

Mark Scheme (Results)

January 2012

PL Retail Business (RB301)
Paper 01

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Publications Code DP030857

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General Marking Guidance

- All candidates must receive the same treatment. Examiners must mark the first candidate in exactly the same way as they mark the last.
- Mark schemes should be applied positively. Candidates must be rewarded for what they have shown they can do rather than penalised for omissions.
- Examiners should mark according to the mark scheme not according to their perception of where the grade boundaries may lie.
- There is no ceiling on achievement. All marks on the mark scheme should be used appropriately.
- All the marks on the mark scheme are designed to be awarded. Examiners should always award full marks if deserved, i.e. if the answer matches the mark scheme. Examiners should also be prepared to award zero marks if the candidate's response is not worthy of credit according to the mark scheme.
- Where some judgement is required, mark schemes will provide the principles by which marks will be awarded and exemplification may be limited.
- When examiners are in doubt regarding the application of the mark scheme to a candidate's response, the team leader must be consulted.
- Crossed out work should be marked UNLESS the candidate has replaced it with an alternative response.

Question Number	Answer	Mark
1 (a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • The culture of the business might not match that of Fast Retailing (1) which could lead to problems in relationships between staff and managers (1) • The business that they purchase may have different IT systems (1) which could fail to integrate with those at Fast Retailing (1) • Staff in the acquired business might speak a language that Fast Retailing managers are not familiar with (1) which could lead to communication issues(1) <p>No marks awarded for identification of risk without link to acquisition. For example: <i>Fast Retailing would have to take a risk by borrowing money and because the market in the other country might have different tastes</i></p> <p>One mark for identifying the risk of acquisition plus one mark for development.</p> <p>Reward other valid responses</p>	(2)

Question Number	Answer	Mark
1 (b)	<p>Responses could include:</p> <p>Managerial economies of scale (1) could be achieved by centralising management of functions such as finance in one country (1) making the efficiency of the business greater (1)</p> <p>Marketing economies of scale (1) could be achieved because they only need to make small adjustments to adverts (1) in order to adapt the language for each country (1)</p> <p>Purchasing economies of scale (1) could be achieved by using one supplier to stock stores around the world (1) gaining discounts from the increased bulk of purchases (1)</p> <p>One mark for identifying an economy of scale plus up to two marks for development in context or up to three marks for an appropriate description of an economy of scale (without identifying explicitly the economy of scale) in the context of Fast Retailing:</p> <p>e.g. as a big business with over 900 stores banks will be more willing to lend larger amounts at a lower rates (1) as Fast Retailing will be seen as lower risk (1) with lower repayments on the loan, costs are reduced (1)</p> <p>Reward other valid responses</p>	(3)

Question Number	Answer	Mark
1 (c)	<p>Responses could include:</p> <p>Risk taking (1) would allow the managers to cope with the uncertainty (1) that comes from operating in countries with which they are not familiar (1) making them more able to cope with the stress(1)</p> <p>Creative thinking (1) might make the managers more able to adapt products to the needs of the local market (1) making them more attractive to customers in each country (1) because their local culture might be different and they would not like the same as other countries (1)</p> <p>Analytical skills (1) means that managers will be able to use data on new countries (1) in order to identify international opportunities(1) and find possible ways to exploit opportunities (1)</p> <p>One mark for identifying an entrepreneurial skill which will help with international expansion and up to three marks for developing its use in context.</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
2 (a)	<p>Responses could include:</p> <p>Limited liability makes the expansion less of a risk (1) because it will be expensive to enter a new market (1) and this might require large loans (1) which would be secured against the business at no risk to the owners possessions (1)</p> <p>Public limited companies can issue shares to raise money (1) which can generate large amounts of capital (1) which can be invested into the international expansion (1) without having to pay the cost of interest rates (1)</p> <p>One mark for identifying an advantage of public limited ownership expanding overseas and up to three marks for developing the explanation in context.</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
2 (b)	<p>Responses could include:</p> <p>TQM focuses on having zero defects (1) which means that every member of staff would be looking for quality issues (1) which increases the odds that issues will be identified and dealt with (1) reducing the odds that customers will be unhappy (1)</p> <p>Quality circles (1) will lead to employees suggesting ideas to improve systems in shops (1) which might lead to a decrease in the amount of wastage, for example from clothes being hung incorrectly (1) which would increase profitability (1)</p> <p>One mark for identifying an aspect of TQM that could contribute to success and up to three marks for developing the explanation in context.</p> <p>Reward other valid responses</p>	(4)

