

Mark Scheme (Results)

Summer 2013

Principal Learning Retail Business  
(RB301/01)

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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.
- Mark schemes will indicate within the table where, and which strands of QWC, are being assessed. The strands are as follows:
  - i) ensure that text is legible and that spelling, punctuation and grammar are accurate so that meaning is clear*
  - ii) select and use a form and style of writing appropriate to purpose and to complex subject matter*
  - iii) organise information clearly and coherently, using specialist vocabulary when appropriate.*

Question Number	Answer	Mark
1 (a)	<p>Responses might include:</p> <ul style="list-style-type: none"> <li>• Mothercare had lots of unsold stock (1) so by lowering the price it will attract more customers to buy the items and shift the stock (1) this will release space for Mothercare to sell more profitable items in store (1)</li> <li>• Lowering prices will make Mothercare's prices more competitive (1) and this may attract customers from supermarkets to Mothercare (1) and if they like the products purchased and the experience they may return to Mothercare as loyal customers in the future (1)</li> </ul> <p>One mark for identifying a benefit of price reductions and up to two for development in context.</p> <p>Reward other valid responses</p>	(3)

Question Number	Answer	Mark
1 (b)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• The Union will represent the interests of its members (1) attempting to minimise the number of redundancies due to closures (1) and ensuring that where staff are made redundant they get a fair redundancy package including payment (1)</li> <li>• The Union will discuss with Mothercare whether closures or job losses are needed (1) and may be able to offer alternative solutions (1) like redeployment which may save jobs of union members (1)</li> </ul> <p>One mark for identifying the advantage of union membership plus up to two for development in context.</p> <p>Reward other valid responses</p> <p>Only reward responses that relate to the advantages to employees and that focus on store closures. Generic responses like securing better working conditions and pay should only be rewarded when in context.</p>	(3)

Question Number	Answer	Mark
1 (c)	<p>Responses could include:</p> <p>Out-of-town stores allow a greater range of products to be displayed (1) this helps to differentiate Mothercare from supermarkets (1). This additional choice for customers makes the experience of a Mothercare store more attractive (1). The customer is likely to stay longer and spend more (1).</p> <p>The out-of-town store format is a destination experience (1) where customers will travel for miles around to visit the retail parks (1). Larger numbers of customers are likely to be attracted by the high impact displays in store (1) potentially increasing revenue (1).</p> <p>Award 1 mark for identifying why the out-of-town format may be attractive to Mothercare and up to 3 marks for further development in context.</p>	(4)

Question Number	Answer	Mark
2 (a)	<p>Responses could include:</p> <p>If Mothercare did not prevent discrimination it could be prosecuted (1) for not meeting legal requirements (1) this could result in fines and the need to pay compensation (1) which would impact on profitability (1)</p> <p>If Mothercare is free from discrimination more potential employees will be attracted(1) by the positive working environment (1) as they are more likely to be rewarded on merit (1) leading to a more motivated and productive workforce (1)</p> <p>One mark for identifying an outcome of allowing or preventing discrimination and up to three marks for development</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
2 (b)	<p>Responses could include:</p> <p>Buyers will try to select appropriate products using their knowledge of child development (1) if they select innovative products that consumers will demand (1) and will retail at higher prices (1) resulting in higher revenues and profitability (1)</p> <p>Mothercare's buyers will negotiate with suppliers (1) and if they can secure their goods at a lower cost (1) then the business can make higher profit margins on each item sold (1) and support the business in improving profitability (1)</p> <p>One mark for identifying how buyers contribute to profitability and up to three marks for development</p> <p>Reward other valid responses</p>	(4)

