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Other names

Edexcel
Principal Learning

Centre Number

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Retail Business

Level 3

Unit 1: Examining the World of Retail

Thursday 12 January 2012 – Afternoon
Time: 1 hour 45 minutes

Paper Reference

RB301/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 70.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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PEARSON

Answer ALL questions.

1 **Japan's biggest clothes retailer hopes an innovative strategy will make it the world's biggest too.**

Everyday items such as T-shirts, socks and jeans are not normally considered the most exciting part of the fashion retail business. However, they are found in almost every wardrobe. *Uniqlo*, a successful Japanese firm with big ambitions, has transformed them into a goldmine. Having conquered Japan, it is now taking on the world.

Uniqlo's parent company, *Fast Retailing plc*, is Japan's biggest clothing company, with sales of \$9 billion forecast this year. Whereas many Japanese businesses are struggling because of the stagnant domestic economy, *Fast Retailing plc* is flourishing. Last year sales grew by 17%, despite the recession, or because of it. Its clothes combine a touch of style with enticingly low prices.

Although only 10% of *Fast Retailing plc's* sales come from abroad, Mr Yanai, *Fast Retailing plc* Chairman and Chief Executive Officer (CEO), expects overseas revenue to surpass domestic sales by 2015. It boasts around 800 stores in Japan and 140 overseas. It plans to open a staggering 500 new stores annually over the next three to five years. Most will be in Asia, notably China, where it already has 54 shops but wants to have 1,000.

Fast Retailing plc prefers to grow independently, but is also open to expansion by acquisition to enhance the firm's presence in America or Europe. In recent years, *Fast Retailing plc* has successfully acquired smaller foreign brands including France's *Comptoir des Cotonniers* for women's wear and *Princesse Tam-Tam* lingerie, as well as America's *Theory*.

(Source: adapted from Economist.com January 2010)



(a) Outline **one** risk of growth by acquisition for *Fast Retailing plc*.

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(b) Describe **one** way in which *Fast Retailing plc* could achieve an economy of scale through international expansion.

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(c) Explain how **one** entrepreneurial skill will help *Fast Retailing plc's* managers to achieve their goal of international expansion.

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(Total for Question 1 = 9 marks)



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2

The factors behind *Fast Retailing plc*'s domestic success are of little use as it expands abroad. The poor economic environment in which it flourished does not exist in many of the emerging markets it is targeting, although it certainly does in most of the western world. *Fast Retailing plc* relies mainly on small suburban shops in Japan, but it is opening giant stores in expensive central locations overseas.

Experiments with opening a small number of suburban shops in Britain and America have gone badly. These shops have failed to meet targets for profit and customer satisfaction.

(Source: adapted from Economist.com)

(a) Explain **one** way that being a public limited company might be an advantage for *Fast Retailing plc* as it expands overseas.

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(b) Explain how Total Quality Management could contribute to the success of the new *Fast Retailing plc* stores.

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(d) Analyse how *Fast Retailing plc* might reorganise its functional areas to support its international expansion.

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(Total for Question 2 = 20 marks)



3

Fast Retailing plc's essential approach to Corporate Social Responsibility (CSR) is to make the world a better place through planning, producing and selling clothing.

Its vision is 'To remain a company that creates enduring value for the world, we will pursue appropriate management, grow with society and aim to create the next global standard.'

It aims to act as global citizens with ethics and integrity, keeping abreast of issues facing the international community and the global environment. It will also seek to grow and develop in unity with the community.

(Source: www.uniqlo.com)

(a) Outline what is meant by the term Corporate Social Responsibility.

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(b) Describe **one** way that *Fast Retailing plc* could produce clothing ethically.

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(c) Explain why ethically produced clothing might be less attractive to customers during an economic downturn.

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(d) Part of *Fast Retailing plc's* vision is to create 'enduring value for the world.'
Evaluate the importance of online retailing to achieving this vision.

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(Total for Question 3 = 15 marks)



4

Fast Retailing plc believes that its employees are its greatest assets. It operates a reward policy based on merit, evaluating each employee's ability and performance free from any type of discrimination.

It makes its store managers responsible for creating a welcoming store environment and exceeding customer expectations. Store managers set sales and profit targets for their teams. They encourage independent teamwork in their stores in order to satisfy customers.

Store managers are supported by area managers who provide regular performance feedback. Training is also available to store staff through an in-house training programme called the *Uniqlo University*.

(Source: adapted from www.uniqlo.com)

(a) Outline **one** responsibility of staff working in *Fast Retailing plc* stores.

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(b) Explain **one** reason why *Fast Retailing plc* ensures that the management of its staff is 'free from any type of discrimination.'

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(c) Explain the contribution that providing staff with training may make towards achieving *Fast Retailing plc's* store targets.

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(d) Assess the importance of teamwork to *Fast Retailing plc* stores.

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(Total for Question 4 = 16 marks)



5

While fads come and go in Japan on a near daily basis, one that hit big in 2010 was yama gaaru, which means mountain girls. Hiking and mountain climbing have surged in popularity in Japan among city dwellers.

It is unclear which came first, the fashion trend or the sporting trend, but outdoor clothing makers have created a look to accommodate the trends. Mini skirts are teamed with comfortable leggings in loud patterns of plaid or Navajo prints, with clothes often in materials such as fleece.

More graceful takes on the trend are the Navajo prints on the back pockets of trousers or on the breast pocket of shirts. In response to this trend *Fast Retailing plc* started to sell Navajo sweaters in various colours.

Navajo print made an impact on British fashion in 2011. One of the highlights of Paris fashion week in February 2011 was Gwen Stefani's 'Ragga Girls' in their Navajo print mini skirts.

Meanwhile a range of retailers as diverse as *ASOS.com* and *The Gap* began stocking jumpers, wallets and even bikinis in Navajo print. These firms were clearly expecting big sales of these retro prints in spring and summer 2011.

(Source: adapted from online.wsj.com)

Evaluate how the product life cycle of Navajo print clothing may influence the product range of *Fast Retailing plc* stores in different countries.

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(Total for Question 5 = 10 marks)

TOTAL FOR PAPER = 70 MARKS



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