



General Certificate of Education

Applied Business 8611/8613

BS04 Meeting Customer Needs

Mark Scheme

2007 examination - January series

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

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| | Assessment Objectives |
|--|---|
| | The Assessment Objectives represent those qualities which can be demonstrated in candidates' work and which can be measured for the purposes of assessment. |
| AO1 Knowledge, skills and understanding | Candidates demonstrate knowledge and understanding of the specified content and relevant business skills. |
| AO2 Application of knowledge, skills and understanding | Candidates apply knowledge and understanding of the specified content and relevant business skills. |
| AO3 Research and analysis | Candidates use appropriate methods in order to obtain and select information from a range of sources to analyse business problems. |
| AO4 Evaluation | Candidates evaluate evidence to reach reasoned judgements. |
| Quality of Written Communication | <p>The quality of written communication is assessed in all assessment units where candidates are required to produce extended written material. Candidates 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: 16 marks

(a) Identify and explain **two** advantages for *Innocent* of using online surveys to research customer opinion. (4 marks)

Apply the following to each advantage.

1 mark for identifying an advantage of using a survey

plus

1 mark for developing answer in relation to online survey.

Possible answers might include the following:

- access to wide range of customers
- efficient means of storing and analysing
- quick for respondent, therefore encourages more responses
- relatively cheap once designed
- analysed automatically
- instantly updates.

(b) Using **Item A**, explain how *Innocent* could use the results shown on **Screen 2** to meet customer needs in the future. (6 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Explains one way that <i>Innocent</i> could use the results shown on Screen 2 to meet customer needs. | 5–6 | AO2 |
| 2 | Describes one way that <i>Innocent</i> could use the results shown on Screen 2 to meet customer needs. | 3–4 | AO1 |
| 1 | Identifies an item of valid information shown on Screen 2. | 1–2 | |

Possible answers might include the following:

- look at ways of saving costs to reduce price
- reduce price, lower profit margins
- advertise to emphasise value for money
- change size of bottle at same price – maybe promotional 20% extra.

(c) *Innocent could consider developing its online survey to enable it to collect customer details. Explain how Innocent might use this information to maintain good customer relations.* (6 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 3 | Explains how <i>Innocent</i> could use this information to maintain good customer relations. | 5–6 | AO2 |
| 2 | Describes how <i>Innocent</i> could use this information to maintain good customer relations. | 3–4 | AO1 |
| 1 | Identifies how <i>Innocent</i> could use this information to maintain good customer relations. | 1–2 | |

Possible answers might include the following:

- by collecting customer details they could build a database which would then be used to send emails of new products and relevant promotions to customers
- by interrogating the database, the promotions could be targeted to different segments, eg if a child’s smoothie were to be introduced this could be sent to customers known to have families.

2

Total for this question: 20 marks

(a) Briefly explain **two** possible reasons why the Coca-Cola Company has 22 variations of Coca-Cola. (4 marks)

Apply the following to each reason.

1 mark for identifying a reason

plus

1 mark for development.

Possible answers might include the following:

- balanced portfolio (1 mark)
giving an ability to meet customer needs – gender, lifestyle (1 mark)
- changing consumer tastes (1 mark)
lower sugar content for increased health awareness (1 mark)
- competitive market (1 mark) therefore need to continue to be innovative (1 mark).

(b) Using **Item B**, analyse how the Coca-Cola Company might have used market segmentation when developing Coca-Cola Zero. (6 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 3 | Uses Item B to analyse how Coca-Cola might have used market segmentation when developing Coca-Cola Zero. | 5–6 | AO3 |
| 2 | Uses Item B to explain how Coca-Cola might have used market segmentation when developing Coca-Cola Zero. | 3–4 | AO2 |
| 1 | Describes a method of market segmentation. | 1–2 | AO1 |

Possible answers might include the following:

Coca-Cola Company appear to have segmented the market by both lifestyle and gender.

- by lifestyle – “Zero” is a sugar free alternative aimed at those aware of health issues
- by gender – aimed at the male market which wants a healthier drink, but not one specifically associated with dieting.

