

3.2 MEETING CUSTOMER NEEDS – MARK SCHEME

Q1.

	Answer	Mark
(a)AO1=2	Just in Time (JIT) is a stock management system where no stocks of raw materials/finished products are held by the business or stocks of raw materials arrive just before they need to be used. 2 marks for an accurate definition. If an accurate definition is not given award 1 mark for an answer that suggests that candidate has some understanding of the term. E.g. where the business holds no stock. An imperfect definition can be raised to 2 marks through the use of an example or some kind of accurate elaboration. E.g. <i>Dell</i> holds no stock due to the speed of technological progress.	(2)
(b)AO2=2 AO3=1	For 3 marks, there will be one benefit identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Dell/computer/online/internet/lack of need to have stores</i> context if it is to secure all three marks. Possible benefits include: <ul style="list-style-type: none"> ☐ Lower costs so profits increase. ☐ Gives ability to lower prices. ☐ Allows computers to be built around customers' exact needs. ☐ Enables the use of JIT system of stock control. ☐ Increases efficiency of <i>Dell</i>. E.g. Using the Internet gives <i>Dell</i> the ability to lower its prices (1 mark). This is because selling on the Internet is cheaper than having retail stores (1 mark) therefore <i>Dell's</i> costs are lower (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a method. The context is provided because <i>Dell</i> does not need to have retail stores because it is selling online. 	(3)
(c) AO2=2 AO3=1	For 3 marks, there will be one disadvantage identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Dell/computer</i> context if it is to secure all three marks. Possible disadvantages include: <ul style="list-style-type: none"> ☐ Falling profits. ☐ Less customer loyalty. ☐ Fewer repeat purchases. ☐ Damage to the brand. E.g. By moving the customer service centre to India <i>Dell</i> risks getting fewer repeat purchases (1 mark). This is because the workers at the Indian call centre do not possess the language skills to answer the customer's questions properly (1 mark). As a result, when customers replace their computer in the future, they will purchase a <i>Hewlett Packard</i> (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a method. The candidate also contextualises their response using the evidence and makes reference to a competitor ' <i>Hewlett Packard</i> '.	(3)
(d)AO1=2 AO2=4 AO3=2	This question has a 2 x 4 mark split. There is one mark for identifying an advantage and one mark for identifying a disadvantage. The remaining three marks are for the explanation (for each impact) which will show how holding higher levels of buffer stock can be an advantage/disadvantage to <i>Dell</i> . Within the answer there will be at least three clearly identifiable strands of explanation and reference to the context for each advantage/disadvantage considered. These may contain connective words such as, 'this leads to...' 'because...' etc. Possible advantages include: <ul style="list-style-type: none"> ☐ Protects against uncertainty e.g. Thai floods. ☐ Prevents damage to brand from cancelling customer orders. ☐ Can fulfil customer's orders faster. ☐ More bulk orders allow for greater economies of scale. ☐ Can supply unexpected orders. Possible disadvantages include:	(8)

	<p>☒ Buffer stocks will quickly become out of date.</p> <p>☒ Cost of stock holding will be higher.</p> <p>☒ May damage the competitiveness of <i>Dell</i>.</p> <p>☒ Stock may become damaged. E.g. Disadvantage: Reduced competitiveness (1 mark). Holding stock will involve the need for a larger warehouse (1 mark). This will increase the costs of producing a <i>Dell</i> computer (1 mark). As a result the price of a <i>Dell</i> computer may have to increase. This will make <i>Hewlett Packard</i> computers more attractive in the market compared to <i>Dell</i> (1 mark). This answer would gain four marks since a disadvantage has clearly been identified and there are at least three linked strands that build the explanation, with reference to the <i>Dell</i>/computer context. Without the use of this context this answer would only be worth 3 marks.</p>	
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Q2.

