

Applied Business

Advanced Subsidiary GCE

Unit **F243**: The Impact of Customer Service

Mark Scheme for June 2011

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Question	Expected Answer	AO	Mark	Additional Guidance
1 (a)	<p>State and explain THREE reasons why effective customer service is important to a business.</p> <p><i>One mark for each correct identification up to a maximum of three identifications, plus a further one mark for each of three explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Good customer service is important to any organisation to encourage repeat business (1) which enables them to grow and gain in market share based on customer loyalty (1). • It will enhance a organisation's reputation (1) which could make people want to visit for the first time (1). • It can give an organisation an edge over its competitors (1) so that customers will use that firm over another (1). • Increased profit (1) which will help the business to expand (1). 	<p>AO 1</p> <p>AO 2</p>	<p>3</p> <p>3</p>	<p>Do not accept happy as a response.</p> <p>Generic explanation acceptable.</p>
1 (b)	<p>State THREE reasons why displaying a customer service policy is an example of good practice for a business such as <i>Go Rentals (Birmingham)</i>.</p> <p><i>One mark for each correct identification up to a maximum of three identifications.</i></p> <p>Responses include:</p> <p>Displaying a customer service policy shows:</p> <ul style="list-style-type: none"> • The customer is aware that the policy exists (1) • That the business is serious about providing a good level of customer service (1) • That good service should be provided (1) • Guidelines for staff to follow (1) • Provides peace of mind for the customers (1) • Enables customers to assess performance • More consistent service 	<p>AO 1</p>	<p>3</p>	<p>Answers do not have to be in context but accept those that are.</p> <p>Do not accept will increase sales, motivates staff or enforces policy.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
1 (c)	<p>Using information from the case study, other than a customer service policy, identify FOUR examples of good customer service.</p> <p><i>One mark for each correct identification from the case study up to a maximum of four identifications.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Good range of products • All vehicles are less than 3/4 years old • Sufficient staff/management • Skilled/specialist staff • Good management team • Monthly newsletter • All vehicles are clean and tidy • All vehicles are inspected • Road side assistance • Treat customers with respect 	AO 2	4	<p>To achieve any marks the answer must be explicit from the case study.</p> <p>Do not accept vehicle delivery or loyalty scheme, on-line booking, prestige cars or car valet service.</p> <p>Do not accept 95% customer satisfaction.</p>
1 (d)	<p>Discuss the consequences to <i>Go Rentals (Birmingham)</i> of inconsistent customer service across the franchise network.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Level 1 (3 marks) Candidate identifies the consequence(s) of having inconsistent customer service with no use of context.</p> <p>Level 2 (4–6 marks) Candidate applies knowledge and understanding of the consequence(s) of having inconsistent customer service across the franchise network.</p> <p>Level 3 (7–9 marks) Candidate analyses the consequences to <i>Go Rentals (Birmingham)</i> of having inconsistent customer service across the franchise network</p>	AO1 AO2 AO3 AO4	3 3 3 3	<p>Answers must be about inconsistency and not about bad or poor customer service.</p> <p>At Levels 3 and 4 answers must relate to the effects on <i>Go Rentals (Birmingham)</i>.</p> <p>The use of Shop or Branch is not acceptable as context unless further developed.</p>

Question	Expected Answer	AO	Mark	Additional Guidance
	<p>Level 4 (10–12 marks) Candidate discusses the long term consequences to <i>Go Rentals (Birmingham)</i> of having inconsistent customer service across the franchise network.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Poor reputation • Lose customers/lose sales/lose loyalty • Customers may be confused • Poor service in other branches could impact on Birmingham • Long term viability • Growth plans could be jeopardised <p>Exemplar response:</p> <p>If a firm has inconsistent customer service it can lead to loss of sales(L1). If another franchise in the <i>Go Rentals</i> network has provided poor customer service then this could mean that customers may think that customer service at <i>Go Rentals (Birmingham)</i> is also poor (L2). This would mean that, because of no fault of its own, <i>Go Rentals (Birmingham)</i> will lose its customers (L3). Realistically, if customers feel the level of service provided at other <i>Go Rentals</i> franchises is inconsistent then they are likely to stay away from <i>Go Rentals (Birmingham)</i> (L3), even though <i>Go Rentals (Birmingham)</i> is very good, leading to a loss of profits for <i>Go Rentals (Birmingham)</i> and the franchisor (L3). This could also prevent <i>Go Rentals (Birmingham)</i> attracting more business customers and may prevent the expansion into prestige cars (L4).</p>			

