

## SPECIMEN MARK SCHEME

### UNIT 1 - AN INTRODUCTION TO RETAIL



## **Mark Scheme**

### **Level 1 Diploma Principal Learning**

#### **Retail Business RTB1U1**

#### **Unit 1 An introduction to retail**

Mark schemes are prepared by the Principal Examiner and considered, together with the relevant questions, by a panel of subject teachers. This mark scheme includes any amendments made at the standardisation meeting attended by all examiners and is the scheme which was used by them in this examination. The standardisation meeting ensures that the mark scheme covers the candidates' responses to questions and that every examiner understands and applies it in the same correct way. As preparation for the standardisation meeting each examiner analyses a number of candidates' scripts: alternative answers not already covered by the mark scheme are discussed at the meeting and legislated for. If, after this meeting, examiners encounter unusual answers which have not been discussed at the meeting they are required to refer these to the Principal Examiner.

It must be stressed that a mark scheme is a working document, in many cases further developed and expanded on the basis of candidates' reactions to a particular paper. Assumptions about future mark schemes on the basis of one year's document should be avoided; whilst the guiding principles of assessment remain constant, details will change, depending on the content of a particular examination paper.

# Level 1 Retail Business

## Unit 1 An introduction to retail

Descriptions must allow for alternative wording unless the mark scheme indicates that technical terminology is required for the marks. These are underlined in the mark scheme.

Question	AC coverage	Marking Scheme
<p>1. Name <b>three</b> retail sub-sectors (3 marks)</p>	AC1a	<p>Any <b>three</b> of the following retail sub-sectors: automotive / clothing / DIY / electrical goods / food and grocery / footwear / homewares / music and video / non-specialised stores / personal care / second hand goods.</p> <p>The sub-sectors above are those specified in the Scope of content for the unit. This is, however, not an exhaustive list, and other answers judged by the examiner to be correct are also acceptable.</p> <p>Allow for alternative wording.</p> <p><b>(3 x 1 mark)</b></p>
<p>2. A large Swedish retail chain is looking to expand into the UK market and wants to find out about the key UK businesses that would be its competitors.</p> <p>a) Identify <b>one</b> reason why a retail business might be called a 'key' business (1 mark)</p> <p>The Swedish retailer looks at market data in <i>Retail World</i> magazine.</p> <p>b) State whether the retailer is using primary or secondary research (1 mark)</p>	AC1a	<p>Any <b>one</b> of the following reasons: high revenue / large market share / market leaders / best performers / high number of employees</p> <p>Other answers judged by the examiner to be correct are also acceptable.</p> <p><b>(1 mark)</b></p> <p>Secondary research</p> <p><b>(1 mark)</b></p>
<p>3. Shamim and her brother are discussing the advantages and disadvantages of online retailing. Shamim believes</p>		

<p>that shopping online is a good thing but her brother is not convinced.</p> <p>a) Explain <b>one</b> positive effect of online retailing on individuals, which Shamim might tell her brother about (3 marks)</p>	<p>AC2a</p>	<p>Expected answers may refer to the following effects: lower prices online / increased independence for individuals who would need help with shopping outside their homes / saving on travel costs / reduction of carbon footprint / convenience.</p> <p>Other effects judged to be reasonable by the examiner are also acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has given an accurate effect of online retailing on individuals, with little or no explanation, or has provided an explanation relating to an inaccurate effect.</i></p> <p><i>Example answer: Shopping online is cheaper.</i></p> <p><i>2 marks: Learner has given an accurate effect of online retailing on individuals, with a partially developed explanation.</i></p> <p><i>Example answer: Individuals can save money by shopping online because prices are lower.</i></p> <p><i>3 marks: Learner has given an accurate effect of online retailing on individuals, with a well-developed explanation.</i></p> <p><i>Example answer: Retailers do not have to pay to run outlets, so they can pass their savings onto the customer by selling products at lower prices. Customers can save money by buying online.</i></p>
<p>b) Explain <b>one</b> negative effect of online retailing on individuals, which Shamim's brother might tell her about (3 marks)</p>	<p>AC2a</p>	<p><b>(3 marks)</b></p> <p>Expected answers may refer to the following effects: less interaction with others / encouraging debt by making spending money so quick and easy.</p> <p>Other effects judged to be reasonable by the examiner are also acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has given an accurate effect of online retailing on individuals, with little or no explanation, or has provided an explanation relating to an inaccurate effect.</i></p> <p><i>2 marks: Learner has given an accurate effect of online retailing on individuals, with a partially developed explanation.</i></p> <p><i>3 marks: Learner has given an accurate effect of online retailing on individuals, with a well-developed explanation.</i></p>
<p>4. Explain <b>one</b> financial effect which the opening</p>	<p>AC2a</p>	<p>Expected answers may refer to: boosting the local economy by creating employment opportunities / large retailers often able to offer cheaper prices than independent retailers / regeneration of</p>

