

Mark Scheme (Results)

Summer 2012

PL Retail Business (RB301)
Paper 01

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Publications Code DP032980

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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 might include:</p> <ul style="list-style-type: none"> • By examining the market it might be possible to find products that are in demand but not currently supplied (1) where they see what they think is a gap in the market they would compare it to their own offering (1) and if they think that their business' good match the market then they will open their new store (1) • Ikea might have identified that Abu Dhabi lacked a large home store (1). They would have then looked at whether their products were likely to be in demand there (1) and if they felt enough products were demanded, they would move to fill the gap with a large store (1) <p>One mark for identifying how gap analysis has supported IKEA plus up to two marks 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"> • IKEA might aim for brand recognition (1) as they are entering that market for the first time (1) and might want people to know who they are and what they do (1) • IKEA might set an objective for a certain level of profit (1) because the store development will be expensive (1) and they will want to be able to pay for this and still have money left (1) <p>One mark for identifying the objective plus up to two marks for development in context.</p> <p>Reward other valid responses</p>	(3)

Question Number	Answer	Mark
1 (c)	<p>Responses could include:</p> <p>Abu Dhabi is a relatively rich capital city (1) which might mean that their middle class population (1) which are IKEA's target market (1) would be interested in their product range (1)</p> <p>Home markets might be close to saturation (1) which means that the potential for profit there is limited (1) and developing a base in new markets is attractive to sustain profits (1) to compensate for future falls in revenue in domestic markets (1)</p> <p>Emerging markets might not have many home grown competitors (1) and customers may be interested in western goods (1) so it is important to set up a presence there before other firms (1) to gain a first mover advantage (1)</p> <p>One mark for identifying a reason plus up to three marks for development.</p> <p>Reward other valid response.</p>	(4)

Question Number	Answer	Mark
2 (a)	<p>Responses could include:</p> <p>During an economic downturn people may have less money (1) so when they make a purchase they are concerned about getting a lot to show for it (1) they will want to buy good with low prices (1) but will not want items that are merely "Cheap and Nasty" (1)</p> <p>A good value product is one which is reasonably durable but inexpensive (1) IKEA furniture is good quality and lasts well in the opinion of the target market (1) who will be more inclined to shop there because they feel they have less money to spend (1) due to lower income and more difficulty in obtaining credit (1).</p> <p>One mark for identifying a reason why good value products are attractive during an economic downturn plus 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>Cultural differences in the market (1) mean that people in Abu Dhabi may have very different tastes (1) they may prefer more traditional designs or materials (1) or want goods that fit the local style of decoration (1)</p> <p>Fashion is different in Abu Dhabi (1) in part due to the fact that they have different magazines, TV programmes etc (1) so they will want products that match the latest trends at home (1) and so may not be interested in the same goods as UK customers (1)</p> <p>One mark for identifying why customer tastes may vary between the UK and other countries and up to three marks for development.</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 innovation is important to retailers.</p> <p>Arguments for the importance of innovation might include:</p> <ul style="list-style-type: none"> • Innovative designs might make goods attractive to customers and differentiate the business from competitors. • Innovations in processes can make it more efficient to manufacture and transport goods meaning that new products are brought to market regularly and the prices of flat-pack furniture (which is easy to transport) are kept low. • Innovation in promotional activity can create brand awareness and attract customers to the business. <p>However:</p> <ul style="list-style-type: none"> • The innovations might not match the needs and preferences of customers within a particular market. • Process innovation might be seen as exploiting workers or diminishing traditional skills. • Marketing campaigns might not be liked by the nation and could lead to a reduction in popularity <p>Reward other valid responses</p>
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 about the importance of innovation to the popularity of products.</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	Candidate makes judgements about the importance of innovation to the popularity of products using relevant evidence.

