

Mark Scheme (Results)

January 2012

PL Retail Business (RB305)
Paper 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.

Question Number	Answer	Mark
1 (a)	<p>Responses could include:</p> <p>Product ranges can be purchased which will increase the probability that Book! will stock the authors that people want to read (1) meaning that less stock will be unsold (1) because it is expensive to stock books that people don't want to read (1) because books are bulky and take up a lot of shelf space (1)</p> <p>Some customers might need specific services not currently offered by Book! such as gift wrapping (1) which will meet the need of tourists buying books as gifts (1) which, if provided, will increase the turnover of the business (1) because customers will choose Book! over competitors who do not provide the service (1)</p> <p>One mark for identifying a relevant benefit of understanding customer needs plus up to three marks for development in context.</p> <p>Award a maximum of two marks for an answer that is not applied to Book!.</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
1 (b)	<p>Responses could include:</p> <p>A larger business is likely to have more sophisticated EPOS technology (1) which will collect data about customers and their purchases (1) because the technology is sophisticated it involves less human interaction (1) and although it might be more expensive, a larger business will have more access to the finance to buy the technology (1)</p> <p>In a big marketing department people might have specialist skills (1) such as designing surveys (1) which will save the expense of hiring a marketing agency to do this work (1) and means that data can be collected constantly (1)</p> <p>One mark for identifying a relevant issue relating to the scale of a retail business plus up to three marks for development in context.</p> <p>Reward other valid responses</p>	(4)

Question Number		Answer
1 (c)		<p>The aim of this question is to encourage candidates to consider the importance of physical environment within the extended marketing mix. Candidates should explore this in the context of the level of service provided in a small retail business .</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Their store is comfortably furnished allowing customers a relaxing environment for which they can consider their purchases because they spend more time in the store and are more likely to purchase a book • Positioning the coffee shop at the rear of the store will encourage customers to browse the books available and special offers and hot spots will be positioned by the coffee shop queue <p>However</p> <ul style="list-style-type: none"> • Customers may spend time in the store reading books and decide not to purchase them because they have not liked what they have read or have been avoiding the rain • However customers may simply purchase the coffee without being interested in the books and if they read the books while they are drinking they may soil the books
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simplistic analysis of the role of the physical environment.</p> <p>The response may identify and develop a point in very simple terms without linking it to the context.</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.</p>
2	3-4	<p>Candidate makes a reasonable analysis of the importance of the physical environment.</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>Award a maximum of three marks for a well developed but one sided response.</p> <p>At the top of this level the candidate may provide some weaker evidence from both sides of the argument in the context of the question.</p>
3	5-6	<p>Candidate makes a detailed analysis of the importance of the physical environment.</p> <p>The candidate will demonstrate a sound understanding of the physical environment 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 have made use of well-developed and appropriate evidence from both sides of the argument clearly appropriate to the context of the question.</p>

Question Number	Answer	Mark
2 (a)	<p>Responses could include:</p> <p>Informs Book! about both internal and external factors relating to its business (1) allowing it to see performance in its wider context (1)</p> <p>Helps Book! to have a detailed picture of the external environment (1) helping it to identify opportunities and threats (1)</p> <p>Helps Book! to have an objective view on its current performance (1) giving a firm base for strategic planning (1)</p> <p>One mark for identifying a benefit of situational analysis and one mark for development.</p>	(2)

Question Number	Answer	Mark
2 (b)	<p>Responses could include:</p> <p>Surveys could be carried out (1) where a set of questions is devised and sent to customers via the post or email (1) and then the responses collected and analysed (1)</p> <p>Karen could conduct a focus group (1) where she will conduct a discussion with a target group of customers (1) to explore their tastes and preferences (1)</p> <p>Reward other valid responses</p> <p>One mark for selection of relevant method and up to two marks for development</p> <p>Do not reward mystery shopping and observations as identified in the case study.</p>	(3)