	Answer	Mark
(a)AO1=1	D	(1)
(b)AO2=2 AO3=1	<p>For 3 marks, there will be one method identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>ShakeAway</i>/milkshake context if it is to secure all three marks. Possible methods include:</p> <p>☒ Advertising/promotions/celebrity endorsement.</p> <p>☒ Free samples.</p> <p>☒ Lower prices.</p> <p>☒ Loyalty cards.</p> <p>E.g. <i>ShakeAway</i> could lower its prices (1 mark) and this would make the milkshake more attractive (1 mark), therefore people will trial the product. This answer would gain two marks since there are at least two linked strands that build the explanation, following the identification of a method. However there is insufficient use of context and candidates need to go beyond using the name of the company and the word 'milkshake' in their responses. Contextualisation could be achieved by referring to the £11.95 price.</p>	(3)
(c)AO1=1 AO2=1 AO3=1	<p>For 3 marks, the description will make three relevant points or one developed point associated with how <i>ShakeAway</i> can motivate its staff (<i>Shakettes</i>). The answer must be rooted in the context of a fast food/milkshake bar to secure all three marks. One of the points could include a definition of motivation. Possible answers include:</p> <p>☒ Higher pay/remuneration.</p> <p>☒ Increased fringe benefits.</p> <p>☒ Improved working conditions.</p> <p>☒ Better communication. E.g. Since the <i>Shakettes</i> are likely to have little skill (1 mark), it is unlikely that <i>ShakeAway</i> will be able to offer higher pay (1 mark) therefore making the job as fun as possible would be a way in which the <i>Shakettes</i> could be motivated (1 mark). This answer would gain three marks since there are at least two linked strands following a point and there is use of the <i>ShakeAway</i> context through the recognition of the job of a <i>Shakette</i> being low skill.</p>	(3)
(d)AO2=2 AO3=1	<p>For 3 marks, there will be one reason identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>ShakeAway</i>/milkshake context if it is to secure all three marks. Possible reasons include:</p> <p>☒ Reduced waiting time.</p> <p>☒ No need to employ as many <i>Shakettes</i>.</p> <p>☒ Lower cost per milkshake.</p> <p>☒ It would encourage repeat purchase. E.g. By increasing productivity, <i>ShakeAway</i> can reduce customer waiting time (1 mark). This will increase the number of satisfied customers (1 mark). As a result it is more likely that customers will come back instead of buying other drinks from places like <i>Burger King</i> (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation following the identification of an impact. The answer also makes reference to a rival drinks retailer, contextualising the response.</p>	(3)

Q3.

	Answer	Mark
(a)AO1=1	D	(1)
(b)AO1=1 AO2=1	<p>1 mark for the identification of an impact on <i>The Lego Group</i> from stricter EU toy safety regulations and 1 mark for some kind of appropriate development of the impact in context.</p> <p>Possible impacts include:</p> <ul style="list-style-type: none"> ☐ Higher costs. ☐ Building bricks will need to be re-designed. ☐ Need to change the materials used/more safety warnings on each set. <p>E.g. This will mean that <i>The Lego Group</i> will have to make some of their pieces larger (1 mark) so that small children do not choke on them (1 mark). This answer would gain two marks <i>since</i> an impact has been identified and there is some development in context.</p>	(2)
(c) AO2=2 AO3=1	<p>For 3 marks, there will be one benefit identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Lego/toy brick</i> context if it is to secure all three marks. Possible benefits include:</p> <ul style="list-style-type: none"> ☐ Improved branding. ☐ More repeat purchases. ☐ Increased customer loyalty. ☐ Ability to charge higher prices. E.g. Having high quality bricks and sets will differentiate <i>Lego</i> (1 mark) from those of <i>MEGA Bloks</i> (1 mark). As a result more children will want to purchase <i>Lego</i> sets at Christmas. This will increase the revenue of <i>The Lego Group</i> (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a benefit. The answer is also rooted in the context of <i>Lego</i> since reference is made to bricks and a rival competitor. 	(3)
Indicative Content		
(d)AO2=2 AO3=4	<p>The aim here is for candidates to make a judgement as to whether linking more <i>Lego</i> sets to new movies or advertising is more effective in remaining competitive. There is no right or wrong answer and the candidate can argue that either method is better, depending on the circumstances. Candidates might consider the following possible ideas as part of their answer:</p> <p>Link more sets to newly released movies:</p> <ul style="list-style-type: none"> ☐ Keeps <i>Lego</i> sets up to date. ☐ Lots of free advertising if the movie is popular. ☐ May enable <i>Lego</i> to break into new markets. ☐ <i>Lego</i> might get exclusive rights to make toys for that movie. ☐ Will <i>COBI</i> & <i>MEGA Bloks</i> be able to copy? ☐ How much will it cost to link the sets to a movie? <p>Increasing advertising:</p> <ul style="list-style-type: none"> ☐ Helps differentiate all <i>Lego</i> sets not just ones linked to a particular movie. ☐ Will enhance the <i>Lego</i> brand across all of its products. ☐ Will <i>COBI</i> & <i>MEGA Bloks</i> simply increase their advertising? ☐ Time consuming. ☐ Expensive. To be evaluative and support the judgement made, the candidate might suggest (for example) that the level of competitiveness achieved is dependent on the popularity of the movie. Some flops might have short life cycles, reducing the level of competitiveness. An alternate route to evaluation might come through the candidate examining the drawbacks of their chosen option. E.g. advertising is expensive/linking to a new movie may involve some kind of licensing fee. 	
Level	Mark	Descriptor
No mark	0	Non-rewardable material.
Level 1	1–2	A judgement or point is given as to which method is more likely to allow <i>The Lego Group</i> to remain competitive. If there is just a simple judgement or where the

