

SPECIMEN MARK SCHEME

UNIT 5 - MARKETING IN RETAIL BUSINESSES



Mark Scheme

Level 3 Diploma Principal Learning

Retail Business RTB3U5

Unit 5 Marketing in retail businesses

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 3 Retail Business

Unit 5 Marketing in retail businesses

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>Box A</p> <p>Wish was initially very successful as a fashion retailer. By 2006, they had 170 shops aimed at the value end of men's and ladies' fashion, mainly at teenagers and adults in their 20s and 30s. Wish had steadily increased its market share until it had 15% brand share of the purchases of 12 – 45 year olds, and four main competitors.</p> <p>Wish's customer demographics show:</p> <ul style="list-style-type: none"> • 35% of customers are under the age of 20 • 33% are between 20 and 30 • 32% are over 30 <p>This position was built on a strong marketing strategy consisting of:</p> <ul style="list-style-type: none"> • heavy promotion of low prices • regular stock changes to reflect fashion trends • recruiting staff who reflect the profile of the customers • the use of in-store atmospherics and ambience • provision of clear targets to all staff • sourcing supply cheaply, mainly from Asia. 		
<p>1.</p> <p>a) Describe the contribution of marketing to developing Wish's market share (6 marks)</p>	<p>AC1a</p>	<p>Answers may refer to marketing helping Wish to:</p> <ul style="list-style-type: none"> • understand the needs of their customers • inform their customers about the business and its products • target the right customers • create demand for goods and services • create a strong brand • increase revenue • gain competitive advantage • open new markets • keep up with a changing market • meet business objectives and key performance indicators relating to profitability and/or productivity and/or competitiveness. <p>Other contributions 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- 2 marks: Learner describes the contribution of marketing in general terms, covering few valid</i></p>

<p>b) Outline one way in which Wish's marketing strategy will have affected its business planning process (3 marks)</p>	<p>AC1b</p>	<p><i>points with little or no detail.</i></p> <p><i>3-4 marks: Learner describes the contribution of marketing, covering two or more valid points with little detail, or one point with some detail; answer does not always clearly relate to developing market share.</i></p> <p><i>5-6 marks: Learner describes the contribution of marketing, covering two or more valid points in detail and relating answer to developing market share.</i></p> <p>(6 marks)</p> <p>Expected answers will refer to one of the following ways in which elements of the marketing strategy affect business planning processes:</p> <ul style="list-style-type: none"> • heavy promotion of low prices – the need to control buying costs to maintain margins • regular stock changes to reflect fashion trends – need to control stock flow/stock turn / potentially increased markdowns to clear stock • recruiting staff who reflect the profile of the customers – potentially increased staff budgets • the use of in-store atmospherics and ambience – increased display budget • provision of clear targets to all staff – increased budget for internal communications • sourcing supply cheaply, mainly from Asia – maintain margin at reduced sale price. <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>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Answer identifies an area in which Wish's marketing strategy will have affected its business planning process (eg costs), but insufficient detail is given to clearly show the link between the two.</i></p> <p><i>2 marks: Answer provides a reasonably clear outline of a way in which Wish's marketing strategy will have affected its business planning process, including some detail.</i></p> <p><i>3 marks: Answer outlines a way which the marketing strategy will have affected Wish's business planning process, clearly and in detail.</i></p> <p>(3 marks)</p>
<p>2. Discuss ethical and cultural issues that Wish should consider when sourcing, buying and promoting its goods (15 marks)</p>	<p>AC3a</p>	<p>Answers may refer to the following ethical and cultural issues:</p> <ul style="list-style-type: none"> • possible working practices in the countries where the goods are sourced, including labour conditions and low wage economy • environmental perspectives including carbon footprint issues involved in the distance goods travel • political issues including threat to employment in UK/Europe from sourcing stock from Asia against development of third-world industry • quality control issues against low-cost considerations • promotion issues with reference to the ethics and culture of the target market eg demographics, branding, price.

		<p>Other issues judged to be relevant by the examiner are also acceptable.</p> <p>Answers may include the following perspectives:</p> <ul style="list-style-type: none"> • Wish • Wish’s customers and/or potential customers • individuals and/or businesses involved in the supply chain, where relevant. <p><i>0 marks: No response worthy of credit</i></p> <p><i>1- 5 marks: Learner provides a discussion representing possible perspectives on issues with partial accuracy and balance, and relating issues to Wish’s sourcing, buying and promotion of goods with limited coherence; answer covers few issues in little detail</i></p> <p><i>6-10 marks: Learner provides a discussion representing possible perspectives on issues with accuracy and balance at times, relating issues to Wish’s development and promotion of goods with some coherence; answer covers one issue with some detail, or two or more issues with little detail.</i></p> <p><i>10-15 marks: Learner provides a discussion representing possible perspectives on issues in an accurate and balanced manner, relating issues to Wish’s development and promotion of goods with a high level of coherence; answer covers one issue with depth, or two or more issues with some detail.</i></p> <p>(15 marks)</p>
<p>3.</p> <p>a) Describe one primary research method which Wish might use to obtain market intelligence (3 marks)</p> <p>b) Describe one secondary research method which Wish might use to obtain</p>	<p>AC2b</p> <p>AC2b</p>	<p>Answers may refer to:</p> <ul style="list-style-type: none"> • formal and informal customer feedback • questionnaires • observation • records of complaints/compliments <p>Other research methods judged to be relevant by the examiner are also acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid research method but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid research method with reasonable accuracy and some detail (eg how the method is used or the form of information obtained by using the method).</i></p> <p><i>3 marks: Learner has described a valid research method accurately and in detail.</i></p> <p>(3 marks)</p> <p>Answers may refer to:</p> <ul style="list-style-type: none"> • data from surveys • statistics • reports