Question Number	Indicative Content	Mark
2 (c)	<p>Possible responses could include:</p> <ul style="list-style-type: none"> • Suppliers • Competitors • Consumers • Government statistics • Specialist periodicals • Research organisations <p>2 x 1 mark</p> <p>Responses must be relevant to Book! Reward other valid responses</p>	(2)

Question Number	Indicative Content	Mark
2 (d)	<p>Possible responses could include:</p> <p>By examining the websites of competitors it will be possible to identify products that are not currently being stocked by Book! (1) which may affect the orders that Karen places from her suppliers (1) therefore increasing her own product range (1) extending the target market that she can reach (1)</p> <p>Speaking to customers might identify aspects of the physical environment in store that they do not like (1) which would help Karen to plan the layout of her potential new store (1) to maximise the attractiveness to customers (1) and to plan new layouts/uses of the space (1)</p> <p>One mark for identifying the use of data and three marks for the development</p> <p>Reward other valid responses</p>	(4)

Question Number	Answer	Mark
3 (a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Marketing objectives are linked to specific marketing activities whereas corporate objectives are concerned with the overall performance of the business (1) • Marketing objectives support the achievement of the corporate objectives (1) • Corporate objectives support the achievement of the organisation's aims (1) <p>Example: if the corporate objective is to reach a certain level of profit the marketing objective might be to run a promotional campaign to increase sales (1)</p> <p>Two marks for describing any two differences plus one mark for a relevant example.</p>	(3)

Question Number	Indicative Content	Marks
3 (b)	<p>Responses might include:</p> <p>One marketing objective is to increase the range of books (1) Karen might specify what type of books she wants to add to her range (1) because if she is specific she can focus on types of book that she doesn't currently stock (1) this is measurable because she can compare her current range of books compared to her previous range (1)</p> <p>One marketing objective is to increase the range of promotional activities taken (1) Karen can make this objective SMART (1) Karen might set a number of adverts to run each month because she can measure whether she is achieving this objective or judging the success of this promotional activity (1) it is timely because it is set within a set time scale (1)</p> <p>One mark for correctly selecting a marketing objective from the case, award one mark if the candidate explains that the objective must be made SMART and up to three marks for an appropriate development to a maximum total of four marks</p> <p>No marks to be awarded if the corporate/profit objective is chosen.</p> <p>Award other valid responses Answers must relate to the objectives in the case study</p>	(4)

Question Number	Indicative Content	Marks
3 (c)	<p>Possible responses might include:</p> <ul style="list-style-type: none"> • PESTLE is a method of analysing the external environment (1) this would allow her to identify things that could limit the success of her plan (1) such as a technology like E-Books (1) which might create a long term decline in book sales (1) • The analysis might highlight opportunities for the business (1) such as the current economic climate (1) which is the economy returning to growth (1) which is likely to result in more customers (1) <p>Reward other valid responses</p>	(4)

Question Number		Indicative Content
3 (d)		<p>The aim of this question is to examine the extent to which candidates understand how a retail business might use key performance indicators as part of a business plan</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> Clearly defined performance indicators can help managers to examine whether or not their plan is successful The business is able to benchmark its performance against rivals in the industry and between stores within the same company Performance indicators can be tracked over time to identify trends or patterns <p>Possible examples:</p> <ul style="list-style-type: none"> By using an indicator such as footfall it is possible to see if an adequate number of customers have been attracted to the store By using a measure such as sales per square metres it is possible to examine the efficiency of the business.
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simplistic analysis of the use of KPIs within a business plan.</p> <p>The answer might be superficial and focus on a general description of a KPI or might provide a limited development of general points. At the top of this level the candidate might outline what is meant by a KPI and provide some details as to how Book! might use a KPI.</p>
2	3-4	<p>Candidate makes a reasonable analysis of the use of KPIs in a business plan.</p> <p>At this level the candidate may not develop this relationship in detail or may partially develop more than one example. At the top of this level the candidate will develop one example of a KPI and will show a chain of causality from an understanding of the theory to the application to the context of Book! or alternatively two partially completed examples will be accepted.</p>
3	5-6	<p>Candidate presents a detailed analysis of the use of KPIs in a business plan.</p> <p>At the top of this level the candidate will provide a thorough development of one KPI showing a clear chain of causality from the analysis of a specific performance indicator to the impact on the business plan of the firm or alternatively two developed examples</p>

