

# Unit 15: Investigating Retail Business

## Delivery guidance

### Approaching the unit

Everyone is a consumer and obtains their products and services from a range of different retail outlets. Some of these retailers will offer excellent customer service and satisfy every need. Others are not as satisfactory. To complete this unit you could direct your learners to explore the current structure and classification of the retail sector in detail through a practical investigation of their local area. This could then lead to a review of the local employment prospects offered by retailers.

To address learning aims B and C, you could use a case study of a major retailer in your area, which learners would use as the basis of an evaluation of the changes and developing trends, and of the importance of the supply chain to successful businesses. Alternatively, you could require learners to investigate a range of retailers, which would ensure a broad depth of coverage.

You can use a range of delivery methods for this unit, for example:

- discussion – class and small group discussions on, for example, the part played by retailers in satisfying the needs and wants of consumers and on how the retail environment is changing due to new technologies
- individual and/or paired completion of the practical accounting exercises
- case studies and scenarios.

Group work is an acceptable form of delivery for aspects of the unit, but you must ensure that learners individually produce evidence that is sufficient for assessment.

You can involve local employers in the delivery of this unit by inviting them as:

- guest speakers and interview opportunities
- members of audience for learner presentations, and providing feedback on these
- providers of work experience for learners, and of business materials as basis for case studies and exemplars
- providing opportunities for visits for learners.

### Delivering the learning aims

For learning aim A, learners need to show an understanding of how retailers add value and satisfy customers. A basic introduction should ensure learners understand the different formats used by retailers to satisfy customers, including the use of high street locations, out of town shopping centres and internet-based retail operations. A good way to start would be to ask learners to survey the retailers in the local area. They would need to cover a range of store types, sizes, locations and store formats. The initial research could then be extended by asking learners to investigate a number of different retail sub-sectors, such as



food, high-end fashion, technology, outdoor equipment and sports equipment. The aim should be to encourage individual comparisons to be made between contrasting retail formats. For example, learners should find out how products are displayed by a fashion retailer, and what the similarities and differences between a fashion and a technology-based retailer are. This study of different formats should also consider the benefits and drawbacks of different business models, including value chains, premium brand stores and niche/artisan stores. To complete the learning aim, learners must demonstrate a clear understanding of the recruitment and employment prospects offered by both small and large retail businesses.

Having completed the initial study of the retail sector in the local area, in learning aim B, you need to direct learners to explore the changes that have taken place in the retail environment. Some initial tutor delivery on the basic PEST (political, economic, social and technological) analysis model should be the starting point. This model can then be used by learners, perhaps working in small groups, to investigate specific changes taking place, globally, nationally or regionally. A visiting speaker from a prominent local retailer could give a basic overview of the changes taking place, and these could be developed further through learners' own investigations. If visiting speakers are used, learners could undertake a whole class activity before the visit to ensure that they have a number of appropriate questions prepared in advance. Political and legal changes are going to prove most difficult for learners, and case study material identifying changes to employment or competition law could be made available as materials for whole class discussion.

Retailers are only as good as their supply chains and distribution systems. Learning aim C requires learners to investigate how these elements of the business can affect its overall performance. You will need to ensure that your learners have a basic understanding of the different distribution channels available to retailers. This could be achieved through a visit to a local branch of a national retail chain or by a visit from a local store manager who can give a detailed outline of the logistics needed to keep a store operational. You may wish to invite both grocery and fashion retailers to talk with learners about their distribution systems, and learners could then compare and contrast the distribution systems of different retail sectors. Learners should be prepared to ask questions about the part that ICT plays in the ordering and tracking of goods in transit. Learners could then collaborate by undertaking research into the policies used by a number of different retailers to dispose of surplus stock. In addition to the distribution of goods, learners need to have a basic understanding of current stock control methods and understand the factors that can lead to stock shortfalls. Concepts such as total quality management (TQM) or just in time (JIT) and stock control systems using last in, first out (LIFO) or first in, first out (FIFO), and the digital systems that enable rapid data analysis should be understood.

Learning aim	Key content areas	Recommended assessment approach
<b>A</b> Explore the current structure of the sector through investigation of the local retail environment	<b>A1</b> The nature of retailing <b>A2</b> Classification of retailers <b>A3</b> Structure of retailing <b>A4</b> Employment in retail	An individual presentation with leaflet and report following a detailed investigation of the nature, structure and classification of the UK retail sector and employment opportunities locally.
<b>B</b> Investigate how the retail sector has responded to change and trends	<b>B1</b> The retail environment <b>B2</b> Impact of social change <b>B3</b> Changes due to new technologies used in the sector <b>B4</b> The competitive environment and trends	Impact of change in the UK and global retail environment and how retail businesses are responding to the changes, with particular emphasis on two selected UK retailers. Interview with current employees to see how changes have impacted on particular retail businesses.
<b>C</b> Examine the importance of the supply chain and stock control management to the success of retail business	<b>C1</b> Distribution channels <b>C2</b> Retail supply chains and logistic processes <b>C3</b> Stock control <b>C4</b> Impact of digital technology	A written report examining the role of retailing as part of the supply chain. Examination of the impact of digital technology on all participants in the supply chain. Two different retail businesses should be selected.