Question Number		Indicative Content
2 (c)		<p>The aim is for candidates to consider the reasons that retailers need to carry out marketing activities when they undertake an international expansion.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Market research can help businesses to understand the specific needs of customers in foreign markets which might differ significantly from those in home markets. • Promotional activity can increase awareness and shape the perceptions of customers. This will be important due to a lack of existing brand awareness - the company will have to make sure that people know who they are. • In an unfamiliar market it will be important to develop an understanding of the context of the business environment - PESTLE factors should be explored and their impact on business operations considered. • When choosing the location for each store, an understanding of the shopping habits of the consumers in each country is needed.
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simplistic analysis of an activity of the marketing function.</p> <p>The response may identify and develop a point in very simple terms without linking it to the international context.</p> <p>At the top of this level the candidate will identify and describe one or more relevant point and may attempt to make some link to the context of the question but the implications of theory may not be developed or might only be simplistically developed.</p>
2	3-4	<p>Candidate makes a reasonable analysis of an activity of the marketing function.</p> <p>The learner will develop one piece of theory and will show a link between the relevant theory and the context of the question.</p> <p>At the top of this level the candidate will describe one or more relevant point in the context of the question and will provide some reasonable development.</p>
3	5-6	<p>Candidate makes a detailed analysis of an activity of the marketing function.</p> <p>The candidate will demonstrate a sound understanding of the marketing department using one well developed point which is clearly grounded in the context of the case study business.</p> <p>At the top of this level the candidate will provide a detailed analysis of one relevant point which thoroughly develops the implications of the point identified in the context of the case study business.</p>

Question Number		Indicative Content
2 (d)		<p>The aim of this question is to allow candidates to demonstrate their understanding of how functional area may be reorganised to support international expansion.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Functions such as finance could be centralised so that economies of scale can be gained • Functions such as human resource management can be reorganised to reflect the cultural and legal differences between markets • Functions such as operations will be unique in each market but there might be a need to have a central administration department to coordinate communication and record keeping between them • IT support might need to be expanded with staff proficient in new languages
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simplistic analysis of the changes to functional areas required by an international expansion.</p> <p>The candidate will explain the activities of a functional area and will begin to explain in simple terms how this links to other functional areas.</p> <p>At the top of this level the candidate might provide a description of a change to a functional area without any relevant development or might identify a change with some relevant albeit simplistic development which may not be fully in context.</p>
2	3-4	<p>Candidate provides a reasonable analysis of the changes in business functions.</p> <p>The candidate develops the points of theory that they have identified and begins to outline chains of causality in some depth and links this into the context of the question.</p> <p>At the top of this level the candidate has developed a relevant change to a functional area in some detail with a reasonable link to the context of the question</p>
3	5-6	<p>Candidate presents a detailed analysis of the changes to business functions.</p> <p>The candidate will clearly link relevant functional activities and their interrelationships together awing a clear chain of causality from the international expansion to changes in functional activity whilst demonstrating an understanding of the context of the question.</p> <p>At the top of this level the candidate will provide a detailed development of a relevant change to a functional area which is firmly in the context of the international expansion of a fashion retail business.</p>

Question Number	Answer	Mark
3 (a)	<p>Responses could include:</p> <p>Corporate social responsibility refers to activities that are designed to reflect the commitment of a business to its wider community (1) for example minimising the negative effect that a firm has on those communities (1)</p> <p>One mark for a basic understanding of CSR and a second mark for development or an example.</p> <p>Reward other valid responses</p>	(2)

