

Assessment Schedule – 2016

Business Studies: Apply business knowledge to a critical problem(s) in a given large business context (90845)

Assessment Criteria

Notes to Markers: guidance for awarding Achievement, Merit, or Excellence

Explaining states **what** the answer is to the question asked, then expands by giving the reason(s) **why** the “what” occurs or links ideas to provide a coherent rationale.

Fully explaining develops the explanation with further expansion of **how** the situation/ action could impact on potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages, and /or consequences.

Justifying: Uses relevant evidence to justify the significance of the decision or the likelihood of success. This should include reference to alternative courses of action, or new information to further support the decision that has not already been established in earlier parts of the question.

Q 1	Sample answers / Evidence
(a)	<p><u>Fully explain ONE cost and ONE benefit for DT Airlines of not responding to changes in technology promptly.</u></p> <p>As flights can only be booked online, not responding to changes in technology promptly may mean that <i>DT Airlines</i> irritates existing customers and /or misses out on potential new ones, which is likely to lead to a reduction in seat sales (Explained). Falling seat sales, and thus sales revenue, is likely to reduce <i>DT Airlines'</i> profits, as customers book seats with airlines offering other, more convenient or up-to-date, online services such as mobile phone apps. Consequently, <i>DT Airlines</i> is likely to lose market share to existing and new competitors (Fully explained).</p> <p>However, as technology is rapidly changing, one benefit is that <i>DT Airlines</i> can wait initially and observe other companies' experiences of using new technology and learn from their mistakes / issues / problems (Explained). It would not be wasting money on technology that may not work, and may help to avoid a loss of customers if new technology is adopted too early and does not work well. There is evidence from the stimulus and resource material that David is likely to wait until the full benefits of changing technology are known, and <i>DT Airlines</i> could learn from the experiences of <i>Jetstar</i> or its other rival, <i>Air New Zealand</i>. If new technology leads to more frustration with customers, seat sales at <i>DT Airlines</i> could increase (Fully explained).</p>
(b)	<p><u>Describe TWO solutions to DT Airlines' technology problem of the website crashing when customers try to book flights when special deals are advertised.</u></p> <p>One solution could be to invest capital in a new app for mobile services and bookings. The app could be installed and offered for free to customers for a short trial period. Or new capital could be invested to improve the current website to make it less prone to crashing, e.g. a new server handling customer traffic when special deals are advertised.</p> <p>A second solution could be to hire an outside technology provider to improve the website and booking system who would have greater knowledge and expertise to manage high demand during specials and therefore could leave David to manage other aspects of <i>DT Airlines'</i> operations.</p> <p><u>Fully explain how EACH solution would solve the problem of the website crashing (answers must refer to special deals).</u></p> <p>The free app available for a short period would give customers another alternative to make bookings, and customers may overlook the website difficulties. However, the app could still lead to an increase in bookings. The app may not fix the issue, only delay further crashes. The website is less likely to crash if new upgrades are invested in when special deals are advertised (Explained). As more customers use their mobile phones for transactions, <i>DT Airlines'</i> target market may grow. Customer confidence will improve, as bookings can now be made online and through other devices. The state of mobile broadband in New Zealand, though, will impact on <i>DT Airlines'</i> ability to offer this service nationwide (Fully explained).</p>

Hiring an outside company with specialist knowledge and expertise to improve the website to accommodate special deals will allow David time to run *DT Airlines* without this distraction. He would be hiring industry experts with knowledge greater than his own. Given the problems of over-booking stated later in the resource, this may be necessary (Explained). *DT Airlines* may lose customers to rival airlines if it does not resolve the website issue quickly. Customers could ignore future *DT airlines* deals (Fully explained).

Justify, with TWO reasons, why one solution would be more appropriate than the other for *DT Airlines* to solve the problem.

