



AS-LEVEL

Applied Business

BS04 Meeting Customer Needs

Mark scheme

8610
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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: 18 marks

1 (a) Using **Item A**, describe **two** ways in which Jon and Amy have segmented their customers. **[4 marks]**

In each case, award one mark for identifying a way and the second mark for development in context.

Relevant answers might include the following:

- *by age*. The student market will generally be younger, normally 18–25, whilst those commuting could be adults aged up to 65
- *by income (socio-economic factors)*. Students are likely to be on much lower incomes as they are likely to only have part-time jobs. Commuters travelling to London are often in well-paid jobs
- *by lifestyle*. Some of the smoothie bar's products (eg the vegetable smoothies) are aimed at those seeking nutritious products to contribute to a healthy lifestyle.

1 (b) Using **Item A**, explain why Jon and Amy needed to understand the different customer segments for smoothies. **[6 marks]**

Level	Descriptor	Marks	Assessment Objective
2	Uses Item A to explain why Jon and Amy needed to understand the different customer segments for smoothies.	6–4	AO1/AO2
1	Demonstrates relevant understanding of customer segmentation.	3–1	AO1

Relevant answers might include the following:

Knowledge and application

- *customer segmentation is the identification of types of customers with similar characteristics*
- *a business needs to have an understanding of the types of customers it is seeking to attract if it is to be successful in winning their custom*
- *customer needs can only be met if a business knows who its customers are and can therefore build a reputation encouraging them to return*
- although the business was primarily targeting young people, there were different groups who required different products
- the market is changing for fruit smoothies with sales in some customer segments rising – youngsters for example – and the business needs to respond to such changes
- some customer segments are developing such as high earners and women under 35 seeking vegetable smoothies who were prepared to pay higher prices providing profitable opportunities for the new business
- the business was established with the intention of targeting certain customer segments within the smoothie market.

1 (c) Using **Item A**, analyse how the needs of Smooth & Go's customers have affected the way in which the business operates.

[8 marks]

Level	Descriptor	Marks	Assessment Objective
3	Uses Item A to analyse how Jon and Amy met their customers' needs.	8–7	AO3
2	Uses Item A to describe how Jon and Amy have met their customers' needs.	6–4	AO2
1	Demonstrates understanding of customer needs.	3–1	AO1

Relevant answers might include the following:

Knowledge and application

- *customer needs include information about the product, the extent to which it represents good value and its suitability*
- selling fruit smoothies at competitive prices would meet the needs of many customers including students who may have limited incomes
- selling more unusual and healthier vegetable smoothies would attract wealthier commuters going to London
- the location of the smoothie bar was convenient for both target groups as it was close to the station and the university
- operating a takeaway bar as consumers had little time to sit down and would prefer to consume their smoothies on their way to work or to study.

Analysis:

- Jon and Amy have researched the needs of their customers to identify their different characteristics in terms of the value that they are looking for in the products. By selling a range of products, they are able to ensure that they can price competitively to meet the needs of students who are on lower incomes
- their research and segmentation has also enabled the couple to meet the needs of higher income customers by providing healthy products to meet their precise needs and they have further recognised that these products are more complex and that consumers require more information to give reassurance that they are suitable for the consumers. This has been provided in the form of leaflets and personal advice
- the consumers of these products are short of time. The takeaway model that the couple have adopted helps to meet this aspect of their customers' needs and, as it helps keep costs low, assists in meeting the need for one segment to offer price competitive products
- the location they have chosen is suitable for the segments they have opted to target as it is in a convenient location and appropriate for customers who do not have a great deal of time.

2

Total for this question: 21 marks

2 (a) Using **Item B** and **Figure 1**, analyse how Jon and Amy might differentiate the products that they plan to sell in the café to meet the needs of different types of consumer.

[8 marks]

Level	Descriptor	Marks	Assessment Objective
3	Analyses the ways in which Jon and Amy might differentiate their products to meet the needs of different consumers.	8–7	AO3
2	Describes the way(s) in which Jon and Amy will differentiate their products.	6–4	AO2
1	Demonstrates knowledge of product differentiation.	3–1	AO1

Relevant answers might include the following:

Knowledge and application

- *product differentiation occurs when businesses offer distinctive products to meet the specific needs of groups of customers*
- *products can be differentiated in terms of their core, actual or augmented features*
- the couple might publicise the ingredients of their products to meet the needs of customers who live healthy lifestyles such as 'the health and fitness freaks'
- by offering new types of food and drink, the café might meet the needs of 'the experimental customer' group
- other aspects of the café could meet the needs of other groups - for example, WiFi and good customer service are important to different groups of consumers.