Question Number	Answer	Mark
3 (b)	<p>Responses could include:</p> <p>Ensuring that factories manufacturing products pay an appropriate wage (1) rather than paying a minimal wage less than a dollar a day (1) so as not to take advantage of workers in poor countries(1)</p> <p>Using chemicals to dye fabric that are not tested on animals (1) so that the business does not encourage companies to harm animals (1) by encouraging factories to find other methods to test the safety of chemicals (1)</p> <p>One mark for identification of a way Fast Retailing could produce ethically and two marks for development in context.</p> <p>Reward other valid responses</p>	(3)

Question Number	Answer	Mark
3 (c)	<p>Responses could include:</p> <p>During a recession people may be short of money (1) this means that they will not be willing to pay a premium for clothes(1) because ethical production can be more expensive (1) and firms may choose to pass these costs on to customers (1)</p> <p>During a recession people might be more inclined to express nationalist sentiments (1) which might incline them towards purchasing home grown products (1) rather than what they perceive as foreign goods (1) which would mean that they would be less concerned with the ethics of the goods and more interested in the country of origin (1)</p> <p>One mark for identifying why ethically produced clothing may be less attractive during a downturn and up to three marks for developing the explanation in context.</p> <p>Reward other valid responses</p>	(4)

Question Number		Indicative Content
3 (d)		<p>The purpose of this question is to evaluate the importance of online retailing to achieving its vision of creating 'enduring value for the world'.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Online sales allows a firm to create a presence in every market on earth whether or not they are based there physically or not • An online presence can allow communication with different customers groups in an easily adaptable way - web design software can detect where an individual is located and automatically translate the webpage for them • E-commerce technology can be used to collect data on customers which can be used to plan marketing strategies more carefully to meet the needs of different consumer groups • Operating online has lower overheads which enable the business to deliver products at a lower price and therefore a better value to the world <p>Reward other valid response</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes an assertion about the importance of online retail without providing relevant evidence as support.</p> <p>At the top of this band the candidate will identify a relevant point of theory and make a simplistic judgement which will either be unsupported or based on tenuous evidence.</p>
2	3-4	<p>Candidate uses some evidence to support a simple judgement. The response will be partially developed with the learner using some evidence to support a conclusion.</p> <p>At the top of this band the learner will be analysing a point in depth to support their judgement or may have provided a detailed analysis without making a clear judgement.</p>
3	5-6	<p>Candidate uses evidence to make a judgement about how important online retail is the achievement of enduring value for the world.</p> <p>At the top of this band the learner will make a clear judgement which is well supported by relevant evidence drawn from the case study or developed from their wider knowledge.</p>

Question Number	Answer	Mark
4 (a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Staff must exceed the needs of customers (1) by taking a proactive approach to customer service within their store (1) • Staff must meet sales targets (1) by carrying out appropriate promotional activities in store (1) • Staff must work together as a team (1) in order to support the aims and objectives of the company (1) <p>One mark for basic understanding and one mark for relevant expansion.</p> <p>Only award one mark for a generic responsibility</p> <p>Reward other valid responses</p>	(2)

Question Number	Answer	Mark
4 (b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Workplace discrimination might create a bad work environment (1) which would demotivate staff (1) leading to a decline in productivity (1) and lower profits (1) • Discrimination might lead to negative publicity (1) which would damage the reputation of the business (1) keeping customers away from stores (1) and reducing the number of items sold (1) • If Fast Retailing plc does not prevent discrimination it could be prosecuted (1) for not meeting legal requirements (1) which would require a specialist solicitor to defend the business (1) which could prove to be expensive (1) • If Fast Retailing plc is free from discrimination, potential employees could be attracted (1) by the positive working environment (1) as they are more likely to be rewarded for merit (1) improving the motivation and productivity of Fast Retailing plc's workforce (1) <p>One mark for an outcome of allowing or preventing discrimination and up to three marks for development.</p> <p>Reward other valid responses</p>	(4)

Question Number	Indicative Content
4 (c)	<p>Responses might include:</p> <ul style="list-style-type: none"> • If staff are trained this will develop their skills in delivering customer service (1) they will be better at understanding customer needs (1) and will have a better understanding of how to serve these needs (1) enabling them to take steps to attempt to exceed customers' expectations (1) • Staff might learn how to build attractive displays of stock (1) which would show customers how different items of clothes might look together (1) helping them to plan outfits and therefore encouraging them to purchase more items (1) helping the store to meet sales targets (1) <p>One mark for a contribution that training might make to achieving store targets and up to three marks for appropriate development in context.</p> <p>Reward any other relevant responses</p>