### Assessment guidance

This unit is internally assessed through a maximum of two summative assignments; one for learning aims A and B, and one for learning aim C.

It is essential that you allow learners to individually select their own examples of businesses to investigate and the research evidence to include in their work, if they are to achieve high marks for this unit.

Some in-depth initial research is required for learners to be successful in the recommended assessment tasks (learning aims A and B). Research based purely on web searches is unlikely to have sufficient depth of knowledge and detail to allow learners to achieve at the highest level. For a distinction grade to be awarded, learners would need to consider at least two examples of change for each contrasting national retailer. The impact of the changes on the businesses needs to be fully explained using suitable examples. The evidence for the award of the pass and merit criteria could be in the form of a presentation with detailed speaker notes and an observation report. Learners should create a short report to meet the criterion for achieving distinction.

It would be useful to use individual research from a visit to a major retail business or distribution centre for the second recommended assessment task (learning aim C). Alternatively, a visiting speaker from a similar organisation could also give this information. The report produced by your learners should explain how goods are distributed and how digital technologies are used to improve distribution systems.



## Getting started

This gives you a starting place for one way of delivering the unit, based around the specification.

### Unit 15: Investigating Retail Business

#### Introduction

A simple way to introduce this unit would be for learners to visit their local shopping centre or high street, and survey the types of retailers that are represented there. These could then be classified into different categories based on size, sector and format as part of a group activity.

#### Learning aim A – Explore the current structure of the sector through investigation of the local retail environment

- Start with a whole group discussion on the part played by retailers in satisfying the needs and wants of consumers and on how the retail environment is changing due to new technologies. Ask learners to consider the future of retailing. Will it be in physical stores or will e-tailing replace the traditional routes to consumers?
- Learners should be encouraged to survey their local area to establish the profile of retailing. What types of business are in the local shopping centre or on the high street? Are these growing or in decline? This work can then lead on to a discussion on how retailers are classified. A range of different classification methods should be covered, including store/non-store operations, product or service, ownership type, size, location and store format. Tutor input will be required to ensure learners understand the different classification systems.
- Move on to look at a number of different retail sub-sectors such as food, high-end fashion, technology, outdoor equipment and sports equipment. The aim should be to encourage comparisons between contrasting formats. For example, learners should investigate how products are displayed by a fashion retailer, and what are the similarities and differences between a fashion and an equivalent technology-based retailer. This study of different formats should also consider the benefits and drawbacks of different business models (e.g. value chains, premium brand stores and niche/artisan stores), this will help learners to develop analytical skills so they can discuss how the different structures help retailers satisfy many different customer needs.
- The final part of this learning aim considers the recruitment and employment prospects offered by both small and larger businesses. This could start by the learners using their own part-time employment as examples. Your learning centre could arrange for a small number of employers to attend an employment fair where they explain their employment procedures and the opportunities available to learners at various points in their careers. Simply downloading job descriptions from the internet will not be sufficient to cover the breadth of evidence required. Learners should work in small groups to describe a range of different job roles, entry points and progression opportunities available locally in at least two contrasting businesses.

#### Learning aim B – Investigate how the retail sector has responded to change and trends

- You will need to ensure that learners understand how the macro environment can affect retail businesses. This could be achieved through initial tutor discussion using the basic PEST (political, economic, social and technological) analysis model. Learners can then develop this work through a small-group research task. The research should aim to identify and understand social and environmental changes taking place and the way these are impacting on retailers.

- The research could form the basis of a series of group presentations. Content to be included in the presentations could include the following.
  - Has the increase in minimum wage or the living wage had an impact on pay policies? Has legislative change affected employment or operational policies?
  - How have businesses implemented technological change? For example, what has been the effect of the use of click-and-collect or self-scanning at checkouts?
  - Have planning permission requirements for the construction of new outlets restricted growth?
  - Have sustainability issues, competition, fair trade, environmental concerns or pressure group action affected the way in which the business operates?
- The presentations should be followed by a class discussion. Each group should circulate presentation notes to ensure that the whole class has an understanding of all aspects of the retail environment covered in the specification.
- It is also essential that any research and presentational activity encompasses contrasting retail businesses, so that learners have the necessary research data to fulfil the requirements of the learning aims and, if using, the recommended assessment approach.
- The effect of social change on retail businesses could be addressed through a series of worksheets of exam-style questions to get learners thinking about the products currently being sold and those which have gone into decline and the reasons for this. The interest in fair trade or sustainably produced products could be explored and learners could be asked to consider whether price determines demand and to explain their reasoning. Other social issues, such as migration, could be used to explore changes in the range of products offered.
- Learners should have little problem identifying the pace of technological change, either in the range of products and services offered or in the way retailers operate. Learners need to understand the reasons for the growth of online, internet-based shopping, and how mobile devices are helping to drive change. Learners could produce a timeline to show the growth in e-tailing and try to predict future technological change in this area. They must be able to assess how this type of change is likely to impact on their selected businesses.
- The final section for this learning aim should focus on the impact that competitors have on the selected business. Learners will need to investigate whether new competitors are entering the sector or whether existing firms are leaving. Some recent examples, that could be made available as discussion starters, include the new entrants to the taxi market (e.g. Uber drivers) who are having a large impact on traditional taxi firms. Other examples could be the discount grocery retailers (e.g. Aldi and Lidl) who are taking an increasing share of the weekly shopping basket, or the availability of fresh produce all year round from global supply chains. Learners should be aware of some of the changes that are increasing or decreasing competition, or influencing change in the supply chain.

