

GCE AS

Applied Business

Summer 2009

Mark Schemes

Issued: October 2009

MARK SCHEMES (2009)

Foreword

Introduction

Mark Schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of 16- and 18-year-old students in schools and colleges. The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes therefore are regarded as a part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

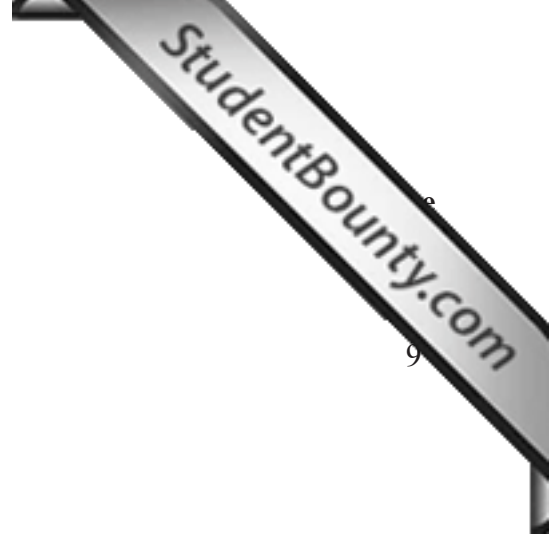
It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

The Council hopes that the mark schemes will be viewed and used in a constructive way as a further support to the teaching and learning processes.

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[A3B31]

MONDAY 18 MAY, MORNING

MARK SCHEME

1 Identify the sector of the economy that Botanic Inns operates in, explaining the significance of that sector to the economy in Northern Ireland.

- Botanic Inns operates in the tertiary sector of the economy.
- This sector is known as the “service sector”, typically provides services to business and individual consumers.
- The role of the sector within the regional economy is of importance since the manufacturing sector and secondary sector have been in decline for a significantly long time period.
- The NI economy has witnessed a decline in Agricultural sector, loss of production/primary sector industries to Far East regions of the world.
- Secures 500 + jobs.
- Makes contribution to tourism sector.

([1] for identification, [3] for explanation)

[4]

2 Explain **four** factors which would affect the conditions of demand for the goods and services provided by the Botanic Inns group.

- Changes in population – alcohol sales are banned to customers under 18 years of age, thus customers in Botanic Inn groups are mostly adults; increasing numbers of customers from diverse backgrounds will impact consumer demand – multicultural society is noted.
- Changes in income – as standards of living increase and people have more disposable income, then spending is likely to increase; this could lead to increased demand/sales for Botanic Inns goods/services, e.g. at two off-licence outlets.
- Changes in prices of other goods – customers will choose to spend as much/little on individual elements of “mixed trading” – i.e. food/pub grub, gaming machines, alcohol, hotel accommodation, branded goods (off-licences) which will impact demand.
- Changes in tastes/fashions – customers require both pub grub and/or alcohol when frequenting licensed premises; emergence of healthy eating alternatives; increased numbers of tourists visiting Belfast city; peace dividend benefits; seasonality.
- Availability of substitutes – the availability of non-alcohol beverages and products will impact levels of consumer demand; the availability of own brand products (DR:NK) will impact consumer demand, in comparison to well-established branded products.
- Legislation – customer numbers will be impacted by imposition of the smoking ban (i.e. Potential fall), but alternatively, additional new customers will be gained; ban on sale of alcohol to under-age customers will impact sales at two off-licence outlets.

Level 1 ([1]–[3])

Some knowledge and understanding of one factor which is likely to influence consumer demand is explained, and there is some application in the context of Botanic Inns. There is little attempt to explain or apply the relevant factor to the stimulus material. Quality of written communication is limited.

Level 2 ([4]–[9])

Adequate knowledge and understanding of two to three factors which are likely to influence consumer demand are explained, and there is some application in the context of Botanic Inns. There is good attempt to explain and apply the relevant factors to the stimulus material. Quality of written communication is satisfactory.

Level 3 ([10]–[12])

Good standard of knowledge and understanding of four factors which are likely to influence consumer demand are explained, and there is a high standard of application in the context of Botanic Inns. There is a high standard of explanation and application. Quality of written communication is of a high standard.

[12]

3 Explain **four** reasons why government intervention may be necessary in relation to the commercial operations of Botanic Inns.

