

# Specimen Mark Scheme

## Applied Business (BS04)

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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.

**1****Total for this question is 14**

(a) Using **Item A**, describe **two** ways in which mobile phone manufacturers have changed the **actual** aspects of the product. (6 marks)

Level	Descriptor	Marks	Objective
3	Describes <b>two</b> ways a manufacturer(s) has changed the actual aspects of mobile phones.	5–6	AO1
2	Describes <b>one</b> way a manufacturer has changed the actual aspect of mobile phones.	3–4	
1	States <b>one</b> or <b>two</b> ways a manufacturer(s) has changed the actual aspects of mobile phones.	1–2	

Changes in the actual product relates to additional product features beyond the basic core aspects of the product. The article illustrates the addition of camera facilities and colour screens. Accept any other plausible response in relation to mobile phones.

(b) Explain **two** ways in which the changes you described in 1(a) help retailers to meet customer needs. (4 + 4 marks)

Apply the following scheme to both explanations.

Level	Descriptor	Marks	Objective
3	Explains way in which change helps retailers to meet customer needs.	3–4	AO2
2	Describes way in which change helps retailers to meet customer needs.	2	AO1
1	States way in which change helps retailers to meet customer needs.	1	

For example, a customer may require the product to be convenient and easy to use (AO1). If a retailer can quickly demonstrate the ability of the phone to store and access telephone numbers, then it is much easier for the retailer to satisfy the convenience requirements of the customer (AO2).

2

Total for this question is 12

(a) Describe how customers can be segmented by using the following characteristics:

- |                 |           |
|-----------------|-----------|
| (i) age;        | (2 marks) |
| (ii) lifestyle. | (2 marks) |

For each characteristic, one mark for a relevant description and one mark for development.

**Age:**

Can segment by age groups, eg 10–14, 15–19 etc (one mark). Choice of age ranges can be varied depending on particular product/market situation (one mark).

**Lifestyle:**

The use of composite characteristic classification systems (such as location, occupation and type of accommodation) to define buyer behaviour (one mark). **Item B** indicates a lifestyle classification system – eTypes – which attempts to group consumers by age, attitudes towards technology and buying patterns (one mark).

(b) Using **Item B**, and your own knowledge of consumer characteristics, explain how the following characteristics might affect a consumer's willingness to purchase goods through the internet:

- |                 |           |
|-----------------|-----------|
| (i) age;        | (4 marks) |
| (ii) lifestyle. | (4 marks) |

Apply the following scheme to parts (i) and (ii).

Level	Descriptor	Marks	Objective
3	Uses <b>Item B</b> to analyse how the characteristic might affect consumer's willingness to purchase goods through the internet.	4	AO3
2	Uses <b>Item B</b> to explain how the characteristic might affect consumer's willingness to purchase goods through the internet.	2–3	AO2
1	States how the characteristic might affect consumer's willingness to purchase goods through the internet.	1	AO1

**Age:**

One view could be that it is an inverse relationship – the younger you are, the more likely it is you will purchase goods through the internet. Some evidence within **Item B** to support this, ie “Wired 4 Life” group are 25–44. However, it seems to affect the types of goods purchased more than the willingness to purchase. Age would seem to be less important than general attitude to technology.

**Lifestyle:**

Lifestyle would seem to be a significant factor affecting the willingness to purchase goods through the internet – income levels, aspirations and purchase intentions all seem to play a role. “Generation e” – who adopt a very positive attitude towards information technology – are highly likely to purchase, whereas “Dot Com Dabblers”, a mixed age group, have a more detached view and surf for information rather than purchases. “Silver Surfers”, an older age group, are frequent users and purchase services over the internet.

3

Total for this question is 34

(a) Explain **one** way in which online retailing could improve the level of customer service offered by a business. (4 marks)

Level	Descriptor	Marks	Objective
3	Explains one way in which online retailing improves customer service.	3–4	AO2
2	Describes one way in which online retailing improves customer service.	2	AO1
1	States one way in which online retailing improves customer service.	1	

Product offers can be made seven days a week, 24 hours a day without the customer having to leave the comfort of their home. Customers can browse without any pressure from staff and can range across products far more easily than might be possible within a “bricks and mortar” store. Detailed product information can be provided. Customers can change purchasing decisions without feeling any pressure to buy.