The first option of developing the new app or investing in new upgrades may solve one problem, but create another one. *DT Airlines* can ill afford to have this app or improved website fail. They already have poor customer perceptions when special deals are being advertised. A low-quality app will damage *DT Airlines'* reputation further around the booking of flights. With a new website under construction, customers may become impatient and decide to fly with rival airlines. Time and resources will be required to bring this new website online. *DT Airlines* seems to be a business that is reluctant to move quickly as technology changes; it may not be within David to go for the app – an untried distribution channel. The new website run by an outside expert may give *DT Airlines* the time to re-establish itself with its customers, especially given the emergence of a new competitor. This option would also provide an expert team that could regularly monitor the website, and would be on call if the site came under pressure. The second option is less risky, though possibly costly, and fits in with the culture of David's leadership, which is not to commit himself to new ideas until they have shown their value. However, in combination with upgrading technology, David should look at the timing and frequency of special deals, especially around public holidays.

Grade-score descriptors

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> Explains ONE cost to <i>DT Airlines</i> of not responding to changes in technology promptly. Explains ONE benefit to <i>DT Airlines</i> of not responding to changes in technology promptly. Describes TWO solutions. Explains how EACH solution will solve the problem of the website crashing when special deals are advertised. States relevant information from the resource. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>		<ul style="list-style-type: none"> Fully explains ONE cost and ONE benefit to <i>DT Airlines</i> of not responding to changes in technology promptly. Fully explains how EACH solution will solve the problem of the website crashing when special deals are advertised. Answers include relevant information from the resource to support explanations. <p>(Answers will typically include relevant business knowledge, and/or Māori business concept(s).)</p>			<ul style="list-style-type: none"> Fully explains how EACH solution will solve the problem of the website crashing when special deals are advertised. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies, with TWO reasons, why one solution would be more appropriate for <i>DT Airlines</i> to use. Answers integrate relevant information from the resource to fully support explanations. <p>(Answers will typically integrate relevant business knowledge, and/or Māori business concept(s).)</p>		
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. Most points covered, including some justification.	All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Q 2	Sample answers / Evidence
(a)	<p><u>Fully explain ONE problem arising for <i>DT Airlines</i> from its failure to respond to the unethical business practice of over-booking of seats on its flights.</u></p> <p>Although the practice of over-booking is not illegal, not responding to this issue could increase the already negative publicity which <i>DT Airlines</i> is facing. <i>DT Airlines'</i> brand image will be affected negatively in the eyes of their stakeholders (Explained). <i>DT Airlines'</i> brand value and loyalty will be under threat, especially given the emergence of a new competitor offering lower fares and no over-booking, which will provide competition on routes for which <i>DT Airlines</i> effectively has a monopoly. <i>DT Airlines</i> may have to cut prices at a time when bookings are falling, with a likely fall in profits (Fully explained).</p> <p>A second problem is that motivation of staff and managers at <i>DT Airlines</i> may suffer (Explained). Although over-booking is industry-wide, <i>DT Airlines</i> may become known as the “Unethical Airline”, affecting the motivation of key managers who may be tempted to move to the competition where customer and other stakeholder perception is more favourable (Fully explained).</p>