		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.
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Question Number		Indicative Content
2 (d)		<p>The aim of this question is to allow candidates to demonstrate their knowledge of the importance of logistics and supply chain to a retail business.</p> <p>Arguments for might include:</p> <ul style="list-style-type: none"> • It is important to identify reliable suppliers in order to maintain stock levels within stores and ensure customer satisfaction • Efficient transportation of goods from suppliers to stores will minimise costs and contribute to profitability • Proper storage of furniture will prevent damage which could increase levels of wastage and reduce profitability. <p>However:</p> <ul style="list-style-type: none"> • The customer service function may treat customers badly resulting in a reduction of trade in stores, regardless of stock levels or prices • The finance function may wish to increase profit margins through minimising stock holdings • The marketing function may run expensive promotional campaigns which offset cost savings made by logistics <p>Reward other valid responses.</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simple assertion 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 or offer a weak judgement which is not supported by any relevant evidence.</p>
2	3-4	<p>Candidate uses some relevant evidence to support a simple judgement about the importance of an activity in the logistics and supply function.</p> <p>At the top of this level the candidate may provide some</p>

		<p>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 makes a sound judgement based on a balanced examination of the importance of an activity in the logistics and supply function.</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	Answer	Mark
3 (a)	<p>Responses could include:</p> <p>Customer service will be concerned with the reputation of the business (1) and may worry that customers may question the quality (1) meaning customer service will need to do more to reassure customers (1)</p> <p>The finance department will be worried about the cost of the recall (1) and the need to find funds to pay for the refund (1). In addition they will worry about the impact on reducing profit (1)</p> <p>One mark for identifying how a functional area will be affected by the recall. Up to two marks for appropriate development looking at problems for that functional area.</p> <p>Reward other valid responses</p>	(3)

Question Number	Answer	Mark
3 (b)	<p>Responses could include:</p> <p>Total quality management systems empower staff to remove stock from sale if they think that it is defective (1) this means that staff might have spotted the defect before so many items were sold (1) which would have limited the impact of the recall on the reputation of the business (1) because the items would never have</p>	(4)

	<p>been sold (1).</p> <p>If the business used TQM in production then any member of staff that noticed a defect could identify it (1). This would have meant the business investigating the problem (1) could then have modified the product (1) so it never reached customers in a state that needed a recall (1)</p> <p>One mark for identifying an aspect of TQM that might have prevented the need for a product recall and up to three marks for developing the explanation in context.</p> <p>Reward other valid responses</p>	
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Question Number	Answer	Mark
3 (c)	<p>Responses could include:</p> <p>CSR is a means of generating positive publicity for a business such as IKEA which could increase the level of sales in markets in which they operate as people would see them as an ethical business and may be willing to pay a premium for their products</p> <p>However :</p> <p>Being responsible may lead to higher costs for the business which could mean that their profits would be lower despite their good reputation they might make less money than cheaper, less ethical firms</p> <p>Reward other valid responses</p>	(6)
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>The candidate will identify a relevant point of theory and make a judgement which will either be unsupported or based on tenuous evidence.</p> <p>At the top of this level the candidate will be offering some analysis but lack a supported judgement.</p>
2	3-4	<p>Candidate uses some relevant evidence to support a judgement about the desirability of CSR. The response will be partially developed with the candidate using some evidence to support a judgement.</p> <p>At the top of this band the candidate will be analysing a point in depth to support their judgement.</p> <p>Award a maximum three marks for a one sided argument.</p>
3	5-6	<p>Candidate makes a judgement based on a balanced examination of the desirability of CSR.</p> <p>At the top of this band the candidate will make a 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"> • People who go on the site will be interested in logistics (1) so the applicants will be more suitable (1) and likely to have relevant skills (1) and therefore need less training which will save money. (1) • Recruitment websites email people with interests in particular careers (1) this means that an advert for IKEA's vacancy will be distributed to people that might be interested in it (1) because the right people are targeted this makes the whole process efficient (1) <p>One mark for identifying a reason why such a website is suitable and up to two marks for appropriate development.</p> <p>Reward other valid responses.</p>	(3)

Question Number	Answer	Mark
4 (b)	<p>Responses could include:</p> <p>Working in a warehouse is dangerous and could lead to injuries (1) if people are not properly trained (1) causing an increase in absenteeism (1) driving up costs (1)</p> <p>Legal responsibilities under HASAW (1) would mean that it is mandatory to provide this (1) otherwise the firm will be fined (1) leading to reduced profits (1)</p> <p>Goods might be handled incorrectly (1) causing problems with the quality of goods (1) making less stock available for customers (1) and increasing complaints (1)</p> <p>New employees need to know IKEA's way of working (1) ensures they understand the systems and processes in place (1) to ensure the work they do meets the company standards (1) and complies with work-place rules (1)</p> <p>One mark for identifying a reason for carrying out training and up to three marks for appropriate development</p>	(4)