(b) Using **Item C**, analyse the problems *Rapid Electrics* might face in the future if it fails to invest in online retailing. (10 marks)

Level	Descriptor	Marks	Objective
4	Uses most of <b>Item C</b> to analyse the problems <i>Rapid Electrics</i> might face if it fails to invest in online retailing.	9–10	AO3
3	Uses most of <b>Item C</b> to fully explain the problems <i>Rapid Electrics</i> might face if it fails to invest in online retailing.	5–8	AO2
2	Uses some of <b>Item C</b> to partly explain the problems <i>Rapid Electrics</i> might face if it fails to invest in online retailing.	2–4	
1	States a problem <i>Rapid Electrics</i> might face if it fails to invest in online retailing.	1	AO1

UK online shopping is increasing (annualised November to November at 44%), although the volume still only represents 7.7% of retail sales during November. However, given that the online market has increased 14 fold over four years, it is likely that the percentage of online sales will increase substantially in the medium to long-term. Electrical goods are amongst the fastest growing online retail sector, with a higher rate of growth than average (47% as opposed to 44%).

The article cites convenience as one of the main reasons people are shopping online, and this is probably a key factor when shopping for electrical goods. Customers will be able to quickly compare competing offers and *Rapid Electrics* will not be able to compete without building a full online retailing site.

In the short-term, *Rapid Electrics* could possibly delay implementing a full online retailing site, but in the medium to long-term it would seem that they will have to do this in order to continue to meet changing buyer behaviour.

(c) *The owners of Rapid Electrics decide that the business needs to develop its website by investing in online retailing.*

*Discuss the customer research Rapid Electrics would need to carry out before developing its website. (10 marks)*

Level	Descriptor	Marks	Objective
4	Fully analyses the customer research <i>Rapid Electrics</i> would need to carry out before developing their website	4–5	AO3
3	Partly analyses aspects of the customer research <i>Rapid Electrics</i> would need to carry out before developing their website	3	
2	Explains aspects of the customer research <i>Rapid Electrics</i> would need to carry out before developing their website	2	AO2
1	States a valid aspect of customer research <i>Rapid Electrics</i> would need to carry out before developing their website	1	AO1

Responses might include:

- internal records to establish buying patterns and the structure of the website;
- questionnaires to establish internet usage and possible structure/appearance of the site;
- consumer panels to trial alternative website structures and establish the best structure;
- purchase specialist industry secondary data which provides information on the attitudes towards online retailing of its target market.

For A04, you should award marks using the scheme below.

**Note** that 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	Objective
3	Evaluates the customer research by explaining the relative importance of its components. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	4–5	AO4 and Quality of written communication
2	Justifies some aspects of customer research by explaining their importance. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	2–3	
1	Supports an aspect of customer research by explaining its importance. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communication.	1	

(d) Discuss the ways a business could use ICT to build and maintain good customer relations.  
(10 marks)

Level	Descriptor	Marks	Objective
4	Fully analyses the ways in which ICT builds and maintains good customer relations.	4–5	AO3
3	Partly analyses the ways in which ICT builds and maintains good customer relations.	3	
2	Explains a way in which ICT builds and maintains good customer relations.	2	AO2
1	States a valid way in which ICT can build and maintain good customer relations.	1	AO1

Responses should be structured around ICT's ability to build and maintain good customer relations:

- ICT – email, internet, data collection and mining (loyalty cards etc), targeted mail shots and telephone etc;
- building – the extent to which ICT can initiate a satisfactory seller-buyer relationship;
- maintaining – the extent to which ICT can establish the quality of the seller-buyer relationship and assist in improving this or correcting negative views;
- good customer relations – the degree to which the seller-buyer relationship is founded on accurate information, shared understanding of product offers and satisfactory transactions.

For A04, you should award marks using the scheme below.

**Note** that 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	Objective
3	Discusses ways in which businesses ICT could be used to build and maintain good customer relations. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	4–5	AO4 and Quality of written communication
2	Shows judgment when explaining advantages <b>or</b> disadvantages of how ICT can be used to build and maintain good customer relations. Ideas are communicated with some structure evident with occasional use of appropriate technical terms. There are some errors in accepted conventions of written communication.	2–3	
1	Shows judgment when describing advantage <b>or</b> disadvantage of how ICT can be used to build and maintain good customer relations. Ideas are communicated in a simplistic way with limited use of technical terms. There are noticeable errors in accepted conventions of written communication.	1	