- To ensure fair trade – licensed premises operated by Botanic Inns (as a company) will typically sell branded alcoholic products/beverages of specific producers; government aim is to ensure trade is fair to consumers providing them with a reasonable choice and value for money.
- To control competition – licensed premises will typically sell branded products/beverages tied to limited numbers of producers; it is a competitive industry, and Botanic Inns (as a company) are keen to maximise revenues through marketing opportunities using the “mixed trading” option.
- To protect stakeholders – various stakeholders will be impacted by the commercial operations of Botanic Inns, thus protection is afforded by government intervention, e.g. opening hours (licensing laws); health/safety (employees); smoking ban (staff, employees, customers, management and others).
- To protect the environment – Waste Management activities.
- To manage social responsibility – Botanic Inns will want to positively manage its social responsibilities, for example, be seen as a good employer for 500+ staff; good terms/conditions of employment, good public relations, socially responsible consumption of alcohol (18+ legislation).
- To manage ethical issues – Botanic Inns would wish to assist in positively managing ethical issues, for example, preventing sales of alcohol to under-age customers, minimising impact of smoking ban on customers, offer customers alternatives to the existing product ranges, e.g. vegetarian menus, healthy eating, non-alcoholic beverages, promoting anti-drink-drive policies.
- Support Government objectives – prosperity; economic growth; job security.

Level 1 ([1]–[3])

Some knowledge and understanding of one reason for government intervention is explained, and there is some application in the context of Botanic Inns. There is little attempt to explain or apply the relevant reason to the stimulus material. Quality of written communication is limited.

Level 2 ([4]–[9])

Adequate knowledge and understanding of two to three reasons for government intervention is explained, and there is good application in the context of Botanic Inns. There is some attempt to explain and apply the relevant reasons to the stimulus material. Quality of written communication is satisfactory.

Level 3 ([10]–[12])

Good standard of knowledge and understanding of four reasons for government intervention are explained, and there is a high standard of application in the context of Botanic Inns. There is a high standard of explanation and application of relevant reasons to stimulus material. Quality of written communication is of a high standard.

[12]

- 4 Botanic Inns take advantage of market opportunities. Evaluate the impact of this on stakeholders.

Potential stakeholder groups identified can include:

Employees:

- Whilst not directly mentioned in the stimulus material, it is assumed that employee numbers (500+) at Botanic Inns will be maintained or increased as the management team anticipate increased growth into the future, in terms of customer numbers in on/off-trade premises.
- Botanic Inns are likely to abide by requirements of health/safety legislation.

Suppliers:

- Botanic Inns has reported the significance of pub grub/food and alcohol elements of sales, which will impact raw material/food suppliers to the business.
- Recent developments include the importance of mixed trading activities in pubs.

Customers:

- Customer numbers using Botanic Inns have contributed to growth in sales.
- Customer preferences are driving market opportunities for Botanic Inns – 2 off-license outlets and change in demand for drink to take home are evidence of customer preferences.
- Introduction of “DR:NK” brand will meet needs of customers.
- Compliance with various regulations will enable Botanic Inns to meet customer demands, e.g. smoking ban, ban on sales to under-age customers.

Shareholders:

- Managing Director keen to ensure survival of business for shareholders.
- Shareholders/owners will be seeking continued profitability from commercial operations and cost efficiencies.
- It is assumed that this is satisfactory since no further mention is noted within the case study.
- Acquisition of key fixed assets will add value to investment.

Local community:

- Botanic Inns establishments are presumably located within local communities, who in turn can use 13 establishments and two off-sales outlets.
- Local communities may influence the extent to which regulations are enforced, e.g. sale of alcohol to under-age customers.
- Botanic Inns are likely to abide by the requirements of licensing laws regarding opening hours, for instance.

Pressure Groups:

- Botanic Inns may be impacted by pressure groups, however, the case study does not refer to such issues, e.g. in relation to sale of alcohol, in relation to enforcement of smoking ban.
- Botanic Inns notes that the environmental impact is minimal.

Government:

- Increase jobs.
- Increase taxes/revenues for government.

Lenders:

- Specific mention is noted in case study by Botanic Inns regarding this stakeholder group – it is assumed that this is crucial, since debt finance may be needed to fund strategy of takeovers/acquisitions.

