeting the needs of convenience store customers

The Association of Convenience Stores (ACS) is a trade association that represents and supports the interests of convenience store operators in the United Kingdom. It distributes via a newsletter and its website, industry level market research, eg on the attitude of customers to shopping and the marketing activities of supermarkets. 5

Two examples of findings distributed to convenience store operators are shown below.

What is important to convenience store shoppers?

In order of importance (1 being most important):

1 Service...friendly	10
2 Speed...quick / efficient	
3 Availability...all of the time	
4 Acceptable prices	
5 Range of products...including fresh products and the ‘right range.’	

Men versus Women in convenience stores 15

Recent research shows that:

- staff friendliness is the most important factor for both men and women shoppers.
- speed of service is more important to men; value for money and shop cleanliness are more important to women. 20

Source: adapted from *www.thelocalshop.com*

(a) Explain why convenience store owners might be interested in receiving findings from “industry level market research” (**Item B**, lines 3–4).

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(4 marks)

(b) Using **Item B**, analyse why it is important for convenience stores to provide high levels of customer service.

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(6 marks)

Question 2 continues on the next page

Turn over ▶

(c) The owner of a convenience store wants to identify whether his customers are satisfied with the customer service they are receiving.

In order to complete this research, what customer data might be collected and which methods of data collection would you recommend? Justify your answer.

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(10 marks)

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

Item C

The *Tesco* Clubcard

Tesco, the largest supermarket in the United Kingdom, operates a loyalty scheme called the “Clubcard.”

Customers apply for a Clubcard by filling out a form which requests their age and contact details, including name, address and telephone number.



To comply with the Data Protection Act, *Tesco* provides the following information in its Clubcard terms and conditions.

“We would like to use your details from the application form, plus details on how you use your Clubcard and what you buy in our stores to:

- help manage *Tesco* Clubcard and improve the way we run it
- understand our customers’ shopping habits to improve our service
- unless you indicate otherwise, contact you with offers and information about products and services of interest to you and your family.

We will share your details among *Tesco* companies at home and abroad (eg *Tesco* Personal Finance), and businesses that process Clubcard information on our behalf (eg printers who need certain details to print our mailings).

We may also use and share information relating to groups of customers, without identifying individuals, to learn more about customer behaviour and find ways of enhancing our service.”

Source: adapted from www.tesco.com

(a) Using **Item C**, explain how *Tesco* can use its Clubcards to collect customer data.

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(5 marks)

Question 3 continues on the next page

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- (b) Using **Item C**, assess how the data collected from Clubcards can help *Tesco* to meet customer needs.

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