Question	Expected Answer	AO	Marks	Additional Guidance
2	<p>Name FOUR acts or regulations with which a business such as <i>Go Rentals (Birmingham)</i> has to comply in order to protect its customers.</p> <p><i>One mark for each correct identification up to a maximum of four identifications</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Sale and Supply of Goods Act (Sale of Goods Act) • Health and Safety at Work Act • Supply of Goods and Services Act • Trades Description Act • Consumer Protection Act • Data Protection Act • Disability Discrimination Act • Equality Act • Weights and Measures Act • Consumer Credit Act 	AO 1	4	<p>Accept any act/regulation as long as it protects customers.</p> <p>Do not award any marks for acts/regulations which only protect the business.</p> <p>Health and Safety at Work Act must include the words 'at work'.</p>
3 (a)	<p>Identify and describe FOUR methods which <i>Go Rentals (Birmingham)</i> could use to gain customer feedback.</p> <p><i>One mark for each correct identification up to a maximum of four identifications plus a further one mark for each of four descriptions</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Face to face questionnaire (1) where customers are asked pre-set questions when they return the vehicle (1). • Suggestion box (1) where a box is put in the customer reception area for customers to leave comments (1). • A telephone questionnaire (1) where customers are phoned after they have returned the vehicle and asked questions (1). • Email questionnaire (1) where customers reply to emails sent by <i>Go Rentals (Birmingham)</i> (1). 	AO 1 AO 2	4 4	<p>Answers do not have to be in context.</p> <p>Accept complaint box in lieu of suggestion box.</p> <p>Accept car or van in lieu of vehicle.</p> <p>Do not accept survey because it is an observational method.</p> <p>Do not accept mystery shopper.</p> <p>Only accept one type of questionnaire.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
	<ul style="list-style-type: none"> • Postal questionnaire (1) where <i>Go Rentals (Birmingham)</i> sends out by post (1). • Freephone number (1) where customers can leave comments and messages for <i>Go Rentals (Birmingham)</i> (1). • Focus groups (1) where a group of <i>Go Rentals (Birmingham)</i> customers are invited to discuss the business (1). • Interview (1) which is a formal discussion with a customer (1). • Informal comments (1).where one to one unstructured feedback is given. 			
3 (b)	<p>Analyse the likely implications for <i>Go Rentals (Birmingham)</i> as a result of delays in maintaining an up-to-date planning board.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Level 1 (1–3 marks) Candidate identifies the implication(s) of poor planning with no use of context.</p> <p>Level 2 (4–6 marks) Candidate applies knowledge and understanding of the implication(s) of poor planning to <i>Go Rentals (Birmingham)</i>.</p> <p>Level 3 (7–9 marks) Candidate analyses the implications of poor planning to <i>Go Rentals (Birmingham)</i>.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Loss of sales • Poor reputation • Unable to meet customer needs • Customers will go to a competitor • Staff can get confused 	AO1 AO2 AO3	3 3 3	<p>Do not accept planning board as context.</p> <p>Do not accept solutions as part of the answer.</p> <p>Answers relate to the business and not the customers.</p> <p>Double booking is not acceptable as context unless explained in context.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
	<ul style="list-style-type: none"> • Disorganised working • Vehicles can be double booked • Vehicles that are due to serviced can be booked • Vehicles that are broken down can be booked <p>Exemplar response:</p> <p>Having a planning board means that bookings can be made to meet the needs of the customers (L1). If <i>Go Rentals (Birmingham)</i> does not plan properly, then this could cause confusion and will mean that all those taking bookings will not know for sure what vehicles (CONT) are available (L2). This may result in one vehicle being booked out twice (L2). This could result in customers being let down when they come to collect their car (L2). They would then have to go to a competitor (L3) which could mean that <i>Go Rentals (Birmingham)</i> starts to lose customers (L3).</p>			
3 (c)(i)	<p>What is meant by the statement 'customer retention numbers were excellent'?</p> <p><i>For one mark.</i></p> <p>Indicative content:</p> <ul style="list-style-type: none"> • It indicates that <i>Go Rentals (Birmingham)</i> is very good at getting repeat business. 	AO 1	1	Answers do not have to be in context but accept those that are.

