

Write your name here

Surname

Other names

Edexcel
Principal Learning

Centre Number

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Candidate Number

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Retail Business

Level 3

Unit 1: Examining the World of Retail

Tuesday 11 June 2013 – Morning

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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Answer ALL questions.

Mothercare plc, the babies' and childrens' goods retailer, reported a reduction in full-year profits. Its UK sales fell due to increased competition and bad weather in the run-up to Christmas in 2010. This meant that *Mothercare plc* had to reduce prices to shift unsold stock. This contributed to lower profits.

Mothercare plc plans to reduce its store numbers to 266 from 373. The closures form part of *Mothercare plc's* strategy of reducing the number of its high street stores. This will enable it to focus on out-of-town stores, online and wholesale activities.

Research indicates that people are not shopping on the high street like they used to. Supermarkets are producing reasonable quality childrens' clothing and toys at cheap prices and they are convenient.

1 (a) Describe **one** benefit to *Mothercare plc* of using price reduction strategies.

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(b) Describe **one** advantage of trade union membership for employees as *Mothercare plc* closes high street stores.

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(c) Explain why out-of-town store formats may be attractive to *Mothercare plc.*

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(Total for Question 1 = 10 marks)



Mothercare plc are committed to equal opportunities and ensuring that discrimination does not exist. It aims to be a parent friendly company for its employees. *Mothercare plc* invests in its workforce through training and development.

Mothercare plc has a close relationship with *Norland College*, which has been at the forefront of childcare training for over 110 years. The lecturers at *Norland College* have been working with *Mothercare plc* to support and increase its staff's knowledge of child care and development.

This link with *Norland College* also puts *Mothercare plc's* buyers in the best position to source innovative products to meet the needs of children and their parents. The initiative supports *Mothercare plc's* commitment to stock the highest quality products.

In order to protect customers and employees, *Mothercare plc* ensures that its staff have regular health and safety training. This covers how to operate within the store safely and the product advice they offer to customers.

- 2 (a) Explain **one** reason why *Mothercare plc* ensures the workplace is free from any type of discrimination.

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(b) Explain how *Mothercare's* buyers can contribute to the profitability of *Mothercare plc*.

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(c) Analyse the potential problems for *Mothercare plc* if it fails to provide appropriate training for staff.

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Mothercare plc is a public limited company (plc).

(d) Evaluate the advantages and disadvantages to *Mothercare* of being a plc.

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(Total for Question 2 = 20 marks)



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Mothercare plc has set long term environmental targets. Reducing packaging reduces waste. *Mothercare plc* is also increasing efforts to recycle more of its waste at its warehouses and stores.

Mothercare plc has 17 regional Corporate Responsibility Champions, who encourage store staff to recycle paper, hangers, cardboard and plastic and think about conserving energy. It monitors energy consumption and has lighting systems controlled by movement sensors.

Mothercare plc has been awarded the Carbon Trust Standard, in recognition of its efforts to reduce its carbon footprint. This certifies that organisations have measured, managed and reduced their carbon emissions across their own operations, and are committed to reducing them year-on-year.

Mothercare plc has a Corporate Social Responsibility (CSR) policy which requires its suppliers to behave ethically. *Mothercare plc* also wants to be seen as an ethical retailer which:

- does not use forced or child labour
- allows workers to join a trade union
- has safe and hygienic working conditions
- has reasonable wages
- has fair working hours
- does not tolerate discrimination
- does not tolerate physical or verbal abuse.

3 (a) Explain **one** benefit to *Mothercare plc* of reducing packaging or recycling more.

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(b) Explain why *Mothercare plc* might require its suppliers to behave ethically.

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Mothercare plc's managers feel that the Carbon Trust Standard award adds value to their products.

(c) Assess the extent to which the achievement of such awards is a good way to increase the value of *Mothercare plc's* products.

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(Total for Question 3 = 14 marks)



In 2010/11 *Mothercare plc* said it would focus on its international operations, where sales had risen by 16.3% to £571m. Underlying profits in the “challenging” UK arm fell from £36.1m to £11.1m while international profits rose 18.5% to £27.5m.

Ben Gordon, chief executive, said the focus would remain on franchising *Mothercare plc* abroad, where the retailer had 894 stores in 54 countries, including joint-ventures in Australia, China and India. He expected 150 openings during 2011/12, including its first stores in Colombia and Panama in South America.

Mothercare plc had identified that in India 24 million babies are born each year and 19 million in China against 700,000 in the UK.

- 4 (a) Describe **one** way in which *Mothercare plc* could achieve economies of scale through international expansion.

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- (b) Explain **one** way the people management function could support *Mothercare plc's* international expansion.

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(c) Explain **one** benefit of growth by franchising for *Mothercare plc*.

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(d) Justify the decision by *Mothercare plc* to open more stores in the growing Indian market.

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(Total for Question 4 = 17 marks)



(Total for Question 5 = 9 marks)

TOTAL FOR PAPER = 70 MARKS



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