<p>of a large retail outlet on the High Street might have on the local area (3 marks)</p>		<p>local area leading to increased property values / customers from outside spending money in the area, boosting economy / loss of business to smaller competing retailers.</p> <p>Other points judged by the examiner to be reasonable are also acceptable.</p> <p>For each explanation:</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Answer accurately identifies an area in which the community might be affected (eg local economy) but offers no clear explanation, or answer offers a reasonable explanation of an incorrect effect.</i></p> <p><i>2 marks: Answer explains an accurate effect on the community with some clarity and detail.</i></p> <p><i>3 marks: Answer explains an accurate effect on the community clearly and in detail.</i></p> <p><b>(3 marks)</b></p>
<p>5. A supermarket chain has decided it needs to show its customers how it is responding to environmental concerns.</p> <p>Briefly describe <b>one</b> environmental issue in retail that concerns customers in the UK today which the supermarket chain might consider (2 marks)</p>	<p>AC2b</p>	<p>Answers may refer to <b>one</b> of the following environmental issues involved in retail: plastic bags / product packaging / waste / transport.</p> <p>This is not an exhaustive list, and other answers judged by the examiner to be valid are also acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid issue but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid issue with some detail.</i></p> <p><b>(2 marks)</b></p>
<p>6. Alice loves animals and wants to avoid buying products which have a negative impact on animals.</p> <p>a) Name <b>one</b> product which Alice may need to think carefully about before buying, in terms of avoiding harm to animals (1 mark)</p> <p>b) Briefly describe the ethical issue</p>	<p>AC2b</p> <p>AC2b</p>	<p>Answers may refer to <b>one</b> of the following types of products or specific products of these types: food / cosmetics / personal care products / medicines / clothing / footwear / leather products.</p> <p>Other answers judged by the examiner to be valid are also acceptable.</p> <p><b>(1 mark)</b></p> <p>Answers should refer to response given for 6a.</p>

<p>that Alice should consider before buying this product (2 marks)</p>		<p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid issue but little or no description is offered, or learner has described a valid issue which does not relate to response given for 6a.</i></p> <p><i>Example answer relating to cosmetics: Cosmetics might be tested on animals.</i></p> <p><i>2 marks: Learner has described a valid issue with some detail.</i></p> <p><i>Example answer relating to cosmetics: Cosmetics might be tested on animals to make sure they are safe for humans, but tests can be cruel to animals.</i></p> <p><b>(2 marks)</b></p>
<p>7. A retailer with a chain of large outlets across the UK is opening a new store and recruiting a team of staff.</p> <p>a) Describe <b>one</b> job role <b>not</b> based in the retail outlets that will already exist in the business (2 marks)</p> <p>b) Describe <b>one</b> job role that will be available in the new outlet (2 marks)</p> <p>c) Identify <b>two</b> statutory employment rights</p>	<p>AC3a</p> <p>AC3a</p> <p>AC3c</p>	<p>Answer will refer to <b>one</b> job role at any level in the following areas: management / buying and merchandising / visual merchandising / retail supply chain and logistics.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid job role but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid job role with some detail – eg the purpose of the role, some key activities, or the department or area in which an individual in the role would work.</i></p> <p><b>(2 marks)</b></p> <p>Answers may refer to <b>one</b> of the following job roles: sales assistant / supervisor / security guard / store manager.</p> <p>Any other job role that would be available in a large outlet of a retail chain, according to the judgement of the examiner, is acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid job role but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid job role with some detail – eg the purpose of the role, some key activities, or the department or area in which an individual in the role would work.</i></p> <p><b>(2 marks)</b></p> <p>Answer will refer to <b>two</b> statutory employment rights relating to the following areas: contracts of employment / minimum wage / paid holiday / maternity or paternity leave / working hours /</p>