		support shows misunderstanding 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level.
Level 2	3–4	A judgement/point is given on one or both issues with some development/support, which includes at least one reason/cause/consequence etc. At the top of this level this analysis will be relevant and linked to the judgement/point made.
Level 3	5–6	A judgement/point is given on one or both issues with some development/support, which includes at least two reasons/causes/consequences etc. and includes some balance . At the top of this level there will be a conclusion drawn from the analysis and the answer will be in <i>The Lego Group</i> context.

Q4.

	Answer	Mark
AO2=2 AO3=1	<p>For 3 marks, there will be one benefit identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Easyjet</i>/airline context if it is to secure all three marks. Possible benefits include:</p> <ul style="list-style-type: none"> ☐ Lower costs per passenger. ☐ Ability to charge lower prices. ☐ Out-compete rival airlines such as <i>BA</i> and <i>Ryanair</i>. ☐ More efficient use of planes. ☐ Ability to offer more services/routes. E.g. <i>Easyjet</i> will be able to lower its average total cost (1 mark) since more output will be produced in an hour. This will then allow <i>Easyjet</i> to lower its prices (1 mark). This answer would gain two marks since there are at least two linked strands that build the explanation, following the identification of a benefit. However there is no use of context which prevents the answer from being awarded 3 marks. 	(3)

Q5.

	Answer	Mark
AO2=2 AO3=1	<p>For 3 marks, the explanation will show how improved productivity will benefit <i>Saltash Toy Box</i>. There will be one mark for identifying a benefit and a further two clearly identifiable strands of explanation rooted in the <i>Saltash Toy Box</i>/toy context. These may contain connective words such as, 'this leads to...' 'because...' etc. Possible answers include:</p> <ul style="list-style-type: none"> ☐ Workers will sell more in a period of time/efficiency. ☐ Increased profit. ☐ Lower unit costs. ☐ Improved reputation. <p>E.g. Improved productivity will mean profits will increase (1 mark). This is because workers will be packaging up toys much more quickly (1 mark). This means the Toy Box's costs per toy will fall (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation (including the identification of a benefit) and there is reference to the context which earns the final mark.</p>	(3)

Q6.

	Indicative content
QWC Strands (i), (ii) and (iii)AO2=3 AO3=5	<p>The aim here is for candidates to consider whether changing the 'place' element of the marketing mix will improve the <i>Toy Box's</i> competitiveness. The question asks the candidate to 'assess', so the candidate must develop some evidence of balance within the answer. This could take the form of disadvantages which reduce the size of the benefits to the <i>Saltash Toy Box</i> of closing down its retail store, or through a consideration of the extent to which it is likely to be a successful strategy. Benefits of switching to catalogues/internet:</p> <ul style="list-style-type: none"> ☐ Lower costs/overheads. ☐ Opportunity for lower prices.