Question	Expected Answer	AO	Marks	Additional Guidance
3c (ii)	<p>Give TWO benefits to a business of excellent customer retention.</p> <p><i>One mark for each correct benefit up to a maximum of two identifications</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Repeat business • Customer loyalty • Cheaper than attracting new customers • Customer knows your product/service • Customer knows your quality • Build sales through recommendations • Build a good relationship • Improves reputation • Increase sales • Increase profits <p>Exemplar response:</p> <p>Customer retention means that businesses do not have to find a lot of new customers (1). It means that customers will be loyal to the business (1).</p>	AO 1	2	<p>Answers do not have to be in context but accept those that are.</p> <p>Accept any appropriate response.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
4 (a)i&ii	<p><i>Go Rentals (Birmingham)</i> currently sends out a monthly newsletter to its customers by post.</p> <p>(i) (ii) state and explain ONE advantage and ONE disadvantage to <i>Go Rentals (Birmingham)</i> of using the post to send out a monthly newsletter.</p> <p><i>One mark for the correct identification of an advantage plus up to two further marks for an explanation and one mark for the correct identification of a disadvantage plus up to two further marks for an explanation.</i></p> <p>Responses include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> • More professional • Free gift could be given <p>Disadvantages:</p> <ul style="list-style-type: none"> • It is costly to send out postal newsletters • Costs a lot of money to produce • Customers may view the newsletter as junk mail • Not environmentally friendly • Some customers may have moved • Time consuming • Could get lost in the post <p>Exemplar response:</p> <p>An advantage of using a postal newsletter is that <i>Go Rentals (Birmingham)</i> will appear professional (1) and be able to include a free gift (1) which may result in more customer loyalty.</p> <p>A disadvantage of a postal newsletter is that it is costly (1). <i>Go Rentals (Birmingham)</i> could use this money on other ideas (1) such as special offers which could improve customer service (1).</p>	<p>AO 1</p> <p>AO 2</p>	<p>2</p> <p>4</p>	<p>Accept an outline which develops the initial advantage/disadvantages.</p> <p>Answers must relate to the postal method. But no context required.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
4 (b)* QWC question	<p>Jenny has suggested that <i>Go Rentals (Birmingham)</i> implements a customer loyalty scheme. Evaluate the extent to which a loyalty scheme is likely to significantly increase sales at <i>Go Rentals (Birmingham)</i>.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Level 1 (1–3 marks) Candidate identifies the benefit(s) of loyalty schemes with no use of context.</p> <p>Level 2 (4–6 marks) Candidate applies knowledge and understanding of the benefits of a loyalty scheme to <i>Go Rentals (Birmingham)</i>.</p> <p>Level 3 (7–9 marks) Candidate analyses the benefits of loyalty cards to <i>Go Rentals (Birmingham)</i>.</p> <p>Level 4 (10–12 marks] Candidate evaluates the benefits of loyalty cards to <i>Go Rentals (Birmingham)</i>.</p> <p>Indicative content:</p> <ul style="list-style-type: none"> • Encourage repeat business • Helps to gather customer information • Gain competitive advantage • Some benefits are too small • Most customers aren't regular hirers • Benefit business users more • More reason to maintain contact with a customer • Support business growth • Attract new customers 	<p>AO 1</p> <p>AO 2</p> <p>AO 3</p> <p>AO 4</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p>	<p>Benefits must be from the business perspective.</p> <p>Candidates may identify one or more benefits and develop that through Levels 2, 3 and 4.</p> <p>However:</p> <p>Level 2 – the benefit must be relevant to <i>Go Rentals (Birmingham)</i>.</p> <p>Level 3 – analysis of one or more benefits.</p> <p>Level 4 – a judgement must be reached relating to the consequences to <i>Go Rentals (Birmingham)</i> if the loyalty card scheme is implemented. Justification must be in context.</p>