Level 1 ([1]–[4])

Some knowledge and understanding of the way in which Botanic Inns plans might affect one stakeholder group is evaluated, and there is some application in the context of Botanic Inns. There is little analysis or evaluation of the impact. Quality of written communication is limited.

Level 2 ([5]–[8])

Adequate knowledge and understanding of the way in which Botanic Inns plans might affect two stakeholder groups are evaluated, and there is a high standard of application in the context of Botanic Inns. There is some attempt to analyse or evaluate the various impacts. Quality of written communication is satisfactory.

Level 3 ([9]–[16])

Good standard of knowledge and understanding of the way in which Botanic Inns plans might affect three to four stakeholder groups are evaluated, and there is good application in the context of Botanic Inns. There is a high standard of analysis or evaluation. Quality of written communication is of a high standard.

[16]

- 5 Discuss **four** factors, **excluding** takeovers/acquisitions, which are likely to influence the extent to which Botanic Inns might improve competitiveness.

External factors which are likely to influence the extent to which Botanic Inns can improve competitiveness include:

Organic Growth:

- The group now owns 13 establishments, funded organically with the assistance of financial institutions.
- The issue of legislation in relation to smoking ban will present a challenge to Botanic Inns to retain customers – they will have to focus on growth of market share/revenue from “non-smoking” customers.
- The issue of legislation in relation to under-age alcohol sales – staff training may be required to ensure compliance with such regulations – if promoted sensibly, this could lead to increased market share/revenue – e.g. public relations/sponsorship of a “anti-drink-drive campaign”.
- The issue of legislation to ensure health/safety of employees and others will affect extent of competitiveness since funds will be required for investment in this respect – establishments with high standards of health/safety are likely to attract increased volumes of customers, increasing market share/revenue.

Adding Value:

- Specialised industry knowledge will be required to operate the business successfully – location is an important factor as noted in stimulus.
- Role of landlord/landlady as host, friend and raconteur is of pivotal importance in service sector.
- Botanic Inns is principally Belfast-based, but has increased geographical coverage with acquisitions of key property assets in Newtonards and Downpatrick.

Advertising:

- Create awareness of business, brands and activities, using appropriate media.

Diversify:

- Wide product portfolio – pubs/hotels/off-licences.

Improving Quality:

- Quality of Service to customers is of importance to the business as noted in stimulus 1 – service differentiation is achieved since each establishment has its own “personality”
- Investment in key assets should improve quality standards.

Produce Differentiation:

- The introduction of DR: NK (own label branded products) will increase market share in 2 of the license outlets.
- Sale of branded products – DR: NK will lead to product differentiation.
- The smoking ban will lead to loss of some customers, whilst new customers will be attracted, thus counteracting each other.
- Geographic location of establishments will contribute to service ethos/product differentiation.

Pricing strategies:

- It is assumed that Botanic Inns is profitable and following pricing strategies in support of this to maintain market share, since Botanic Inns committed substantial funds in order to acquire the investments in Newtonards/Downpatrick.
- It is assumed that a “low cost” pricing strategy applies to the “own label” brand name “DR: NK” in order to improve competitiveness of business.
- Combinations of pricing strategies are likely to apply, e.g. competitive pricing and/or premium pricing are likely to apply in establishments perceived as having a well-established reputation in market place.
- Cost efficiencies are noted by Botanic Inns as impacting the extent of competitiveness.

Level 1 ([1]–[4])

Some knowledge and understanding of one factor (excluding takeovers/acquisitions) which is likely to influence the extent to which Botanic Inns might improve competitiveness is discussed, and there is some application in the context of Botanic Inns. Quality of written communication is limited.

Level 2 ([5]–[12])

Adequate knowledge and understanding of the factors (excluding takeovers/acquisitions) which are likely to influence the extent to which Botanic Inns might improve competitiveness are discussed, and there is good application in the context of Botanic Inns. Up to three factors are properly discussed. Quality of written communication is satisfactory.

Level 3 ([13]–[16])

Good standard of knowledge and understanding of the factors (excluding takeovers/acquisitions) which are likely to influence the extent to which Botanic Inns might improve competitiveness are discussed, and there is a high standard of application in the context of Botanic Inns. Four factors are properly discussed. Quality of written communication is of a high standard.

[16]

- 6 Evaluate how much strategic takeovers/acquisitions have enabled Botanic Inns to improve its competitiveness.