<p>that will apply to all staff, wherever they work in the business (2 marks)</p>		<p>discrimination / dismissal.</p> <p><b>(2 x 1 mark)</b></p>
<p>8. Gareth has just completed a Foundation Diploma in Retail Business. He wants a career in logistics and is looking for an entry level job to begin with.</p> <p>a) Describe <b>one</b> role that Gareth might consider (2 marks)</p> <p>b) Identify <b>two</b> reasons for which Gareth might get promoted once he is employed in retail (2 marks)</p>	<p>AC3a</p> <p>AC3b</p>	<p>Answers may refer to <b>one</b> of the following job roles: administrator / courier / driver's mate / warehouse assistant.</p> <p>Answers are not expected to consider Gareth's possible age in terms of driving licences, attainment of specialist driving licences, or degree of work experience. However, roles that require formal academic qualifications above Level 1 should not be accepted.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid job role but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid job role with some detail – eg the purpose of the role, some key activities, or the department or area in which an individual in the role would work.</i></p> <p><b>(2 marks)</b></p> <p>Answers will refer to <b>two</b> points relating to the following: gaining work experience / completing training / gaining additional qualifications / developing/showing professional competence / personal attributes.</p> <p>Answers may be in general or specific terms as long as they refer to the points above.</p> <p><i>Example answer: Gareth works well in a team.</i></p> <p><b>(2 x 1 mark)</b></p>

Simon wishes to set up a business selling traditional and nostalgic sweets direct to customers. These are sweets that used to be sold in corner shops and newsagents across the country, but are now difficult to find or no longer widely produced. They appeal to people who remember enjoying the sweets in childhood.

Simon can sell the sweets in any quantities and combinations.



a) Using the information given, identify <b>two</b> retail channels which might be suitable for Simon's products (2 marks)	AC4b	Any <b>two</b> of the following retail channels: High Street store / independent retailer / online retailer / catalogues / market stalls/kiosks.  <b>(2 x 1 mark)</b>
b) Recommend which retail channel you would choose for Simon's products, giving reasons (4 marks)	AC4b	<p>Expected answers will refer to:</p> <ul style="list-style-type: none"> <li>financial and/or logistical benefits of selling sweets, or specifically traditional and nostalgic sweets, to customers through specified retail channel (eg online retailing can increase the customer base for specialist products, leading to increased sales) and/or</li> <li>reasons why customers would prefer to buy sweets, or specifically traditional and nostalgic sweets, through the specified retail channel (eg at a market stall, it is easy to choose exact quantities and combinations of sweets)</li> </ul> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1-2 marks: Learner has selected one retail channel but reasoning behind recommendation is not clearly expressed or convincing; answer makes minimal use of given information, and reasons given are generic benefits of specified retail channel.</i></p> <p><i>3-4 marks: Learner has selected one retail channel and given clearly expressed and convincing reasons for their recommendation; answer makes use of given information and relates to the product.</i></p> <p><b>(4 marks)</b></p>

Sarah has decided to start a small retail business selling T-shirts. She has researched the following data.