<p>market intelligence (3 marks)</p>	<ul style="list-style-type: none"> • internet sites • competitor information <p>Other research methods judged to be relevant by the examiner are also acceptable.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 mark: Learner has identified a valid research method but little or no description is offered.</i></p> <p><i>2 marks: Learner has described a valid research method with reasonable accuracy and some detail (eg how the method is used or the form of information obtained by using the method).</i></p> <p><i>3 marks: Learner has described a valid research method accurately and in detail.</i></p> <p>(3 marks)</p>
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Box B

At the start of 2007 one of Wish’s competitors went into liquidation. The market intelligence was that the reason for this was that they had become inflexible in their marketing strategy.

In the summer of 2007 Wish decided to review their marketing strategy as they felt they were losing their way. Footfall was down by 13%, sales by 6% and profits by 4%. Menswear had performed the worst, with sales down by 11%.

Market intelligence indicated that in the last twelve months:

- They had been offering too many similar designs, diluting their fashionable image
- Customers felt that customer service had declined
- Other discount retailers in the same market were competing with them
- The demographics of the population had changed through falling birth rates, falling death rates and net immigration leading to an increase in the average age
- The average disposable income of Wish’s target market had increased by 3%
- Customers were seeking a wider range of products.

<p>4. Using the information in Boxes A and B, review Wish’s existing marketing strategy, including its strengths and weaknesses in light of the new market intelligence (15 marks)</p>	<p>AC4a</p>	<p>Answers may refer to strengths and weaknesses of the existing strategy of:</p> <ul style="list-style-type: none"> • heavy promotion of low prices <p>eg strength – value for money offer; weakness – change in needs of target market due to increased disposable income</p> <ul style="list-style-type: none"> • regular stock changes to reflect fashion trends <p>eg strength – remaining fashionable; weakness – increased surplus stock, having to discount slow selling lines regularly, reduced ability to bulk-buy; learners may also make the point that Wish may not be putting this element of their marketing strategy into practice well enough, as market intelligence shows they they are stocking too many similar designs and that customers are seeking a wider range</p> <ul style="list-style-type: none"> • recruiting staff who reflect the profile of the customers <p>eg strength – staff understand customer needs; answers may not be likely to include weaknesses for this element of the strategy</p> <ul style="list-style-type: none"> • the use of in-store atmospherics and ambience <p>eg strength – catering to target audience; weakness – increase in average age of potential customer base</p> <ul style="list-style-type: none"> • provision of clear targets to staff
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		<p>eg strength – staff contribute to meeting the aims of the business; answers may not be likely to include weaknesses for this element of the strategy, but might mention that if Wish is pushing its staff too hard to meet sales targets, this could have a negative effect on customer service</p> <ul style="list-style-type: none"> • sourcing supply cheaply, mainly from Asia <p>eg strength – maintain margin at reduced sale price; weakness – possible customer perception of ethical issues.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1-5 marks: Review makes limited use of given information and new market intelligence.</i></p> <p><i>Learner covers a few elements of the strategy. Some strengths and weaknesses are valid, though limited links are made between these and the new market intelligence.</i></p> <p><i>6-10 marks: Review makes use of given information and new market intelligence.</i></p> <p><i>Learner covers most elements of the strategy. Most strengths and weaknesses are valid, and links are made between these and the new market intelligence.</i></p> <p><i>11-15 marks: Review makes thorough and effective use of given information and new market intelligence.</i></p> <p><i>Learner covers most or all elements of the strategy. Strengths and weaknesses are valid, and coherent links are made between these and the new market intelligence.</i></p> <p>(15 marks)</p>
<p>5. Explain how Wish can use situational analysis to inform changes in its marketing strategy (9 marks)</p>	<p>AC3c</p>	<p>Expected answers will refer to the 5 Cs of situational analysis and specific elements of these:</p> <ul style="list-style-type: none"> • company – experience, goals, past results, resources • collaborators – suppliers • customers – market size and growth, trends • competitors – other retailers • climate – environmental and ethical issues <p><i>0 marks: No response worthy of credit</i></p> <p><i>1 -3 marks: Explanation offers limited detail, referring to few aspects of situational analysis unclearly or inaccurately, and linking situational analysis with changes in marketing strategy with limited coherence</i></p> <p><i>4-6 marks: Explanation is reasonably clear and accurate, and refers to one or two aspects of situational analysis in some detail, or more aspects in little detail; answer links situational analysis with changes in marketing strategy with some coherence</i></p> <p><i>7-9 marks: Explanation is clear, and expressed with a high level of accuracy; answer refers to few aspects of situational analysis in depth, or more</i></p>