Benefits:

- Quicker growth: immediate acquisition of key assets facilitates growth in sales revenues and market share within the industry – reference acquisition of key properties in Newtownards and Downpatrick by Botanic Inns. “Peace dividend” promises increased numbers of customers and tourists which Botanic Inns can take advantage of (as will other operators in the industry).
- Synergistic benefits: traditional theory that the revised whole organisation is greater than the sum of individual parts – that is, that Botanic Inns can bring benefits from current operations to newly-acquired establishments for the benefit of group as a whole, in terms of customer experience, product availability and improved quality of service.

- Eliminate competitors – increase market concentration;
- Market entry: the acquisition of key properties/establishments will facilitate entry into new markets/sectors, e.g. entry into hotel establishments by a pub chain; entry into off-trade by an on-trade business (via two off-licence outlets).
- Size: the growth of business to include 13 establishments would mean shared use of resources and increased revenues comparative to previous organisational structure and relative to other competitors.
- Economics of scale: the increased number of establishments and other resources will facilitate sharing of scarce resources, e.g. human resources, supplies, facilitate improvements in quality.
- Reduced risk: by diversification into hotel sector, Botanic Inns have spread financial risk across licensed trade activities, off-trade activities and own branded products.

Drawbacks:

- Financial: capital investment is noted as being important to expansion of Botanic Inns business operations; expansion brings pressure on liquidity.
- Managerial: growth may be planned efficiently, but this makes various projects/functions more difficult to co-ordinate/control; communication processes may be slower; quality customer experience may deteriorate.
- Organisational: greater levels of bureaucracy are required in an increasingly complex organisational structure as it seeks to maximise market opportunities by acquisition/takeover.
- Resistance to change: staff/management team may be resistant to change – fear of unknown; takeovers/acquisitions may bring uncertainty, e.g. maintenance of product lines/sales revenues/ staff support – unlikely to be an issue, since “peace dividend” is materialising in terms of increased numbers of customers/tourists in city.
- Lack of competition – becomes less efficient.

Level 1 ([1]–[4])

Some knowledge and understanding of the ways in which strategic takeovers/acquisitions have enabled Botanic Inns to improve its competitiveness are evaluated, and there is some application in the context of Botanic Inns. There is little attempt to analyse or evaluate the benefits/drawbacks. One point stated. Quality of written communication is limited.

Level 2 ([5]–[12])

Adequate knowledge and understanding of the ways in which strategic takeovers/acquisitions have enabled Botanic Inns to improve its competitiveness are evaluated, there is good application in the context of Botanic Inns. There is some attempt to analyse or evaluate the various benefits/drawbacks. Two to three points are stated and a balanced argument is required. Quality of written communication is satisfactory.

Level 3 ([13]–[20])

Good standard of knowledge and understanding of the ways in which strategic takeovers/acquisitions have enabled Botanic Inns to improve its competitiveness are evaluated, and there is a high standard of application in the context of Botanic Inns. There is a high standard of evaluation of various benefits/drawbacks. Four to five points are stated (a balanced argument is required). Quality of written communication is of a high standard.

Final Judgement:

Candidates are likely to conclude that takeovers/acquisitions have enabled Botanic Inns to improve competitiveness.

Final Judgement is required, consistent with the weight of arguments. Maximum 18 marks if no final judgement is provided.

[20]



ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2009

Applied Business

Assessment Unit AS 4

assessing

E-Commerce

[A3B41]

MONDAY 1 JUNE, MORNING

MARK SCHEME

- 1 Explain what is meant by the term “Internet”. Give an example of how it is used by the Northern Bank.

Internet is

- A worldwide network of computer systems.
- Global network of individual networks connecting millions of computers. World Wide Web is a part of the Internet, but not the Internet itself.
- The Internet has a lot more parts other than the WWW, e.g. including emails, online shopping.

Examples of use by Northern Bank

Type of information placed by the bank on their website includes, general information on the products available; images; online registration for 24 hour Internet banking facilities; foreign exchange information; advertisements; contact details about branches throughout Northern Ireland. [4]

[2] for explanation [2] for application to Northern Bank

- 2 The Northern Bank must comply with the provisions of the Data Protection Act. Analyse these provisions in relation to the Northern Bank when trading online.