	Reward other valid responses	
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Question Number	Answer	Mark
4 (c)	<p>Responses could include:</p> <p>There will be much pressure to complete tasks on time for the opening (1) and more will get done if people understand what is expected of them (1) because it would be a waste of resources if people were duplicating tasks(1) and they will work harder if they are getting feedback on their performance(1)</p> <p>The store site is very large at 4 hectares (1) so communication systems will need to carry messages over a large distance (1) to a large number of staff (1) to ensure a consistent approach to tasks (1)</p> <p>One mark for identifying a reason for internal communication systems 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 examine how well learners understand the link between routes of progression in a retail store and the performance of both staff and the business.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> • Promotional opportunities will motivate staff, encouraging them to work harder, this will improve the performance of the business as a whole. • Where people can move up they are more likely to remain working in the business because they have a chance of a future there • Staff who have followed a development scheme in other IKEA stores might take their first management post in this store and so will bring with them their skills and experience and knowledge of the business <p>However:</p> <ul style="list-style-type: none"> • Managers might be recruited from outside and so staff may not value the progression routes • It depends on how enthusiastically the managers promote the progression routes and the quality of the training development – if people are seen to struggle or have bad experiences it will devalue the scheme

		<ul style="list-style-type: none"> It is a new store and all the vacancies may be filled so there could be limited scope to move upwards <p>Reward other valid responses</p>
Level	Mark	Descriptor
	0	No rewardable material
1	1-2	<p>Candidate makes a simplistic analysis of the importance of progression routes.</p> <p>The candidate will explain the value of internal progression routes and will begin to explain in simple terms how this links to store success.</p> <p>At the top end of this level, candidates will explain the contribution</p>
2	3-4	<p>Candidate makes a reasonable analysis of the importance of progression routes.</p> <p>The candidate develops the points of theory that they have identified and begins to develop a chain of causality showing how internal progression routes links to the success/failure of the store.</p> <p>At the top of this level the candidate makes clear links between the majority of points.</p>
3	5-6	<p>Candidate provides a good analysis of the importance of progression routes considering both sides of the issue.</p> <p>The candidate will show a clear chain of causality from the existence of progression routes to the success/failure of the store whilst demonstrating an understanding of the context of the question.</p> <p>At the top end of this level candidates clearly analyse the link between progression routes and the success of stores which is fully in context.</p>

Question Number	Indicative Content
5	<p>The purpose of this question is to examine the factors that might make a country market desirable to a retailer when they are planning to enter a new market.</p> <p>Arguments might include:</p> <ul style="list-style-type: none"> The economy is growing significantly and is likely to continue to do so in the future making it likely that there will be a large potential consumer base

		<ul style="list-style-type: none"> • The country has close links to Britain from colonial days meaning that they will be potentially receptive to similar furniture • More migration to urban areas and more education might create a generation of aspiring middle class consumers who are interested in IKEA products <p>However:</p> <ul style="list-style-type: none"> • The country has a male dominated culture which conflicts with the importance that IKEA places on sexual equality in the staffing of their stores • Inflation is very high meaning that people might not be able to afford basics like food and clothes and so furniture might be undesirable <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 knowledge the issues involved in evaluating a country market e.g. they may identify economic growth is relevant and provide a simplistic analysis of this with a limited link to the question.</p> <p>At the top end of this level candidates will argue the case for or against entering the Indian market without offering a supported judgement.</p>
2	4-7	<p>Candidate demonstrates some issues relevant to expanding and/or not expanding into the Indian market and provides a judgement.</p> <p>At the top of this level the candidate has drawn links between relevant details from the case study or their wider knowledge and the activities of IKEA to support their judgement.</p> <p>Maximum of 5 marks for a one-sided argument</p>
3	8-10	<p>Candidate demonstrates clear issues relevant to expanding/not expanding into the Indian market and provides judgement.</p> <p>At the top of this level the candidate has drawn links between relevant details from the case study or their wider knowledge and the activities of IKEA to support their judgement. A balanced argument will be given.</p>

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Order Code DP032980 Summer 2012

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