

A-LEVEL

APPLIED BUSINESS

BS04 Meeting Customer Needs

Mark scheme

8610
June 2014

Version 1.0: Final

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

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of students' 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.

Further copies of this Mark Scheme are available from aqa.org.uk

ADDITIONAL GUIDANCE FOR MARKING SCHEME

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

1 (a) Using **Item A**, explain **two** ways in which the needs of customers aged over 65 may change between 2008 and 2015.

[6 marks]

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to explain likely changes in customers' need(s).	6–5	AO2
2	Explains generic points relating to customers' need(s).	4–3	AO1
1	Demonstrates knowledge of customers' needs.	2–1	

Knowledge and application

- *customer needs include understanding the value and suitability of products as well as their functions and features*
- *the demand for many products may increase*
- *customers may seek to shop online as they become more proficient using the internet*
- *customers may seek to use their local stores rather than ones further away*
- *customers may need more assistance in completing their regular shopping for groceries*
- *more people aged over 65 will be living alone and will require different products*
- *the number of very old people aged over 85 is forecasted to increase 'particularly quickly' and, if suffering from mobility problems, these customers may need assistance with their shopping*
- *older customers are expected to become more computer literate, looking to shop online.*

Markers Notes

- can access L3 maximum 5 marks for 1 way
- do not award Tesco's responses

1 (b) Analyse **two** possible ways in which Tesco plc might respond to the forecast changes in customers' needs. Use **Item A** to support your answer.

[10 marks]

Level	Descriptor	Marks	Assessment Objective
4	Analyses, in context, how responses may meet its forecasted customers' changing needs.	10–9	AO3
3	Explains possible responses in context. 1 way 5-6 2 ways 7-8	8–5	AO2
2	Explains possible generic responses.	4–3	AO1
1	Identifies how business responds to change.	2-1	AO1

Knowledge and application

- Tesco plc's product range could focus more on those bought by older generations
- the increased numbers of people aged over 65 (and particularly aged over 85) will increase demand for assisted shopping and a carry-to-car service
- opening local shops (such as its Express stores) will be important
- improving facilities for online shopping for groceries and other products is an appropriate response given the changes in Tesco plc's customers.

Analysis

Tesco plc:

- may open more local stores (such as its Express format) to increase the convenience to its customers
- may try to sell greater amounts of low-priced products to attract consumers with low incomes
- may offer a wider range of products to its customers to suit their changing needs such as more products suitable for older, single person households
- may expand the range of products sold on its website and make it easier for customers to use
- could make it easier/cheaper for customers to have products delivered.

2

Total for this question: 22 marks

2 (a) Using **Item B**, analyse **two** benefits that Tesco plc may receive from large numbers of its customers using Clubcard.

[9 marks]

Level	Descriptor	Marks	Assessment Objective
4	Analyses ways in which large numbers of customers using Clubcard benefits Tesco plc.	9–8	AO3
3	Explains how Tesco plc benefits from Clubcard.	7–5	AO2
2	Describes or explains possible benefits of the use of loyalty cards to businesses.	4–3	AO1
1	Describes general use of ICT	2–1	AO1

Knowledge and application

- the company will receive a lot of information about its customers' shopping habits
- the company may be able to use the information to identify different shopping habits in different areas or different types of shops and to stock the correct products
- using Clubcard may result in Tesco having to spend less on market research activities
- Tesco plc may gain a greater degree of customer loyalty
- Tesco plc can earn revenues of over £50 million annually from selling the information
- Tesco plc frequently launches new products and enters new markets
- Clubcard provides information allowing the company to be sure that its stores stock the right products and this is important when it is opening many new ones in different areas
- it enables Tesco plc to operate a huge database and to categorise its customers into different lifestyle segments. The widespread use of Clubcard enables the company to spot changes in consumers' behaviour and to change the products that it is offering in response to ensure that consumers are able to buy what they wish.

Analysis:

- the data will enable it to provide the correct products in its stores, thereby boosting sales and profits. This allows it to offer targeted promotional offers to every segment of its customers and to design new stores accordingly
- through receiving information on different shopping habits Tesco plc will be able to develop different types of shops in different locations and to stock products that will sell well
- if customers respond positively to the special offers linked to the use of Clubcard this may result in the company achieving higher sales and receiving greater loyalty from its customers helping to maintain its market position
- the large amount of information will also be able to be sold to other companies for their own marketing purposes providing Tesco plc with another important source of revenue
- this extensive usage provides Tesco plc with a great deal of detailed information on who its customers are and their needs which assists the company when it launches new products and enters new product markets.

2 (b) Do you think that it is Tesco plc's product development **or** its understanding of customers' needs that is the most important reason for its success?
Use **Item B** to justify your decision.

[13 marks]

Level	Descriptor	Marks	Assessment Objective
3	Analyses effects of strategies on the company's success in context.	8–7	AO3
2	Explains likely effects of either of these policies in context.	6–4	AO2
1	Identifies relevant point(s)/shows relevant knowledge.	3–1	AO1

Knowledge and application

- *product development is the introduction of new goods or services to customers or updating existing ones*
- *a business that introduces new products may attract new customers or increased spending from existing customers increasing sales*
- *understanding the needs of customers is essential for businesses to ensure that they provide the 'right' products*
- the company is offering additional services such as banking. This has led to high profits which have more than doubled in comparison to the previous year
- it has augmented its products through its online offerings. It has increased the range of products online significantly and has made them more available through augmentation using its 'click and collect' services
- online sales increased by 11% in 2011–12
- all new stores contributed 3.3% of Tesco plc's sales revenue in 2011–2012
- it has further augmented its products by making them available in 823 new stores in the UK and overseas. Sales in these stores contributed 3.3% of revenue
- Tesco plc sells the information that it collects about its customers' needs to other companies generating an income of £50 million per year and boosting its profits.