- The Data Protection Act 1998, governs the processing of personal data by data controllers. “Personal data” is any data, or combination of data, from which a living individual can be identified. A business’ staff records, customer details and supplier details would all amount to personal data. The Act imposes obligations on “data controllers” who determine the purposes and manner in which personal data will be processed. If a business decides to outsource some of its functions, whether by IT or business process activities, personal data will probably be transferred to the outsource vendor as part of that transaction. In most circumstances, the business transferring its data will remain the data controller which means that even though the data will be processed by the outsource vendor, the business will remain responsible, under the Act.

The Principles of the Data Protection Act are:

- Personal data shall be processed fairly and lawfully; Northern Bank must adhere to this provision and ensure that any data gathered from customers shall be processed fairly and lawfully.
- Personal data shall be obtained for only one or more specified purposes; Northern Bank must specify the required personal information and use it in accordance with the purposes to which it was obtained, e.g. if the bank gathers information such as date of birth or marital status, it cannot be used for another purpose.
- Personal data shall be adequate, relevant and not excessive in relation to the purposes for which they are processed; when customers of Northern Bank complete an online application this must be adequate and relevant. All application forms must comply with the Data Protection Act and avoid gathering excessive and irrelevant information, e.g. if a customer makes an application for a loan for home improvements it could be considered excessive if the bank were to gather information on the customer’s children such as their name and what schools they attend.

- Personal data shall be accurate and, where necessary, kept up-to-date; Northern Bank should make every effort to ensure the accuracy of personal data such as home address and telephone number. The bank should devise a mechanism to update this information on an ongoing basis.
- Personal data processed for a purpose or purposes shall not be kept for longer than is necessary; there are time constraints in relation to the duration of data retention. Northern Bank should comply with this provision in order to avoid retaining information unnecessarily, e.g. the bank may retain personal data for excessive periods and may not have a mechanism in place for deletion of the relevant data.
- Personal data shall be processed in accordance with the rights of data subjects under this Act;
- Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data, against accidental loss or destruction of, or damage to personal data; Northern Bank customers may feel that larger organisations “trade” information about their customers’ habits. Customers may fear an invasion of their privacy. The Act provides that there should be some form of sanction for organisations that possesses information for purposes other than that required by business.
- Personal data shall not be transferred to a country or territory outside the European Economic Area. The increasing electronic globalisation of trade means that information can be passed with relative ease and speed between organisations. Northern Bank shall not transfer personal information about their customers to organisations outside the European Economic Area. The importing country must have adequate Data Protection legislation before this can be permitted. Adequacy may be established in several different ways, but careful consideration and expert advice should be sought in order to determine which route is the most appropriate for a particular transaction.

Level 1 ([1]–[3])

Some knowledge and understanding of the provisions of the Data Protection Act in relation to Northern Bank when trading online are demonstrated and there is some application in the context of Northern Bank. One provision is properly explained. Quality of written communication is limited.

Level 2 ([4]–[6])

Adequate knowledge and understanding of the provisions of the Data Protection Act in relation to Northern Bank when trading online are demonstrated and there is a reasonable attempt to apply these to the context of Northern Bank. Up to two provisions are properly explained. Quality of written communication is satisfactory.

Level 3 ([7]–[9])

Good knowledge and understanding of the provisions of the Data Protection Act in relation to Northern Bank when trading online are demonstrated and there is appropriate application in the context of Northern Bank. Three or more provisions are properly explained. Quality of written communication is of a high standard.

[9]

3 Discuss how the Northern Bank could use e-Commerce.

- Advertising – If Northern Bank launches a new product it can reach a larger audience via the Internet. Increased numbers of customers have access to the Internet. The Northern Bank website can be linked to and from other sites thereby increasing the number of potential customers.
- E-mail newsletters – Technological power of the Internet makes it possible for anyone with Internet access to become a newsletter publisher with global reach. Northern Bank can circulate information more readily to customers through electronic means thereby reducing printing costs, postage etc. Northern Bank can use electronic newsletters to remind customers of their products and special offers, e.g. new products such as tracker mortgages or special savings scheme.
- Market Research; this is information that can be collected through questionnaires, surveys, interviews or monitoring consumer buying patterns. Northern Bank may carry out research on a new product or service via the Internet rather than traditional methods of market research.
- Extranet – unlike an intranet, it is a network accessible to authorised off-site users; these include people and organisations with whom the business does trade. Only those with a valid username and password can use the extranet. Northern Bank customers use an extranet to access their personal bank accounts and to conduct their financial affairs.
- Payment systems; Collective term for mechanisms (both paper-backed and electronic) for moving funds, payments and money among financial institutions and businesses. It is also a financial system creating the means for transferring money between suppliers and users of funds, usually by exchanging debits or credits among financial institutions. Cheques and drafts commonly are referred to as the paper based payments system; electronic fund transfers, such as automatic clearing houses debits and credits and money transfers, are referred to as the electronic payment system or paperless system. Northern Bank provides a means for customers to conduct transactions to pay bills, e.g. a credit card bill via a secure payments system.