Question Number		Indicative Content
2 (c)		<p>The aim of this question is to examine how well learners understand the importance of providing appropriate training to staff at Mothercare.</p> <p>Analysis might include:</p> <ul style="list-style-type: none"> <li>• If staff fail to set up displays properly it may lead to accidents</li> <li>• Staff may not understand about age appropriateness of products and give dangerous advice to customers</li> <li>• Mothercare would fail in its legal obligations potentially resulting in expensive legal action</li> <li>• If there were high profile accidents, injuries or deaths related to Mothercare it could cause severe damage to their reputation</li> </ul> <p>Reward other valid responses.</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simple statement about the outcomes of failing to provide appropriate training.</p> <p>At the top of this level the candidate might develop a statement or make a second statement. This is unlikely to be in context or will show a weak understanding of Mothercare.</p>
2	3-4	<p>Candidate makes one developed statement and a second under developed statement relating to the failure to provide appropriate training.</p> <p>At the top of this level a candidate will make two developed statements or one well developed statement. There will be some relevance to the context of Mothercare.</p>
3	5-6	<p>Candidate provides a good analysis of the problems arising from failing to provide appropriate training which is well linked to the context of the question.</p> <p>At the top of this level the candidate will provide a thorough and detailed analysis of the problems arising from failing to provide appropriate training with a strong link to the context of the question.</p>

Question Number		Indicative Content
2 (d)		<p>The aim of this question is to examine how well learners understand the advantages and disadvantages for Mothercare caused by being a plc</p> <p>Arguments for might include:</p> <ul style="list-style-type: none"> <li>• plc can better secure finance via a share issue and banks are more willing to lend to them</li> <li>• plc means owners, shareholders have limited liability so will not lose their own personal possessions if the business got in to financial problems.</li> </ul> <p>However:</p> <ul style="list-style-type: none"> <li>• As a plc Mothercare will have to release their financial information and with falling profits in the UK this could be a problem and the competition could benefit from this information</li> <li>• Shareholders might use their influence to vote off members of the board</li> </ul> <p>Reward other valid responses.</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simple statement of an advantage or disadvantage of being a plc.</p> <p>At the top of this level the candidate will present some development of one or more advantage/disadvantage. Alternatively the candidate may give simple statements of both an advantage and a disadvantage. Link to context will be weak at the top of the level.</p>
2	3-4	<p>Candidate makes one developed statement of both an advantage and a disadvantage and a second under developed statement relating to an advantage or disadvantage. Candidates may make a well developed statement of either an advantage or disadvantage.</p> <p>At the top of this level the candidate has developed an advantage and disadvantage and attempted to draw a conclusion but this may be invalid or unsupported. There will be some links to the context.</p> <p>Maximum of 3 marks for a one-sided argument</p>
3	5-6	<p>Candidate provides a balanced argument with a conclusion that is linked to the context of the question.</p> <p>At the top of this level the candidate will provide a thorough and detailed evaluation of the advantages and disadvantages of being a plc with a reasonable judgement supported by relevant evidence with a strong link to the context of the question.</p>