(b)	<p><u>Describe TWO solutions to resolve the issue, which <i>DT Airlines</i> is facing.</u></p> <p>The first solution is to carry out an extensive review of operations and find out when specials should be made available and on what flights. For example, offering a special deal on a public holiday, when many people want to travel, was probably a strategic mistake. <i>DT Airlines</i> could then launch a new marketing campaign, apologising for the over-booking issue, and hope that they can regain customers' trust and thus improve brand loyalty. <i>DT Airlines</i> could possibly launch a new social media campaign to counter the negative publicity, informing people that they have made their operations more efficient.</p> <p>The second solution is to follow <i>Econofare's</i> lead and offer a guarantee that no over-booking will occur, or if it does, <i>DT Airlines</i> will offer accommodation or free flights to customers who miss out due to over-booking. The practice of over-booking is not illegal and could still be carried out, but <i>DT Airlines</i> would be showing that they care for passengers' welfare in the event of another “unlucky day”.</p> <p><u>Fully explain how EACH solution will resolve the unethical business practice of the over-booking of flights.</u></p> <p>The review should investigate which routes are the most popular; <i>DT Airlines</i> could then target resources more effectively and reduce the risk of another “unlucky day”, as suggested by Resource B (Explained). <i>DT Airlines</i> could offer “No over-booking” promotions on those flights which data reveals will be less than 90% full. This strategy carries some risk of course, as there is no guarantee that flights will be only 90% full – they could be higher, or much lower. In the latter case, <i>DT Airlines</i> would be missing out on potential profits; in the former case, the response to the business ethics issue would not be affected at all. Over-booking could continue (Fully explained).</p> <p>Following <i>Econofare's</i> lead with a promise of no over-booking may bring back customers or reassure new ones. David should apologise again, as his comment in Resource B hardly amounted to one (Explained). However, this guarantee or promise to not over-book and provide accommodation or free flights will cost <i>DT Airlines</i> significant funds to promote and monitor. <i>DT Airlines</i> may find themselves in a situation where “doing the right thing” by providing accommodation or free flights if customers cannot board their flight will reduce profits further at a time when bookings are falling (Fully explained).</p> <p><u>Justify, with TWO reasons, which of the two solutions would be better for <i>DT Airlines</i> to implement to resolve the unethical business practice of the over-booking of flights.</u></p> <p><i>DT Airlines</i> needs a well-considered solution to help avoid a further media / public relations disaster. If over-booking is commonplace in the industry and not illegal, then the first option should be chosen. Given the emergence of the new competitor, a review of operations / flight routes is probably overdue; it would be more cost-effective and more likely to retain a good level of profitability, given that the new competitor has yet to launch flights on the routes <i>DT Airlines</i> offers. However, this solution could lead to planes flying at only 80–90% capacity. The second option is too much of a knee-jerk reaction, and <i>DT Airlines</i> may be seen to be simply copying <i>Econofare's</i> new entry strategy. It could be viewed as a bribe to “paper over” the issue of its unethical practice. Will an apology be enough? Despite the offer of accommodation and free flights, <i>DT Airlines'</i> reputation could take a further hit. They are in danger of being perceived as a company which confuses customers and/or lacks any new ideas. <i>Econofare</i> may already have won a significant amount of positive publicity even before their first flight has left the ground.</p>