Level 1 ([1]–[3])

Some knowledge and understanding of the Northern Bank using e-Commerce for online trading have been analysed and there is some application in the context of the Northern Bank. One point is properly explained. Quality of written communication is limited.

Level 2 ([4]–[9])

Adequate knowledge and understanding of the Northern Bank using e-Commerce for online trading have been demonstrated and there is a reasonable attempt to apply these in the context of the Northern Bank. Two to three point are properly explained. Quality of written communication is satisfactory.

Level 3 ([10]–[12])

Good knowledge and understanding of the Northern Bank using e-Commerce for online trading are demonstrated and there is appropriate application in the context of the Northern Bank. Four or more point are properly explained. Quality of written communication is of a high standard. [12]

- 4 Discuss **five** key issues that the Northern Bank would need to consider when evaluating the effectiveness of their website with reference to Fig. 1.
- Enabling fast access to website by consumers. Northern Bank must ensure that their website has fast access and easy navigation to retain customers.
 - Ensure transaction path is simple;
 - Northern Bank should ensure that their website can meet consumer demand. If an ever increasing number of consumers wish to conduct their business electronically then the website must have the requisite capacity.
 - Ensure information is up-to-date, e.g. foreign exchange rates and interest rates change constantly therefore Northern Bank must ensure that these rates are current.
 - Transactions must be secure using the latest technology to maintain consumer confidence and confidentiality. Northern Bank must meet the highest standards for online banking security. Northern eBanking offers two security systems: e-Safekey and ActivCard. With both systems communications are protected by SSL encryption and a communication control device that together ensure the best quality security available.
 - The website must provide a means of communication. e.g. e-mail etc. Northern Bank must ensure that there is an adequate and quick response to any queries that customers may have. More communications are conducted through e-mail therefore the website must have this facility.
 - Avoidance of charging higher prices than other traditional methods. Northern Bank should not create charges for business conducted via the Internet.
 - Northern Bank should use “attractors” such as competitions, special offers to attract customers to their website. These “attractors” are a vital component in the marketing of a website.
 - Northern Bank should ensure that their website has browser compatibility. There are many variations of browsers and monitors in use today and it is important that the website is accessible to as many Internet users as possible. Northern Bank may evaluate the effectiveness of a website using the following key issues with regards to compatibility, Internet Explorer versions (1–5); Netscape Navigator – versions (1–4) Macintosh; Monitor Compatibility; Hit Counter; Search Engine Optimisation.
 - Knowledge of Users: the more a website knows about the surfing and buying habits of the users, the more ability it has to fulfill the users needs. Northern Bank may evaluate the effectiveness of a website using the following key issues with regards to knowledge of users, e.g. an adaptive website – an adaptive website will remember the buying preferences of the users. Offers based on buying history and the availability of utilisation statistics. Therefore this will enable Northern Bank to build a better customer profile and adjust the needs of the website in response to this information.
 - Harmony/Image: colour; logo; layout appropriate to the Northern Bank and it’s business activities/corporate image

Level 1 ([1]–[6])

Some knowledge and understanding of the key issues that Northern Bank would need to consider are evaluated and there is some application in the context of Northern Bank. Up to two key issues are properly evaluated. Quality of written communication is limited.

Level 2 ([7]–[12])

Adequate knowledge and understanding of the key issues that Northern Bank would need to consider are evaluated and there is reasonable attempt to apply these to the context of Northern Bank. Three or four issues are properly evaluated. Quality of written communication is satisfactory.