	<p> <input type="checkbox"/> Greater ability to compete on price with <i>Toys R Us</i>. <input type="checkbox"/> Wider market can be targeted rather than just a small town. <input type="checkbox"/> Increased profit margins. Drawbacks of switching to catalogues/internet: <input type="checkbox"/> Will still not be able to compete on price with <i>Toys R Us</i>. <input type="checkbox"/> Will lose its reputation for customer service. <input type="checkbox"/> Loss of USP since children cannot now play with toys before purchase. <input type="checkbox"/> Could lower profits. <input type="checkbox"/> Damage to the brand/loss of local custom. </p> <p>It is likely that evaluation will be demonstrated by a consideration of the drawbacks of the strategy and the scale of those drawbacks. Some outstanding candidates might consider that the drawbacks may be of a different size over different time periods, therefore it is difficult to judge whether it is likely to be a success.</p>	
Level	Mark	Descriptor
No mark	0	Non-rewardable material. No mark is to be awarded if the candidate just re-states the question, i.e. using the Internet will increase the competitiveness of the <i>Saltash Toy Box</i> .
Level 1	1-2	Reference to one effect is given with some weak development or two effects are given with limited or no development of either. If there is just a simple judgement/value attached to one of the effects, 1 mark should be awarded. If this judgement/point has some simple support, the response should be placed at the top of this level. The quality of written communication will be poor with frequent spelling, punctuation, style and grammar errors.
Level 2	3-5	Reference to one or more effects is given with some development/support, which includes at least one reason/cause/consequence etc. At the middle of the level this analysis will be relevant and linked to the judgement/point made. Answers at the middle of this level will tend to assume that the judgement/point made will work and that the change of focus will have no downside. At the top of the level there will be some consideration of another point of view and there will be some context. There will be a good level of quality of written communication with few mistakes in spelling, punctuation and grammar. The quality of the language used will be appropriate for the subject matter.
Level 3	6-8	Reference to one or more effects is given. A judgement/point is given with some development which includes at least two reasons/causes/consequences etc. and possibly the use of the 'it depends' rule. Some balance will be given in the form of advantage/disadvantage, pros/cons, costs/benefits. The candidate will be able to show some appreciation that the effect(s) are not 'inevitable' or 'automatic'. At this level, candidates may attach some value/importance to both of the effects and may make a judgement about which of the effects is more important/valuable to <i>Saltash Toy Box</i> . The answer will be in context. The quality of written communication will be of a high standard with few, if any, errors in spelling, punctuation and grammar. The style of writing and the structure of the response will be appropriate and of a high standard and there will be clear evidence that the candidate has structured their answer clearly and coherently, using appropriate terminology.

Q7.

	Answer	Mark
AO2=2	<p>1 mark for each appropriate benefit. Possible answers include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Differentiates products. <input type="checkbox"/> Builds branding. <input type="checkbox"/> Increases competitiveness. <input type="checkbox"/> Increases sales. <input type="checkbox"/> Increases profits. <input type="checkbox"/> Out-compete competition. <p>Accept all plausible answers.</p>	(2)

Q8.

	Answer	Mark
AO1=1	B	(1)

Q9.

	Answer	Mark
AO2=2 AO3=1	<p>For 3 marks, the explanation will clearly show how research and development will benefit <i>Marks and Spencer</i>. Within the answer there will be at least two clearly identifiable linked strands of explanation with the answer rooted in the <i>Marks and Spencer</i>/clothing context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible answers include:</p> <ul style="list-style-type: none"> ☐ A method of differentiating. ☐ Enhances the brand. ☐ Allows the firm to stay ahead of the competition. ☐ Allows the firm to charge premium prices. ☐ Adds value. ☐ Develops new products. <p>E.g. Research and development is a way of adding value (1 mark). This is because people will pay more for a suit that does not need to be dry cleaned (1 mark). This increases willingness to pay by more than the extra costs of changing the fabric (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation and there is clear reference to the context which earns the final mark.</p>	(3)

Q10.

	Answer	Mark
AO2=2 AO3=1	<p>For 3 marks, there will be one disadvantage identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the <i>Easyjet</i>/airline context if it is to secure all three marks.</p> <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> ☐ Loss of sales to other airlines. ☐ Damage to branding/increased complaints. ☐ Less repeat passengers. ☐ Lower revenue/profits. E.g. Poor customer service will increase the number of complaints <i>Easyjet</i> receive (1 mark). As a result the complaining passengers are unlikely to use <i>Easyjet</i> again (1 mark) and will switch to <i>Ryanair</i> (1 mark). This answer would gain three marks since there are at least two linked strands that build the explanation, following the identification of a disadvantage. The answer is also rooted in the context of <i>Easyjet</i>/airlines since reference is made to passengers and a rival airline. 	(3)

Q11.

	Answer	Mark
AO1=1	A	(1)

Q12.

	Answer	Mark
AO2=2 AO3=1	<p>For 3 marks, there will be one drawback identified and two clearly identifiable linked strands of explanation between the statements. These may contain connective words such as, 'this leads to...' 'because...' etc. The explanation must be in the</p>	

	<p><i>Nintendo</i>/games console context if it is to secure all three marks. Possible drawbacks include:</p> <ul style="list-style-type: none"> ☒ High costs of storage for the consoles. ☒ Lots of cash tied up/poor cash flow. ☒ Loss in value of the consoles (depreciation). ☒ Consoles might not sell as well as expected. ☒ Higher risk of needing to de-stock. <p>E.g. <i>Nintendo</i> might find sales of the <i>3DS</i> are not as high as they expected (1 mark) since people might not be willing to spend extra just to play games in 3D (1 mark). This will result in a lot of spare consoles that cannot be sold (1 mark). This answer would gain three marks since the candidate identifies the drawback and there are at least two linked statements using the <i>Nintendo</i> context.</p>	(3)
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Q13.