Annual cost of operating the business through a High Street outlet	£70,000
Annual cost of operating the business online	£45,000
Mark up per T-shirt	£3.50
Delivery cost per T-shirt sold online	£1.25p
Number of T-shirts Sarah will need to sell 20,000 annually to break even if she operates from a High Street outlet	20,000



Sarah wants to know whether the number of T-shirts she needs to sell annually online in order to break even will be lower, higher or the same as through a High Street shop.

10.

<p>a) Calculate the number of T-shirts Sarah will need to sell annually to break even if she operates online, showing your working (3 marks)</p>	<p>AC4a</p>	<p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark for using the following formula, even if the outcome is incorrect:</i>  Mark up per T-shirt - delivery cost per T-shirt  Eg: <math>3.50 - 1.25 = 2.25</math></p> <p><i>1 mark for using the following formula, even if the outcome is incorrect:</i>  Annual cost of operating the business online <math>\div</math> (mark up per T-shirt - delivery cost per T-shirt)  Eg: <math>45,000 \div 2.25 = 20,000</math></p> <p>Other valid workings are acceptable.</p> <p><i>1 mark for correct answer: 20,000</i></p> <p><b>(3 marks)</b></p>
<p>b) Give <b>one</b> reason why operating online will not necessarily be the cheaper option for Sarah if her sales are above her break-even point (2 marks)</p> <p>There are factors other than the data given that Sarah needs to take into consideration when deciding whether to operate from the High Street or online.</p>	<p>AC4a</p>	<p>Answer may refer to the following points: delivery costs add an extra cost to operating online / delivery costs change depending on the number of T-shirts sold / annual costs do not change / the more T-shirts Sarah sells, the greater her total delivery costs / operating online becomes less cost-effective than through the High Street once break-even point is reached.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Answer identifies delivery costs as the important factor, but the reason is unclear or inaccurate</i></p> <p><i>2 marks: Answer clearly and accurately expresses the reason why operating online will not necessarily be cheaper.</i></p> <p><b>(2 marks)</b></p>
<p>c) Outline <b>one</b> benefit to retail businesses of selling clothing online and <b>one</b> benefit of selling clothing through a High Street outlet, in terms of increased sales (4 marks)</p>	<p>AC1b</p>	<p>Expected answers will refer to:</p> <ul style="list-style-type: none"> <li>• <b>one</b> of the following benefits to retail businesses of selling clothing online: quicker and easier shopping leads to increased sales / selling products online increases the number of potential customers.</li> <li>• <b>one</b> of the following benefits to retail businesses of selling clothing in a High Street outlet: potential customers can see what a piece of clothing really looks like/see if it fits/see if it suits them/check the quality / a High Street outlet will benefit from passing trade.</li> </ul> <p>According to the judgment of the examiner, other responses are acceptable providing that they are relevant to the clothing sub-sector and a relationship to increased sales is shown.</p> <p><i>For each benefit outlined:</i></p>

<p>d) Using the information provided and your knowledge of retail channels, recommend whether Sarah should operate online or through a High Street outlet. Give reasons for your answer (4 marks)</p>	<p>AC4b</p>	<p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Answer identifies an area in which selling clothes through the particular channel benefits retail businesses (eg ease for customers), but insufficient detail is given to clearly show a benefit in terms of increased sales.</i></p> <p><i>2 marks: Answer clearly outlines a benefit for retail businesses of selling clothes through the particular channel in terms of increased sales, including some detail.</i></p> <p><b>(2 x 2 marks)</b></p> <p>Expected answers will refer to:</p> <ul style="list-style-type: none"> <li>• given data</li> <li>• benefits of retail channel for customer</li> <li>• benefits of retail channel for business</li> <li>• benefits of retail channel for product.</li> </ul> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1-2 marks: Learner has selected retail channel but reasoning behind recommendation is not clearly expressed or convincing; answer makes minimal use of given information, and reasons given are generic benefits of specified retail channel.</i></p> <p><i>3-4 marks: Learner has selected retail channel and given clearly expressed and convincing reasons for their recommendation; answer makes use of given information and relates to the scenario.</i></p> <p><b>(4 marks)</b></p>
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