		<p><i>aspects in some detail; answer coherently links situational analysis with changes in marketing strategy.</i></p> <p>(9 marks)</p>
6.	<p>Using the information provided about Wish in Box A, and the new market intelligence in Box B, propose how Wish can use the marketing mix to encourage the growth and development of the business. Your answer should contain four suggestions, each referring to how Wish can apply a different element of the marketing mix. You should show how your suggestions link (36 marks)</p>	<p>AC2a, 4b, 4c</p> <p>Expected answers will refer to the following.</p> <p>Any four elements of the marketing mix:</p> <ul style="list-style-type: none"> • product • price • promotion • people • physical evidence • place • process <p>Possible ways of applying the marketing mix to encourage business development and growth:</p> <ul style="list-style-type: none"> • Launching a luxury line at a higher price point • New human resources and training procedures to improve recruitment and staff training • Competitive shopping trips with buyers and designers to provide wider inspiration • Launching new products to widen range • Opening new retail channels • Stocking branded items (ie established brands) to diversify product range. <p>Any other reasonable suggestions that, according to the judgment of the examiner, would increase sales, achieve competitive advantage, and/or increase market share.</p> <p><i>0 marks: No response worthy of credit</i></p> <p><i>1-6 marks:</i></p> <p><i>Answer is informed by accurate reference to elements of the marketing mix, though links between the marketing mix and suggestions are not expressed or are expressed ambiguously. Few or no aspects of answer are informed by market intelligence, and little or no reference is made to market intelligence in support of conclusions.</i></p> <p><i>Suggestions are of limited plausibility and supported by little or no detail. Proposal shows some ambiguities, with little consideration of the links between suggestions, and little or no potential for business development and growth is apparent in the ideas expressed or explicitly shown.</i></p> <p><i>Answers including suggestions for how only one element of the marketing mix can be applied may be awarded no more than 6 marks.</i></p> <p><i>7-12 marks:</i></p> <p><i>Answer is informed by accurate reference to elements of the marketing mix, linking the marketing mix and suggestions with some ambiguity and limited relevance. Some aspects of answer are informed by market intelligence, though little or no reference is made to market intelligence in support of conclusions.</i></p> <p><i>Suggestions are of limited plausibility and supported by little detail. Some links between suggestions are apparent in the</i></p>

	<p><i>ideas expressed, though not explicitly shown. Limited potential for business development and growth is apparent in the ideas expressed, though not explicitly shown.</i></p> <p><i>Answers including suggestions for how only two elements of the marketing mix can be applied may be awarded no more than 12 marks.</i></p> <p><i>13-18 marks:</i></p> <p><i>Answer is informed by accurate reference to elements of the marketing mix, showing links of limited clarity and relevance between the marketing mix and suggestions. Answer is informed by some market intelligence of limited relevance, though little reference is made to market intelligence in support of conclusions.</i></p> <p><i>Some suggestions are plausible and supported by detail. Links between suggestions are partially developed into a proposal. Some potential for business development and growth is apparent in the ideas expressed, though not explicitly shown.</i></p> <p><i>Answers including suggestions for how only three elements of the marketing mix can be applied may be awarded no more than 18 marks.</i></p> <p><i>19-24 marks:</i></p> <p><i>Answer is informed by accurate reference to four elements of the marketing mix, showing some clear links between the marketing mix and suggestions. Answer is informed by some relevant market intelligence, though limited reference is made to relevant market intelligence in support of conclusions.</i></p> <p><i>Most suggestions are plausible and supported by some relevant detail. Links between suggestions are partially developed into a proposal which is sound in most respects. Some potential for business development and growth is apparent in the ideas, though not explicitly shown.</i></p> <p><i>25-30 marks:</i></p> <p><i>Answer is informed by accurate reference to four elements of the marketing mix, showing clear links between the marketing mix and suggestions. Answer is informed by relevant market intelligence, which is referred to in support of conclusions.</i></p> <p><i>Suggestions are plausible and supported by relevant detail. Suggestions link to form a sound proposal which clearly shows the potential for business development and growth.</i></p> <p><i>31-36 marks:</i></p> <p><i>Answer is informed by accurate reference to four elements of the marketing mix, showing clear and relevant links between the marketing mix and suggestions. Answer is informed by all or almost all relevant market intelligence, and shows how relevant market intelligence supports conclusions.</i></p> <p><i>Suggestions are convincing and supported by substantial, relevant detail. Suggestions link to form a coherent proposal which shows the potential for business development and growth clearly and persuasively, with due regard to risks involved.</i></p> <p>(36 marks)</p>
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