Grade-score descriptors

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Explains ONE problem arising for <i>DT Airlines</i> from its failure to respond to the unethical business practice. Describes TWO solutions. Explains how EACH solution may resolve the unethical business practice. States relevant information from the resource. (Answers will typically state relevant business knowledge, and/or Māori business concepts.)			<ul style="list-style-type: none"> Fully explains ONE problem arising for <i>DT Airlines</i> from its failure to respond to the unethical business practice. Fully explains how EACH solution may resolve the unethical practice. Answers include relevant information from the resource to support explanations. (Answers will typically include relevant business knowledge, and/or Māori business concept(s).)			<ul style="list-style-type: none"> Fully explains how EACH solution may resolve the unethical business practice. AND <ul style="list-style-type: none"> Justifies, with TWO reasons, which of the TWO solutions would be better for <i>DT Airlines</i> to implement to resolve the unethical practice. Answers integrate relevant information from the resource to fully support explanations. (Answers will typically integrate relevant business knowledge, and/or Māori business concept(s).)	
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. Most points covered, including some justification.	All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Q 3	Sample answers / Evidence
(a)	<p><u>Fully explain why <i>DT Airlines</i> will need to respond to the emergence of a new competitor.</u></p> <p>Competition on routes will probably lead to seat prices falling for both companies. If seat capacity remains the same (or falls due to a lack of over-booking), then total revenue at <i>DT Airlines</i> will fall (Explained). If <i>DT Airlines</i> does not respond quickly, its economic sustainability will be threatened and <i>DT Airlines</i> could be forced to close as profits shrink and morale declines further (Explained).</p> <p><i>DT Airlines'</i> reputation has been damaged, and the company now has to restore customer confidence (Explained). Unless they act quickly, <i>Econofare</i> will take market share, and if this happens, <i>DT Airlines</i> may not recover. If <i>Econofare</i> offers lower fares, <i>DT Airlines</i> will have to think of new ways to respond (Fully explained).</p>
(b)	<p><u>Describe TWO solutions which <i>DT Airlines</i> could implement to address the emergence of the new competitor.</u></p> <p><i>DT Airlines</i> could offer new routes not currently catered for; they could research and explore the possibility of flying to new locations – subject to government and aviation legislation / approval. <i>DT Airlines</i> could make an offer to one of the other airlines such as <i>Jetstar</i> or <i>Air New Zealand</i> to form an agreement or alliance to share some routes, i.e. code-sharing – a common practice among carriers.</p> <p><i>DT Airlines</i> could create a loyalty programme to encourage passengers to stick with <i>DT Airlines</i>, and offer discounts and free flights with sufficient air points, in a manner similar to existing competitors such as <i>Jetstar</i> and <i>Air New Zealand</i>. Until <i>Econofare's</i> arrival, <i>DT Airlines</i> still has a 'monopoly' on these routes. However, <i>DT Airlines</i> should still be thinking about methods to differentiate itself, such as offering a high-quality or niche service. <i>Econofare</i> could struggle to offer a premium service given that it is a new competitor.</p> <p><u>Fully explain how EACH solution would deal with the emergence of the new competitor.</u></p> <p>The agreement to offer new routes would offer customers more options, and may expand <i>DT Airlines'</i> market share (Explained). However, by joining with a much larger rival in an alliance, compromises will be needed. Costs may rise, and <i>DT Airlines</i> has only four planes. <i>DT Airlines</i> may have to reschedule routes and / or lease more planes. Management may need to be restructured. Government approval for the new routes and / or the alliance may take time. There are complex implications for what may seem to be a straightforward solution in offering new routes and forming an alliance (Fully explained).</p> <p>Offering a customer loyalty programme such as air points or miles would put <i>DT Airlines</i> on a par with the bigger airlines in New Zealand (Explained). This programme could also be used to target marketing efforts such as special promotions, building a larger customer target market, and increasing brand loyalty at a time of growing competition. <i>Econofare</i> is still several months away from launching. <i>DT Airlines</i> needs to seize this opportunity quickly (Fully explained).</p> <p><u>Justify, with TWO reasons, which solution would be more appropriate for <i>DT Airlines</i> to remain sustainable in the long run.</u></p> <p>Offering new routes via an alliance is a much longer-term solution, which will require government approval, and will stretch <i>DT Airlines'</i> resources. Also, this action will give <i>Econofare</i> time to compete, and if the application to offer new services is rejected, <i>DT Airlines</i> could find itself in a very difficult position. However, <i>DT Airlines</i> does not have a customer loyalty programme at present, and this is an oversight. This could be created quickly to form the basis of a new marketing strategy – especially important, given the emergence of a new competitor who has yet to build a reliable customer base and market presence.</p> <p>The second solution is preferable from a cost and time perspective, and is less risky for <i>DT Airlines</i> in the longer term, since approval of new routes may not be given. If approval is given to <i>DT Airlines</i> for new routes, then in the longer term, further competitors may be attracted into the industry. The creation of a loyalty programme would allow <i>DT Airlines</i> to protect both its market share and ensure short-term and longer-term sustainability. It could also allow for some differentiation towards a higher quality / price service once the programme has been established.</p>

Grade-score descriptors

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> Explains why <i>DT Airlines</i> will need to respond to the emergence of a new competitor. Describes TWO solutions. Explains how EACH solution will deal with the emergence of the new competitor. States relevant information from the resource. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>		<ul style="list-style-type: none"> Fully explains why <i>DT Airlines</i> will need to respond to the emergence of a new competitor. Fully explains how EACH response will deal with the emergence of the new competitor. Answers include relevant information from the resource to support explanations. <p>(Answers will typically include relevant business knowledge, and/or Māori business concept(s).)</p>			<ul style="list-style-type: none"> Fully explains how EACH response will deal with the emergence of a new competitor. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies, with TWO reasons, which response would be more appropriate for <i>DT Airlines</i> to remain sustainable in the long run. Answers integrate relevant information from the resource to fully support explanations. <p>(Answers will typically integrate relevant business knowledge, and/or Māori business concept(s).)</p>		
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. Most points covered, including some justification.	All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 12	13 – 18	19 – 24