Question Number		Indicative Content
4 (a)		<p>The aim of this question is to examine how well learners understand the importance of location within the marketing mix.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Choosing a location that has a reasonable level of footfall will increase the likelihood of casual purchases of tea and coffee/books by passing tourists • The store should be located in an area with a high enough population of people who are likely to buy the products that she stocks • The store should be located in a reasonable location with a population of pensioners or young families who are the target market for Book! • The business should be located in an area that does not have a lot of competitors or she might struggle to be profitable • The business should have reasonable access to transport links such as bus routes or car parking for the benefit of customers that travel from other local towns and tourists <p>However:</p> <ul style="list-style-type: none"> • Place is only one factor in the marketing mix • Book!'s prices are above the average charge by competitors and so even in a good location they may still be too expensive for some people • The business may choose a good location but fail to promote it adequately • A good location may result in high rents and business rates which would increase overheads and reduce cash for promotional activity. • People would need to be recruited and trained in delivering the appropriate standard of service
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	Candidate simplistically analyses the importance of location to Book! At this level the candidate may be demonstrating knowledge and is not likely to make clear links to the context of the question. At the top of this level the candidate might demonstrate some comprehension of the role of location within the marketing mix and make some simplistic links between the marketing mix and the location of the business.
2	3-4	Candidate presents a reasonable analysis of the locational issues for Book! At the top of this level the candidate is likely to provide a reasonably well balanced response which shows some understanding of the context of the question. Maximum of three marks for a one sided argument.
3	5-6	Candidate presents a developed analysis of the locational issues of Book!At the top of this level the candidate is likely to present a well balanced response which shows clear links to the context of the question drawing on source material.

Question Number		Indicative Content
4 (b)		<p>The aim of this question is to consider how changes in the business environment will affect the business plan of Book!</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Out of town retail parks tend to draw customers away from the centre of towns which would reduce the footfall and therefore number of potential customers available for Book!. • Out of town retail parks often contain large branches of major retailers. This is likely to present significant price competition for smaller retailers. • A development such as this is likely to provide an increase in the number of people travelling to the area which would result in an increase in the level of trade in the town centre • The building of a retail park such as this is likely to decrease trade in her main store and also her new store. This might mean that she should look for locations further afield for her new store. <p>However</p> <ul style="list-style-type: none"> • Tourists are more likely to stay in the centre of town rather than going to an out of town park which may be less attractive • Transport links for customers to near by towns will go to the centre of town rather than go to the outskirts and transport links may generally improve as there is investment in the roads and infrastructure • The out of town retail park might not include book stores
Level	Mark	Descriptor
	0	No rewardable material
1	1-4	The candidate make simplistic assertions without evidentiary support links to context will be weak or absent at this level. At this level the candidate is unlikely to provide relevant evidence to support their argument or will present weak evidence without a clear conclusion. At the top of this level the candidate is likely to identify relevant arguments and make some effort to develop them.
2	5-9	The candidate analyses possible arguments relating to the impact of a retail park on Book!'s business plan but does not make a relevant judgement. There will be some appropriate link to the context. At the top of this level the candidate will provide a reasonable conclusion with some supporting evidence which may not be well developed or will provide well developed evidence without a clear conclusion. Maximum of seven marks for a well developed but one-sided argument.
3	10-12	The candidate evaluates the impact of the development of an out of town retail park on the business plan of Book! which is clearly linked to the context. At the top of this level the candidate will provide clear, well developed, balanced argument using evidence to support an appropriate conclusion which is well linked to the context of the question.

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