Analysis

- Jon and Amy's new café will need to sell core products that meet the diverse needs of the different customer groups identified by Amy. Their food and drink will have to be fresh and tasty and available throughout the day as customers will arrive at different times of the day
- the new café will have to ensure that its products deliver additional benefits on top of the core benefits. Some groups of customers will seek products that are nutritious and healthy whilst others will seek new types of food and drink that may not be so healthy but that are less common. They will also have to sell popular lines of food and drink to ensure that the needs of the 'unadventurous' group are met as fully as possible
- by augmenting the products sold in the café, Jon and Amy may be most able to meet some of the specific needs of different groups of consumers as it is in these areas that needs are likely to differ most. Early opening in the morning may allow it to attract commuters whilst providing extensive information about the health benefits will attract other groups. Non-food aspects of the business such as providing WiFi and good customer service will be important for 'unadventurous' and 'experimental' customers.

2 (b) Analyse the arguments **for** and **against** using a consumer panel to find out how Smooth & Go should meet the needs of its new customers. Advise Jon and Amy on whether or not this is the approach they should use. Use **Item B** to justify your decision.

[13 marks]

Level	Descriptor	Marks	Assessment Objective
3	Analyses the advantages and/or disadvantages to Smooth & Go of using consumer panels.	8–7	AO3
2	Describes the advantages and/or disadvantages for Smooth & Go of using a consumer panel.	6–4	AO2
1	Demonstrates relevant understanding of consumer research.	3–1	AO1

Relevant answers might include the following:

Knowledge and application

- consumer panels can provide detailed responses and may be better to collect qualitative information
- consumer panels can be quite small and may not be representative of the entire target market for a business
- other approaches may be better – for example, customer feedback questionnaires can reach a large number of people and can collect a broad range of information
- Smooth & Go could keep its consumer panel in operation over time to give it ongoing feedback on the new food and drink products it launches to meet the varied needs of its customers
- the consumer panel is only made up of eight people which might not provide a broad enough range of answers for accuracy
- the consumer panel would exclude researching new groups of consumers they are hoping to attract restricting the feedback received
- panels are a very effective means of receiving feedback on some of the proposed products for the café as people may need to see and taste these products.

Analysis:

- the consumer panel might not give entirely reliable answers as the panel is only made up of eight people which is a small number and these people are existing customers which means that they are more likely to have insight into the smoothie market and may not be able to represent the views of the broad range of different types of customer that are set out in Figure 1. As a consequence, Jon and Amy may receive misleading and/or incomplete information
- the plans for the café are based around offering a much wider range of products and rely on attracting new groups of consumers if it is to be successful. Using a panel will prevent the pair targeting these new groups of consumers and comparing their responses. Other approaches may allow the business a cost-effective means of collecting the breadth of information it needs
- the consumer panel could provide an opportunity to discuss in detail why particular products or augmented features are required and could create two-way communication that would help to shape the products and supporting features that will be needed to make the expansion

successful. This type of in-depth research is more appropriate for a major decision such as this one

- this is a major decision and relates to food and drink products which may require tasting and discussion to discover the complete views of customers. Respondents would be able to provide this depth of analysis using a consumer panel and would increase the likelihood of Jon and Amy making a correct decision.

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.

Judgement should focus on whether or not Jon and Amy should use a consumer panel to find out how to meet the needs of Smooth & Go's new customers.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement plus full justification. 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 judgement plus limited justification. 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:

- using a consumer panel is a good idea in the circumstances, but it should be enlarged and its membership adjusted to ensure that it reflects the range of customers that Jon and Amy are anticipating will use their new café. This approach might be effective when supplemented by Amy's secondary research
- the couple are targeting their expanded business at a wide range of customers and it is unlikely that a consumer panel will encompass all these views. Questionnaires or even personal interviews could target the intended groups successfully and could meet their requirement to control costs
- they already have collected secondary research data and this may be sufficient, so they could avoid further research and reduce their costs at a time of considerable expense.

3

Total for this question: 21 marks

3 (a) Using **Item C**, analyse why the customers who buy the 'my fit lifestyle' range may need information and support.

[8 marks]

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse why these customers have a broad range of needs.	8–7	AO3
2	Uses Item C to describe the needs of these customers.	6–4	AO2
1	Demonstrates relevant knowledge and understanding of understanding of customer needs.	3–1	AO1

Relevant answers might include the following:

Knowledge and application

- *customer needs occur before, during and after the purchase of a product*
- *customer needs extend to understanding the suitability of a product as well as information about the product and its functions*
- customers buying these products would need some initial information about healthy eating and how many calories to consume from the Tesco Health and Wellbeing section of its website
- the customers buying the 'my fit lifestyle' products have a considerable need for information as there are 130 products in the range with different colours to indicate the amount of calories in each
- the products are priced differently (with special offers available too) and understanding value may not be simple
- the various products are intended for different meals and customers have to understand which products to use when and how to combine them
- customers may need more information and support after buying the meals if they are not achieving the expected weight loss.