Analysis:

- understanding the needs of customers is essential when businesses are operating in markets where consumers' needs are changing regularly. Failure to change could lead to a substantial loss of customers
- understanding its customers' needs has enabled the company to focus on opening the right type of new store making it a more attractive business
- shopping habits are changing rapidly and Tesco plc has responded effectively to this change in its customers' needs with positive effects on revenue and profits.

In addition, use the grid below to award marks for A04 – evaluation and quality of communication.

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

Note: AO4 also assesses students' quality of written communication. When deciding on the AO4 level to be awarded, consider the degree to which the student orders and communicates his/her ideas. Quality of judgement identifies the mark level.

Level	Descriptor	Marks	Assessment Objective
E2	Offers developed judgement which is well supported. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communications.	5–3	AO4
E1	Offers limited judgement. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communications.	2–1	

Possible themes for evaluation:

- these two are probably interrelated and should not be considered separately
- the company will have developed new products based on its understanding of its customers' needs and sales should benefit
- knowing customers' needs is the most important factor – it shapes the development of successful and profitable new and amended products
- there are many other factors which have influenced Tesco plc's success – its move into international retail markets is one of them.

3

Total for this question: 22 marks

3 (a) Use **Item C** to analyse how Paradise Kitchens Ltd might develop a reputation for 'outstanding customer service'.

[9 marks]

Level	Descriptor	Marks	Assessment Objective
3	Analyses how Paradise Kitchens Ltd should offer outstanding customer service.	9–8	AO3
2	Explains how Paradise Kitchens Ltd might offer customer service.	7–4	AO2
1	Shows relevant knowledge or explains why businesses may wish to offer good customer service.	3–1	AO1

Knowledge and application

- *customer service is that aspect of a business's activities which is devoted to meeting customers' needs as fully as possible*
- *having well trained staff who are able to respond to customers' individual needs effectively and promptly*
- *being accessible to customers and communicating effectively with them*
- *providing comprehensive after-sales service dealing with complaints and replacing or repairing faults*
- private customers want quality and individuality of design and Lynda should aim to provide this to this segment of her customers. If Lynda purchases the expensive computer software this may assist her
- Lynda's market research reveals that private customers also value high quality after-sales service – this is important to confirm that the kitchen is working properly and meets customers' expectations
- some promotion in this market is via word-of-mouth and using this is an effective way to develop a reputation amongst private customers
- an essential element of good customer service for trade customers is to complete work on time to allow the properties to be sold without delay generating incomes for the builders
- the kitchen designs for builders should be able to be installed into a number of similar properties.

Analysis

- it will be essential for Lynda to take actions which enable her to differentiate the quality of her customer service from that offered by rivals
- one approach could be to invite customer feedback on its customer service as part of its promotional activities and these could be publicised in the future
- it is important that Lynda's customer service is designed to meet the differing needs of her customer groups.

3 (b) Do you think that offering 'outstanding customer service' is the best way for the company to develop long-term relationships with its private and trade customers? Use **Item C** to justify your answer.

[13 marks]

Level	Descriptor	Marks	Assessment Objective
3	Analyses effects of outstanding customer service/other factors on long-term relationships in context.	8–7	AO3
2	Explains benefits of outstanding customer service or other factors in context.	6–4	AO2
1	Generic understanding of customer service	3–1	AO1

Knowledge and application:

- *effective communication is an important element of long-term relationships*
- *good customer service can identify changing customer needs*
- *many consumers just consider the product*
- many new private customers are gained through word-of-mouth and, even though they may not have another kitchen fitted they may help to maintain long-term relationships with that particular segment of the market
- communication to achieve suitable designs is important to both types of customers and this may help to persuade trade customers to use Paradise Kitchen Ltd's services on an on-going basis
- rising incomes and house prices in London will help to take the emphasis away from prices for trade customers and towards other factors influencing customers' buying decisions including customer service
- the market is forecast to grow strongly in 2015 and 2016 as more houses are built. House builders are more interested in work being completed on time and within budget
- this is a market which is changing rapidly and the use of new materials and features in kitchens suggests that the product itself is important to many customers and should not be overlooked.

Analysis:

- customers may remain with a business if it communicates effectively with them thereby meeting their needs as fully as possible and customer loyalty is essential for long-term relationships
- word-of-mouth is important for some customers, even though they may not have another kitchen fitted they may help to maintain long-term relationships with that particular segment of the market
- good customer service may help a business to identify any changes in customers' needs and to change their products accordingly and before complaints and dissatisfaction may upset long-term relationships
- price conscious consumers will be attracted by low selling prices and price differentials will be enough to keep many customers, although it may be difficult to maintain this in a competitive market
- many consumers are most interested in the product (the key element of the marketing mix) and, if this offers greater benefits than those of rivals, customers will seek long-term relationships.

In addition, use the grid below to award marks for A04 – evaluation and quality of communication.

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

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E1	Offers limited judgement. Ideas are communicated with some structure evident with occasional use of technical terms. There are some errors in accepted conventions of written communication.	2–1	

Possible themes for evaluation:

- customer service is important in this industry but it is debatable whether it is more important for developing long-term relationships with trade customers than price or completing on time
- the private customer market is different. Individual customers will probably only purchase a single kitchen although a reputation for good customer service may help to develop a long-term relationship with this segment of the market.