Question Number	Answer	Mark
3 (a)	<p>Responses could include</p> <p>If Mothercare have less packaging their products will take up less space (1) which means they can fit more stock on shelves (1) and if they weigh less the cost to transport the products will be lower (1) and carbon emissions will be lower per item helping them meet their environmental targets(1).</p> <p>If Mothercare recycle they will send less to landfill (1) which means the costs of disposing of their waste will be lower (1) and customers will think the business is being environmentally responsible by recycling more and using landfill less(1) which means customers may be more likely to shop at Mothercare than other retailers that do not recycle as much (1)</p> <p>A mark for identifying a benefit to <i>Mothercare</i> of reducing packaging and recycling more and up to 3 marks for developing the explanation</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
3 (b)	<p>Responses could include</p> <p>If Mothercare ensure their suppliers pay a fair wage to their staff (1) rather than paying them a wage which barely buys the necessities(1) the suppliers staff will have a higher standard of living (1) and customers would feel happier buying the products if they know the person that made the item was given a fair wage (1)</p> <p>If Mothercare did not use child labour(1) they will avoid very negative publicity (1) which would put off customers from buying their products (1) and customers should be more willing to buy from a retailer than guarantees no child labour over a business that makes no such promise. (1)</p> <p>A mark for identifying an ethical issue for <i>Mothercare</i> and up to 3 marks for developing the explanation</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
3 (c)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Winning awards can gain free publicity for the company.</li> <li>• The logo for the award can be used for promotional material or on the company's website.</li> <li>• It is proof of their commitment to environmental friendliness and customers are prepared to pay a premium for ethical goods</li> </ul> <p>However :</p> <ul style="list-style-type: none"> <li>• People may not know what this award means and not value it.</li> <li>• People might be aware that the company pays to be assessed for the award.</li> <li>• Customers might be cynical about awards such as this because they are more interested in paying low prices.</li> </ul> <p>Reward other valid responses</p>	(6)
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>The candidate will make simple statements about how such an award may add value.</p> <p>At the top of this level the candidate will present some development of one or more statements of how such an award may add value. Alternatively the candidate may give simple statements of both sides of the argument. Link to context will be weak at the top of the level.</p>
2	3-4	<p>Candidate makes one developed statement of how such an award may add value or an under developed statement relating to why it may and may not add value.</p> <p>At the top of this level the candidate has developed an argument for and against such awards adding value and attempted to draw a conclusion but this may be invalid or unsupported. There will be some links to the context.</p> <p>Maximum of 3 marks for a one-sided argument.</p>
3	5-6	<p>Candidate provides a balanced argument with a conclusion that is linked to the context of the question.</p> <p>At the top of this level the candidate will provide a thorough and detailed assessment of the extent to which an external award will add value with a reasonable judgement supported by relevant evidence with a strong link to the context of the question.</p>

Question Number	Answer	Mark
4 (a)	<p>Responses could include:</p> <p>Marketing economies of scale (1) could be achieved because they will be able to produce one advert and will only need to make small changes to adverts (1) such as having to change the language for each country (1)</p> <p>Purchasing economies of scale (1) could be achieved as Mothercare could use one supplier to stock stores around the world (1) and because of the large quantities ordered they are more likely be offered discounts(1)</p> <p>Managerial economies of scale (1) could be achieved by centralising management of functions such as finance in one country (1) reducing the wage bill because fewer specialist staff are required (1)</p> <p>One mark for identifying the 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 explicitly identifying the economy of scale in the context of Mothercare.</p> <p>e.g. as Mothercare gets larger they will have more stores and this size will mean banks will be more willing to lend larger amounts at a lower rate (1)as Mothercare will be seen as lower risk (1) with lower interest rates and therefore lower repayments on the loan average costs will be reduced (1)</p>	(3)

Question Number	Answer	Mark
4 (b)	<p>Responses could include:</p> <p>The people management function could identify those employees in the UK with potential to lead the international expansion, (1) by appraising staff to see who has the entrepreneurial skills which are required (1). People management could then ensure they have the desire and language skills needed(1) and they would also look at offering any training to prepare them for working within a different country and ensuring they understand the vision behind the expansion(1)</p> <p>The people management function will have to recruit new staff in the countries where the stores will be located (1) as they will need employees who are familiar with local customs and culture (1) the people management function will need to be familiar with local labour laws (1) as these will be different from the UK regulations they are used to (1)</p> <p>Award 1 mark for identifying a way the people management function could support the international expansion and up to 3 marks for developing the explanation in context.</p>	(4)

Question Number	Answer	Mark
4 (c)	<p>Responses could include:</p> <p>By franchising Mothercare will benefit financially (1) because the franchisee would pay an initial fee (1) and then each year a percentage of their sales revenue (royalty payment) (1) and the franchisee would pay most of the costs in setting up the new store (1)</p> <p>Mothercare will benefit from a franchisee because they are likely to have local knowledge (1) they will understand the culture and taste of consumers in the country more than Mothercare (1) and be able to select the products that are likely to sell (1) meaning the products offered are more likely to be demanded improving sales and revenues.(1)</p> <p>One mark for identifying a benefit of growth by franchising and up to three marks for appropriate development</p> <p>Reward other valid responses</p>	(4)