(c) Discuss the extent to which investment in product development might help businesses such as the Coca-Cola Company to improve their profits. (10 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 3 | Analyses the importance of product development to help businesses such as the <i>Coca-Cola Company</i> improve their profits. | 4–5 | AO3 |
| 2 | Explains why product development is important to help businesses such as the <i>Coca Cola Company</i> improve their profits. | 2–3 | AO2 |
| 1 | Shows understanding of product development. | 1 | AO1 |

Possible answers might include the following:

- product development is important because it allows Coca-Cola Company to identify changes in customer needs and tastes
- they could develop new products which respond to consumer trends, eg “Zero” is low-sugar for an increasingly health conscious market
- one part of product development is concept testing, by introducing a product in this way a business can avoid expensive mistakes, eg if during a consumer panel it is found that a product is not liked by consumers further spending on production and marketing can be avoided.

Judgement could be based on:

- high marketing expenditure
- risk of product failure
- possible cannibalisation
- brand image
- high cost of R and D.

Evaluation marked out of 5 using the following grid.

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

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|--|
| 2 | Shows good judgement when assessing the importance of product development to improve profit. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication. | 3–5 | AO4 and Quality of written communication |
| 1 | Shows some judgement when explaining the importance of product development to improve profit. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are noticeable errors in accepted conventions of written communication. | 1–2 | |

3

Total for this question: 24 marks

| |
|--|
| <p>(a) Describe two customer needs that people might have when visiting Charlotte's coffee shop. (4 marks)</p> |
|--|

Apply the following twice.

1 mark for identifying a need

plus

1 mark for development.

Possible answers might include the following:

- understanding the value and suitability of the product, eg will it be value for money (1 mark), what size will the drink be in relation to other drinks available? (1 mark)
- information about the product and its functions, eg what are the ingredients (1 mark) as they might have an allergy (1 mark)
- reassurance about after-sales service (1 mark), eg if the product does not taste fresh to whom can they complain? (1 mark)

Range of products – choice to match their preference

Clean environment – healthy and hygienic

Good service – staff polite and helpful, efficient service.

(b) Analyse how the *Juiceberry* product could improve the **core** and **actual** product offered by Charlotte. (10 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|--|-------|----------------------|
| 4 | Analyses core and/or actual aspects of the <i>Juiceberry</i> product. | 9–10 | AO3 |
| 3 | Explains how the <i>Juiceberry</i> product could improve the core and/or actual product offered. | 7–8 | |
| 2 | Explains core and/or actual aspects of Charlotte’s Coffee Shop. | 4–6 | AO2 |
| 1 | Describes core and/or actual aspects of Charlotte’s Coffee Shop. | 1–3 | AO1 |

Possible answers might include the following:

Core

- The *Juiceberry* would allow Charlotte to widen the range of products offered to include juices, therefore better meeting customer needs (choice for customers).

Actual

- *Juiceberry* offers a range of packages, including branded glasses, helping to create an image for Charlotte’s Coffee Shop when competing against others such as Starbucks.

(c) *Charlotte is considering investing in a Juiceberry combination but wants to carry out some customer research before making a final decision.*

Recommend a suitable research plan, identifying the type of customer data that should be collected and how the data could be analysed. Justify your answer. (10 marks)

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|----------------------|
| 3 | Analyses the type(s) of customer data that should be collected and how it could be analysed. | 4–5 | AO3 |
| 2 | Explains the type(s) of customer data that should be collected and/or how it could be analysed. | 2–3 | AO2 |
| 1 | Identifies an example of customer data that should be collected or one way in which it might be analysed. | 1 | AO1 |

Relevant answers might include the following:

- customer data: any suitable aspects of demand, flavours, predicted sales, customer attitude
- methods of analysis: graphs to show trends, popular responses, statistical analysis (mean, median, mode), qualitative responses recorded, forecasts.

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

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

| Level | Descriptor | Marks | Assessment Objective |
|-------|---|-------|--|
| 2 | Justifies the types of customer data needed and associated methods of data analysis. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication. | 3–5 | AO4 and Quality of written communication |
| 1 | Attempts to justify customers data needed and/or associated methods of data analysis. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication. | 1–2 | |