Question Number	Indicative Content
4 (d)	<p>The purpose of this question is to examine how well learners understand the importance of teamwork in a retail business.</p> <p>Reasons why team work might be important:</p> <ul style="list-style-type: none"> • Teams of staff might be able to support each other, sharing tasks and improving efficiency of the business. • A sense of belonging is an important motivator so having teamwork could lead to better performances from staff • An effective team is more productive than individual members working in isolation <p>However</p> <ul style="list-style-type: none"> • Within a team, individuals who do excel may not be recognised and so cannot be rewarded for their performance • A good team may mask members of staff not making a full contribution to the aims of the business which can demotivate those staff that are working hard • Individuals with good ideas may not be able to contribute them if the team doesn't like them • The work of a team is only as good as the leader of the team. If the manager isn't very good then the team won't perform well. • If the team don't have adequate resources then they won't be able to achieve their goals no matter what • External factors such as the economic environment might mean that no matter how good the team is their goal is not attainable

Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a basic judgement with no relevant supporting evidence.</p> <p>At the top of this level the candidate might make an attempt to develop relevant theory but this is likely to be one sided and offer a weak judgement which is not supported by any relevant evidence.</p>
2	3-4	<p>Candidate uses some evidence to support a simple judgement.</p> <p>At the top of this level the candidate may provide some weaker evidence from both sides of the argument to support a judgement or the candidate may use well developed evidence without making a clear judgement in the context of the question.</p> <p>Award a maximum of three marks for a well developed but one sided response.</p>
3	5-6	<p>Candidate make judgements about the importance of teamwork using relevant evidence.</p> <p>At the top of this level the candidate will have made use of well-developed and appropriate evidence from both sides of the argument in order to support a convincing judgement which is clearly appropriate to the context of the question.</p>

Question Number		Indicative Content
5		<p>The purpose of this question is to examine the extent to which product life cycles influence the decision of a business to enter international markets.</p> <p>Candidates should consider the extent to which this is a relevant motivation.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Fashion is cyclical and products go in and out of style, money invested in development can be used more efficiently if developments in one market can then be sold in another market. • Cultural factors are more important - different countries have their own tastes and fashions and what sells in one country may not sell in another meaning that once the lifecycle expires in Japan it is no use in other countries eg in America, it may be offensive to the native American population to whom these patterns are culturally significant. • Economic considerations might be more important than the lifecycles of products. Even if a product is suited to the needs of a market it still might not sell due to the affluence of the customers in the market. • Global and internet channels may mean that the life cycle of a trend is shortened because people may pick up on the trend more quickly leading to a limited window of opportunity to exploit it.
Level	Mark	Descriptor
	0	No rewardable material
1	1-3	<p>Candidate makes a simplistic assertion with no relevant evidence to support their argument.</p> <p>At the top of this level the candidate will attempt to make a judgement about the product lifecycle which could be based on theory and as such applicable to any business or the candidate may comment on an aspect of the case study without developing their ideas to show their understanding of the question.</p>
2	4-7	<p>The candidate makes an argument about the importance of the product life cycle using some relevant evidence to support a judgement.</p> <p>The response is likely to be one sided at this level or the candidate will have made some attempt to cover both sides of argument but this is unlikely to have covered both sides effectively.</p> <p>At the top of this level the response is likely to present a balanced argument based on a clear understanding of relevant theory which the candidate has linked to the context of the question. Maximum of five marks for a one sided argument.</p>
3	8-10	Candidate makes a judgement about the importance of product life cycles to entering international markets.

	<p>The response will cover both sides of the argument. The majority of the evidence will be relevant and in context.</p> <p>At the top of this level the candidate will use clear and appropriate evidence to support their judgment. The concept of the product lifecycle will have been placed clearly into a global fashion retail context and this will be developed through the use of appropriate examples in order to provide a clear, judgment based on a well balanced argument.</p>
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January 2012

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