

Centre Number						Candidate Number				
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For Examiner's Use	
Examiner's Initials	
Question	Mark
1	
2	
3	
TOTAL	



General Certificate of Education
Advanced Subsidiary Examination
June 2015

Applied Business

BS04

Unit 4 Meeting Customer Needs

Monday 18 May 2015 9.00 am to 10.00 am

You will need no other materials.

Time allowed

- 1 hour

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The maximum mark for this paper is 60.
- The marks for questions are shown in brackets.
- Questions 2(b) and 3(b) should be answered in continuous prose.
In these questions you will be marked on your ability to:
 - use good English
 - organise information clearly
 - use specialist vocabulary where appropriate.



J U N 1 5 B S O 4 0 1

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BS04

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

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

Item A

Smooth & Go

Jon Thompson and Amy Main graduated from university recently. They were interested in opening a smoothie bar which they decided to call Smooth & Go. They planned to offer a range of healthy and unusual drinks by, for example, using vegetables as well as fruit. As part of their planning, Jon and Amy carried out market research which revealed the following.

- The quantity of fruit smoothies sold in the UK fell by 4.6% in 2013, compared with 2012. This was because the high cost of ingredients led to an increase in prices, which discouraged some consumers from buying the products.
- Despite this fall, UK sales of fruit smoothies were high and were popular with younger consumers such as students.
- UK sales of vegetable smoothies were rising rapidly. In part, this was because they provide additional health benefits, including lower sugar content and high levels of vitamins.
- Consumers of vegetable smoothies included higher earners as well as those aged under 35, especially females.
- Vegetable smoothies could be sold at higher prices, helping to support the sale of competitively priced fruit smoothies.

Jon and Amy needed to find a location for their business which would allow them access to consumers who fell into their target market. They chose a wealthy university town close to London. Amy found vacant premises near the university and on a busy route to the railway station. Jon and Amy decided to set up a smoothie bar that would provide takeaway drinks only. This would be appropriate for their targeted customer segments of:

- younger people with limited time on their way to university
- commuters travelling to and from their well-paid jobs in London
- people seeking healthy lifestyles.

Smooth & Go was an immediate success. The smoothies for the student market were offered with a discount, and other customer segments were pleased to be able to buy healthy products in a convenient way. Jon and Amy also provided their customers with leaflets and advice about their products and the health benefits of consuming them.



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

[4 marks]

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Question 1 continues on the next page

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1 (b)

Using **Item A**, explain why Jon and Amy needed to understand the different customer segments for smoothies.

[6 marks]

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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]

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

Following the successful launch of Smooth & Go, Jon and Amy wanted to expand their smoothie bar. Larger premises nearby had become available which would allow them to operate a café with indoor seating, whilst retaining the takeaway service. Amy realised that this was a risk and that they would need to appeal to more than their existing customers: for example, to shoppers and those who worked locally.

Amy investigated the different customer segments in the UK's café market. Her research showed that it would be important to provide good quality food and drink. This should be supported by imaginative menus and extra features, such as information and advice on the health benefits of the products. Amy's research also revealed that some customers value a friendly and efficient service and long opening hours to augment the core and actual products provided in the café.

Figure 1: A summary of some of Amy's findings

Customer segment	Attitude and characteristics
The health or fitness 'freak'	Often young to middle aged, seeking products that are healthy and give a balanced diet. Price is not important but quality and taste matter. Concerned about the ingredients used to prepare food and drink.
The experimental customer	Often teenagers, looking for new and exciting flavours such as chocolate or biscuit. Want to break away from traditional fruit flavoured smoothies. Would try adventurous and unusual types of taste such as exotic fruit smoothies. May be attracted by offers such as free WiFi.
The unadventurous customer	Older customers that prefer familiar café brands such as Starbucks. Tend to stick to what they like, but very appreciative of good customer service and friendly staff.

Despite needing to control costs, Jon and Amy both agreed that, before changing their business to a café, they should undertake primary market research. Changing their business was a major decision and it was important to get it right.

A number of methods of collecting information were considered. Jon wanted to invite a group of eight of their most regular customers to form a consumer panel that could provide advice on how to develop the business. Amy disagreed with this approach as she wanted to use customer feedback questionnaires because they offered several benefits. Time was short and they could not afford to do both: a choice had to be made.



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.

[illegible]

Extra space

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.

[illegible]

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Turn over for the next question

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

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3 (a)

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

[8 marks]

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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.

[illegible]

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END OF QUESTIONS



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