	Answer	Mark
AO1=2	Stocks are the raw materials, work in progress or finished goods that the business holds. 2 marks for an accurate definition. If an accurate definition is not given award 1 mark. E.g. raw materials. An example of stocks taken from the evidence could raise an imperfect definition to 2 marks, as would an elaboration of an imperfect definition.	(2)

Q14.

	Answer	Mark
AO2=1	25 Hamsters. Candidates are to be awarded a mark even if they just state '25'.	(1)

Q15.

	Answer	Mark
AO2=1 AO3=1	There are three ways of calculating this answer and both methods give the same answer. Award 2 marks for the correct answer. E.g. Stock arrival date (8 weeks) – Re-order date (3 weeks) = 5 weeks. Or Stock arrival date (18 weeks) – Re-order date (13 weeks) = 5 weeks. Or Stock is ordered in week 3 and arrives in week 8. Therefore 8-3=5 weeks. Award the candidate 2 marks if they state '5' instead of '5 weeks'. 1 mark can be awarded if the candidate shows an understanding of how to calculate the answer but makes an error.	(2)

Q16.

	Answer	Mark
AO1=1 AO2=1 AO3=1	<p>For 3 marks, the description will make two relevant points or one developed point associated with the disadvantages of holding large stocks of toys. This answer must be rooted in the context of the toy retailing industry. Two marks are awarded for the points (including the identification of a disadvantage) and 1 mark is awarded for the use of context. Possible answers include:</p> <ul style="list-style-type: none"> ☒ High stock holding costs e.g. extra storage, insurance, depreciation etc. ☒ Can be left with lots of unwanted stock e.g. toys that go out of fashion. ☒ Demand will fall rapidly after Christmas. ☒ Makes it more difficult to compete on price due to stock holding costs. ☒ Lower profits. E.g. Holding stock is expensive (1 mark). The more toys they stock the higher the costs (1 mark). They will also have to find somewhere to store all of the toys (1 mark). This answer would gain three marks since there are at least two relevant points made including the identification of a disadvantage and there is reference to the context which earns the final mark. 	(3)

Q17.

	Answer	Mark
<p>QWC strands (i), (ii) and (iii)AO2=4 AO3=4</p>	<p>This question has a 2 x 4 mark split. There is one mark for identifying an advantage/disadvantage. The remaining 3 marks are for the explanation which will show how the advantage/disadvantage will affect the <i>Saltash Toy Box</i>. Within the answer there will be at least two clearly identifiable strands of explanation and reference to the context. These may contain connective words such as, 'this leads to...' 'because...' etc.</p> <p>Possible advantages include:</p> <ul style="list-style-type: none"> ☐ Lower levels of stock. ☐ Higher profit. ☐ Lower costs. ☐ Excellent relationships can help overcome problems easier. <p>Possible disadvantages include:</p> <ul style="list-style-type: none"> ☐ Not being able to meet demand. ☐ Suppliers not being reliable. ☐ Damage to brand. ☐ Cannot respond to changes in the market. ☐ Requires excellent relationships with suppliers which are not easy to maintain. E.g. Disadvantage: Damage to brand (1 mark). If the Saltash Toy Box runs out of stock, customers may not get their toys on time (1 mark). This means that they will be late for Christmas/birthdays etc. (1 mark). Customers will then be reluctant to make repeat orders (1 mark). This answer would gain 4 marks since a disadvantage has clearly been identified and there are at least two linked strands that build the explanation and there is reference to the context which earns the final mark. Two answers of this quality (an advantage and a disadvantage) would gain the full 8 marks. 	(8)

Q18.

	Answer	Mark
<p>AO2=2</p>	<p>1 mark for the identification of a consumer protection law and one mark for some kind of elaboration. Possible answers include:</p> <ul style="list-style-type: none"> ☐ Trade Descriptions Act. ☐ Sale of Goods Act. <p>E.g. Marks and Spencer must make sure it follows the Trade Descriptions Act (1 mark). This will involve making sure a shirt described as 100% cotton is not made out of nylon (1 mark). Candidates may suggest other consumer protection laws not on the specification. These should be rewarded appropriately.</p>	(2)