### **Learning aim C – Examine the importance of the supply chain and stock control management to the success of retail business**

- This learning aim requires a basic understanding of distribution and stock control systems but also more detailed, applied knowledge of the systems operated by retailers from different sub-sectors. This operational knowledge could be obtained from the part-time employment of the learners and from visiting speakers from the sector.
- Introduce the learning aim with a list of examples of the different distribution channels available to retailers. Learners should understand that supermarkets





require ambient, refrigerated and frozen transport systems for the range of products they sell, while car showrooms will have different distribution systems to fashion retailers, even though both source products on a global scale. You could invite both grocery and fashion retailers to talk with learners about the need for effective distribution systems and the warehouses that send the goods nationwide.

- Building on this basic knowledge of distribution, learners need to understand how goods are sourced locally, regionally, nationally and globally and how these goods are transported to the main distribution hubs of major retailers. The part ICT plays in the ordering and tracking of goods in transit should also be understood. This detailed knowledge could be obtained via a guest speaker from a retail firm, and learners should prepare appropriate questions beforehand as part of a structured Q&A session. One example could include how the product is disposed of should it not sell as well as expected. Is this to be recycled or disposed of in landfill? Other questions could explore whether retailers mark down surplus stock or sell through outlet stores, or whether the retailer refuses to mark down goods to maintain the brand image. Learners could then collaborate by undertaking research into the policies used by a number of different retailers to dispose of surplus stock.
- The investigation into the types of stock management systems operated could come from learners' own part-time employment. Learners should be prepared to share their resources with others who may not be in employment. Ineffective supply chains can be a major problem for retailers, and learners need to understand the power relationships between suppliers and retailers. For example, who holds most power, Apple or the technology outlet that sells its products? Does there always have to be a win-lose situation or can there be a win-win for both parties?
- Some basic stock control theory needs to be taught – a tutor-led presentation accompanied by a series of handouts would be most appropriate here. Concepts such as total quality management (TQM) or just in time (JIT) and stock control systems using last in, first out (LIFO) or first in, first out (FIFO) should be understood and learners could be presented with some simple data which they should use to determine stock ordering patterns and stock valuations. Learners should have a basic understanding of the security systems (e.g. CCTV and electronic tagging) and devices used to prevent loss of stock. A visit to a high-end fashion retailer and a technology store would help to give useful insight.
- The final part of this learning aim looks at the impact that digital technology has had on the supply of information, whether it is a stock reordering system or the use of an electronic data interchange (EDI) to transmit designs around the globe. The use of the internet for click-and-collect or home delivery should also be included in the study, as should the rise of online payment systems.

## Details of links to other BTEC units and qualifications, and to other relevant units/qualifications

Pearson BTEC Level 3 Nationals in Business (NQF):

- Unit 1: Exploring Business.
- Unit 14: Investigating Customer Service.
- Unit 16: Visual Merchandising.
- Unit 27: Work Experience in Business.
- Unit 32: Buying for Business.
- Unit 33: Supply Chain Operations.

## Resources

In addition to the resources listed below, publishers are likely to produce Pearson endorsed textbooks that support this unit of the BTEC Nationals in Business. Check the Pearson website (<http://qualifications.pearson.com/endorsed-resources>) for more information as titles achieve endorsement.

## Textbooks

- Fernie J and Sparks L – *Logistics and Retail Management: Emerging Issues and New Challenges in the Retail Supply Chain*, 4th edition (Kogan Page, 2014) ISBN 9780749468231.  
In this book, academics and practitioners share research, ideas and experience of current thinking on supply chain management in retail. It considers the changing needs of the global marketplace and the challenges faced by retailers.

## Websites

- [www.brc.org.uk/brc\\_home.asp](http://www.brc.org.uk/brc_home.asp)  
British Retail Consortium: the BRC gives advice to members on a range of topics, including food safety, packaging, storage and distribution.
- [www.retail-week.com](http://www.retail-week.com)  
*Retail Week* includes detailed analysis and comment on a range of topics linked to retail and distribution.