Analysis

- this is a relatively complex product which generates considerable needs amongst customers for information. These needs for information relate to the number of calories in the meals as well as the maximum number of calories the individual should be eating daily. Information needs on these products also relate to the prices and the special offers that are available as well as the stores that stock the products or how to access home delivery
- the 'my fit lifestyle' range is also an essential product which will create needs for reliable supply of products of standard quality and they will have to be accessible for consumers who are following a programme of healthy eating. Information will need to be provided on availability
- the needs of these customers will continue after they have purchased the products from Tesco. They may require home delivery of the meals to fit in with their busy lives and support from the relevant section of Tesco's website or an expert about other aspects of a healthy lifestyle
- customers may want to extend their purchases of 'my fit lifestyle' products into buying other products, for example ingredients for healthy meals, will probably require advice and support to do this successfully.

3 (b) Analyse the arguments **for** and **against** Tesco using the 'Health and Wellbeing' section of its website to develop a long-term relationship with its customers. Use **Item C** to make and support a decision on whether this is the best way for Tesco to develop a long-term relationship with its customers.

[13 marks]

Level	Descriptor	Marks	Assessment Objective
3	Uses Item C to analyse the possible impact of this use of customer service on Tesco's long-term relationships with its customers.	8–7	AO3
2	Uses Item C to explain how either Tesco's 'Health and Wellbeing' or 'my fit lifestyle' may be attractive to Tesco's customers.	6–4	AO2
1	Demonstrates understanding of customer service and/or customer loyalty.	3–1	AO1

Relevant answers might include the following:

Knowledge and application:

- *customer service is that aspect of a business's activities devoted to meeting customers' needs as fully as possible*
- *having a long-term relationship with customers means that they are likely to be loyal to the business and to make repeat purchases*
- *if customers are satisfied with a business's customer service it means that their needs are being met and that they are more likely to remain as customers of that business*
- Tesco's 'Health and Wellbeing' campaign is designed to provide customers with a range of augmented services, support and advice such as the chance to develop a personalised health plan
- the customer service behind Tesco's sales of healthy foods is distinctive and helps to set the business apart from its rivals
- the 'Health and Wellbeing' and 'my fit lifestyle' campaigns are integrated and are likely to appeal to increasingly health conscious customers
- by offering customers health advice and support free of charge when they register with their email address, Tesco can provide customers with additional product information and help secure future sales
- Tesco has used technology to enhance its customer service and to make it easier to access which will be attractive to many customers.

Analysis:

- many supermarkets provide low calorie and prepared food to their customers who are health conscious. Tesco is trying to differentiate itself by providing a package of advice and support which should attract customers and increase sales in a growing market. This could lead to customers staying with the company in the longer term as they seek to achieve their health and lifestyle goals
- customers can register their interest using technology and the internet which allows Tesco to build a database and inform customers of its other services and products and to make special offers. Building a relationship in this way may help the retailer to develop a long-term relationship with these customers

- many people will not continue with their healthy lifestyles for a long period of time – many diets and gym memberships are only for relatively short time periods. This may make it difficult for Tesco to maintain a long-term relationship. It may be better to ensure good customer service in some of the other products it supplies such as insurance products which may prove more effective at creating customer loyalty
- Tesco does not just sell groceries and it does not just sell to health conscious consumers. A better way to develop a long-term relationship with its customers may be to meet other customer needs such as those for value. This is a very important issue in the highly priced competitive groceries market.

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.

Judgement is being made on whether using the 'Health and Wellbeing' section of its website is the best way for Tesco to develop a long-term relationship with its customers.

Level	Descriptor	Marks	Assessment Objective
E2	Offers judgement plus full justification. Ideas are communicated using a logical structure, with some appropriate use of technical terms. There are occasional errors in accepted conventions of written communication.	5–3	AO4
E1	Offers judgement plus limited justification. 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:

- health-conscious consumers will only be a relatively small part of Tesco's overall customer base. Offering these people good customer service may help to make them loyal, but a better approach would be to target the mass of shoppers with the company through enhanced customer service
- for many customers, price will be a more important determinant of customer loyalty than the level of customer service. The company should focus on being price competitive to fight off the challenge from competitors such as Aldi and Lidl
- this model of developing a personal relationship with its customers may help Tesco to develop customer loyalty if similar approaches can be used elsewhere in the business - so the model might be the best way, but it needs extending.