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	<ul style="list-style-type: none"> • Could impact on profits • Could be costly to run <p>Exemplar response:</p> <p>A loyalty card could increase sales by encouraging repeat business by offering rewards to loyal customers (L1). <i>Go Rentals (Birmingham)</i> is offering a discount after a certain number of rentals, or even a free rental or upgrade. This would encourage private and business customers to use <i>Go Rentals (Birmingham)</i> instead of its competitors (L2). However, as you have to rent a lot of cars to benefit from the rewards it is probably only attractive to business users who tend to rent cars more often (L3). Therefore, it may boost sales for the business user (CONT) (L4) which is good because that is the market which <i>Go Rentals (Birmingham)</i> hopes to develop (L4).</p>			
4 (c)	<p>Using information from the case study, state and explain TWO possible benefits to <i>Go Rentals (Birmingham)</i> if it were to introduce prestige cars for rental.</p> <p><i>One mark for each correct benefit from the case study up to a maximum of two benefits plus up to a further two marks for each of two explanations.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Attract new customers • Increased sales/margin • Develop new business/market • Improved customer satisfaction 	AO 1 AO 2	2 4	<p>Accept any relevant and realistic answer.</p> <p>Do not award benefits to customer unless linked back to <i>Go Rentals (Birmingham)</i>.</p> <p>Award 1 mark for identification.</p> <p>Award up to 2 further marks for generic description.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
	<p>Exemplar response:</p> <p>Offering prestige cars for rental would be a benefit because it could be offered as an optional upgrade (1). <i>Go Rentals (Birmingham)</i> would be able to increase turnover (1) or even attract new customers particularly from its competitors (1).</p>			
5 (a)	<p>State FOUR reasons why it is important for any business to frequently assess its level of customer service.</p> <p><i>One mark for each correct identification up to a maximum of four identifications.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Ensure that customer needs are met promptly • Identify changes quickly • Remain constantly competitive • Regularly develop a better service • Introduce new products as soon as they are required • Maintaining reputation • Attract new customers on a regular basis • Maintaining updates on staff performance 	AO 1	4	<p>Answers do not have to be in context but accept those that are.</p> <p>Responses must make reference to time, eg Keep measuring, Maintain focus, ensures consistent service.</p>
5 (b)	<p>State THREE ways in which a business such as <i>Go Rentals (Birmingham)</i> could measure its levels of customer service.</p> <p><i>One mark for each correct way up to a maximum of three ways.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Number of complaints (1) • Repeat business (1) • Referrals (1) • Take up of loyalty scheme (1) 	AO 1	3	<p>Answers do not have to be in context but accept those that are.</p> <p>Do not accept a method of gathering information.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
	<ul style="list-style-type: none"> • Sales turnover (1) • Customer retention figures (1) • Turnover (1) • Profits (1) 			
5 (c)	<p>State and explain THREE advantages to customers if <i>Go Rentals (Birmingham)</i> was to accept online bookings.</p> <p><i>One mark for each correct advantage up to a maximum of three advantages plus a further one mark for each of three explanations</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Bookings would be accurate • Quicker process for customers • Customers can book whenever they want to • Customers can book from wherever they are • Customers could check their account usage • Customers would know how many bookings they have previously made • Customers would know what vehicles are available • Customers do not have to leave home • No risk of double booking <p>Exemplar response:</p> <p>If <i>Go Rentals (Birmingham)</i> accepted online bookings then customers can make bookings whenever they wanted to (1). This would be a quicker process for them (1).</p>	<p>AO 1</p> <p>AO 2</p>	<p>3</p> <p>3</p>	<p>Accept answers that use aspects of the indicative content to develop each advantage.</p> <p>Must be from the customer's perspective.</p> <p>Accept cars for vehicles.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
5 (d)	<p>State TWO disadvantages to <i>Go Rentals (Birmingham)</i> if they were to accept online bookings.</p> <p><i>One mark for each correct disadvantage up to a maximum of two advantages.</i></p> <p>Responses include:</p> <ul style="list-style-type: none"> • Loss of personal touch (1) • Costly to set up (1) • Will have to train staff to use the system (1) • Website might not work (1) • Help might not be available through the website (1) • Internet fraud (1) • Customers will need a debit/credit card to pay (1) • Need to keep the site up-to-date (1) • Confusion if also accepting telephone bookings (1) • Prone to be hacked (1) • System could go down so bookings lost (1) • Site maintenance is costly and takes time (1) 	AO 1	2	Accept any other realistic disadvantage.