Question Number		Indicative Content
4 (d)		<p>The purpose of this question is to allow learners to demonstrate their knowledge of why economic growth makes the Indian market attractive. Learners should be able to use their knowledge to provide a justified argument for the decision by Mothercare to open more stores in India.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> <li>• There is currently lack of competition in the market with few international retailers targeting parents so by entering now it is possible to get ahead of the competition</li> <li>• The Indian economy is growing and this means there is potential for more sales as people have more income available to spend</li> <li>• The government of India is making the business environment more attractive for example by reducing legal controls making it easier for Mothercare to set up there</li> <li>• There are 24m babies born each year in India and Mothercare's products are targeted at their parents so they should have large potential sales</li> <li>• Western clothing is seen as a status symbol making Mothercare clothing desirable</li> </ul> <p>However</p> <ul style="list-style-type: none"> <li>• Other companies such as Gap kids are making the same plans.</li> <li>• There are a number of other growing economies in the region such as Indonesia.</li> <li>• There is a lot of corruption in India so this will increase costs and may break British laws.</li> <li>• There are still large pockets of poverty in India and a large percentage of the 24 million babies are born into poor families.</li> </ul> <p>Reward other valid responses</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate identifies reasons that retailers might choose to enter the market.</p> <p>At the top of the level the learner will identify two or more reasons, or provide a weak development of one reason which is unlikely to be in context</p>
2	3-4	<p>Candidate makes a reasonable justification of the decision to open more stores in India.</p> <p>At the top of this level the learner will provide a partially developed justification that has some link to the context.</p> <p>Max 4 marks for a one sided answer.</p>
3	5-6	Candidate provides a strong justification of the decision to open more stores in India using clear evidence to support the decision

		At the top of this level the learner will provide a thorough justification that has strong links to the context
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Question Number	Indicative Content	
5	<p>The purpose of this question is to examine the possible benefits and problems of focusing on online trading in 2011.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> <li>• Store sales growth is low at just 2.5% but online grew by 9.6% creating potential for more sales where sales are growing rapidly</li> <li>• Profit margins have been falling. Going online may help as overheads are lower and hopefully profit margins may be higher</li> <li>• In store trading limited to store opening times. Online retailing is 24/7 and there is a chance of a greater number of simultaneous transactions</li> <li>• The website is available around the world increasing the potential number of sales with no need to establish a physical presence in each country.</li> </ul> <p>However:</p> <ul style="list-style-type: none"> <li>• Online only makes up 8% of total sales- there are many more sales in store - so closing shops to focus on online may be a mistake</li> <li>• It is easier for customers to compare prices and offers online using search engines which means Mothercare may have to be more price competitive</li> <li>• Customers like to test many big ticket items like pushchairs and car seats so sales of such items online may be lower and those that do order may be disappointed and seek refunds.</li> <li>• Mothercare will be competing against other retailers from around the world and therefore will have to pay costs for web hosting and translation.</li> </ul> <p>Do not give students credit for copying material from the case study without linking it to the context of question</p> <p>Reward other valid responses</p>	
Level	Mark	Descriptor
	0	No rewardable material
1	1-3	<p>Candidate demonstrates some understanding of some of the factors involved in online retailing eg they may identify growth of online which is relevant and provide a simplistic analysis of this with a limited link to the context.</p> <p>At the top of this level the candidate will provide a simplistic development of one or more factors influencing the decision with a</p>

		limited link to the context. No attempt will be made to draw a conclusion or the conclusion will be invalid.
2	4-6	<p>Candidate demonstrates understanding of some of the factors relevant to expanding online.</p> <p>At the top of this level the candidate has provided some development of both sides of the argument. There is some attempt at a conclusion but this may be unsupported. There are some links to the case study.</p> <p>Maximum of 5 marks for a one-sided argument</p>
3	7-9	<p>Candidate demonstrates clear understanding of relevant factors when expanding online and provides a supported conclusion with links to the case study.</p> <p>At the top of this level the candidate has provided a thorough and detailed development of two or more relevant factors balancing both sides of the argument coming to a fully supported conclusion which is clearly linked to the case study.</p>



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