Level 3 ([13]–[15])

Good knowledge and understanding of the key issues that Northern Bank would need to consider are evaluated and there is appropriate application in the context of Northern Bank. Five issues are properly evaluated. The issues are thoroughly analysed and there is a comprehensive and perceptive evaluation of the issues. Quality of written communication is of a high standard. [15]

5 Analyse five benefits of e-Commerce to the Northern Bank.

- Access to the global market – Northern Bank not only trades within Northern Ireland because the Internet provides a global customer base for the business. Northern Bank customers can now open accounts throughout Europe increasing trade for the bank.
- *Reduce costs* – Northern Bank can limit their costs by reducing paper transactions and queuing times thereby enhancing its competitive edge over others in the market.
- Increased sales and revenue – Northern Bank through e-Commerce increases sales by reaching more customers, offering new products and affording easy access and navigation.
- Trading 24/7 – The Internet permits customers of Northern Bank to open accounts, check existing accounts or verify foreign exchange rates. This permits customers to conduct their business outside normal business hours. Customers can make an online application for a mortgage and have it processed with fewer visits to their local branch. e-Commerce facilitates after hours trade.
- Improved customer satisfaction – online trading is perceived as an efficient, secure and easy method of conducting personal finance. Northern Bank customers will spend less time in the local branch, which makes online trading more convenient for the business and the customer.
- Reduction of marketing and advertising costs; traditionally a business would spend large volumes of money conducting research and advertising new products. The Internet allows the Northern Bank to introduce new products via advertising on their website and questionnaires to obtain information on products or services which may be convenient for customers 24 hours a day, 365 days of the year. Initial costs to the business are minimal compared to advertising on radio, TV or billboard.

Level 1 ([1]–[8])

Some knowledge and understanding of the key benefits to the Northern Bank are demonstrated and there is some application in the context of Northern Bank. Up to two benefits are properly analysed. Quality of written communication is limited.

Level 2 ([9]–[16])

Adequate knowledge and understanding of the key benefits to the Northern Bank are demonstrated and there is a reasonable attempt to apply these to the context of Northern Bank. Three to four issues are properly analysed. Quality of written communication is satisfactory.

Level 3 ([17]–[20])

Good knowledge and understanding of the key benefits to the Northern Bank are demonstrated and there is appropriate application in the context of Northern Bank. Five issues are properly analysed. Quality of written communication is of a high standard. [20]

6 With reference to the case study, evaluate the main potential barriers to e-Commerce that customers of the Northern Bank could encounter.

- **Cost of technology:** e-Commerce cannot operate without the required backup services and hardware. It is necessary to have infrastructure in place to fully benefit from e-Commerce. High connectivity costs will minimise the use of the Internet (the e-Commerce super highway) by a nation's population, thus will effectively keep a large segment of its citizens permanently blind to e-Commerce. Some Northern Bank customers may not have Internet access because of the lack of broadband in many rural communities.
- **Fear of technology and complexity of technology:** action should be taken to maximise Internet usage among consumers through increased computer literacy and investment on e-Commerce research and development. Not having equal access opportunity for all consumers will hinder the expansion of the e-Commerce market, e.g. if Northern Bank customers do not have IT skills or awareness then they are less likely to embrace e-Commerce.
- **Security:** trust and reliability are essential elements in Internet transactions. Measures should be taken to enhance customers' trust of e-Commerce by implementing secured payment systems, guaranteeing confidentiality of personal information. Northern Bank customers may be reluctant to trust and security of a website despite the provision of two security systems e-Safekey and ActivCard.
- **Speed of connection – standard analogue is slow and unreliable to make purchases.** If Northern Bank customers feel that the analogue connection is unreliable, slow and ineffectual they are less inclined to conduct their transactions via the Internet. Some Northern Bank customers may prefer the "personal touch" by calling into the branch to conduct their business.

Level 1 ([1]–[5])

Some knowledge and understanding of the barriers to e-Commerce that customers may experience are evaluated and there is some application in the context of Northern Bank. One barrier is evaluated. Quality of written communication is limited.

Level 2 ([6]–[15])

Adequate knowledge and understanding of the barriers to e-Commerce that customers may experience are evaluated and there is reasonable attempt to apply these in the context of Northern Bank. Two to three barriers are properly evaluated. Quality of written communication is satisfactory.

Level 3 ([16]–[20])

Good knowledge and understanding of the barriers to e-Commerce that customers may experience are evaluated and there is appropriate application in the context of Northern Bank. Four barriers are properly evaluated. Quality of written communication is of a high standard.

If no final judgement maximum [18]

[20]

Total

80