Question	Expected Answer	AO	Marks	Additional Guidance
6	<p>Evaluate the benefits and drawbacks to <i>Go Rentals (Birmingham)</i> of having a manager on site at all times when the business is open.</p> <p>Please indicate each time a candidate achieves a particular level as this will help you to allocate the marks within that level.</p> <p>Level 1 (1–3 marks) Candidate identifies the benefit(s)/drawback(s) of having managers on site with no use of context.</p> <p>Level 2 (4–6 marks) Candidate applies knowledge and understanding of the benefit(s)/drawback(s) to <i>Go Rentals (Birmingham)</i> of having managers on site at all times when the business is open.</p> <p>Level 3 (7–9 marks) Candidate analyses the need for <i>Go Rentals (Birmingham)</i> to have a manager on site at all times when the business is open.</p> <p>Level 4 (10–12 marks) Candidate evaluates the need for <i>Go Rentals (Birmingham)</i> to have a manager on site at all times when the business is open.</p> <p>Indicative content: Benefits:</p> <ul style="list-style-type: none"> • Meet customer needs instantly • Monitor staff performance • Make timely decisions • Can deal with problems as they arise • Prepare for the following day • Staff will be supervised at all times • Make sure that all tasks are completed • Control the jobs/task/bookings 	<p>AO 1</p> <p>AO 2</p> <p>AO 3</p> <p>AO 4</p>	<p>3</p> <p>3</p> <p>3</p> <p>3</p>	<p>This question brings together some of the topics from previous questions.</p> <p>There will be some repetition which is acceptable as long as the candidate links these to <i>Go Rentals (Birmingham)</i>.</p> <p>Level 3 – analysis of one or more implications.</p> <p>Level 4 – a judgement must be reached relating to whether having a manager on site at all times when the business is open is a benefit or drawback for <i>Go Rentals (Birmingham)</i>, based on a two-sided analysis.</p>

Question	Expected Answer	AO	Marks	Additional Guidance
	<p>Drawbacks:</p> <ul style="list-style-type: none"> • Costs more than other staff • Might have to employ a new manager • Might have to pay more for managers to work longer • Opportunity cost <p>Exemplar response:</p> <p>Having a manager on site will help to meet customer needs (L1) which could mean answering a question about which car to rent (L2). This would help <i>Go Rentals (Birmingham)</i> to convert more orders from enquiries, increasing their sales (L3). However, it usually costs more to have people working shifts, especially at night (L1). <i>Go Rentals (Birmingham)</i> would have to consider this when the managers work out what they are going to charge for car rentals (L2). <i>Go Rentals (Birmingham)</i> may have to put up prices to cover the extra management costs (L3). Overall, and despite having extra costs, <i>Go Rentals (Birmingham)</i> should have a manager on site at all times because the increase in income from rental sales could support the planned expansion of the business (L4).</p>			

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