



EXAMINERS' REPORTS

**LEVEL 1/LEVEL 2 AWARD IN
RETAIL BUSINESS**

JANUARY 2021

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RETAIL BUSINESS

Level 1/2 Award

January 2021

UNIT 2 RETAIL BUSINESS

This exam series had very low entries.

As in previous years it was pleasing to see that the examination catered for the full range of abilities. It was also very encouraging to see a good number of excellent scripts. Much of this is down to good teaching practice as many of the candidates clearly understood the key terms from the specification.

In this series there were very few blank answers with most candidates making a good attempt at the questions.

Comments on individual questions/sections

Q.1 (a) **Identify which of the following describes the location of MonsterCars.**

The question was answered by most candidates and the majority answered it correctly.

Q.1 (b) **Explain the effect of each of the location characteristics given in the box below on MonsterCars.**

The majority of candidates were able to write about access and rent, the weakest point of the three was infrastructure and very few candidates were able to explain it well. Many candidates achieved level 2 but very few showed understanding of all three location characteristics to reach level 3. Those who did try to explain infrastructure mainly talked about roads but we were also looking for answers such as electricity supply, wifi coverage etc.

Q.1 (c) (i) **Explain how the introduction of the new website might help MonsterCars to increase profit.**

This question was answered well by many candidates correctly identifying that a website might increase MonsterCars customer base or they could have access to the website 24/7. Some candidates developed their answers to achieve a level 2 answer with the best identifying that the website could be used to advertise the business and highlight any special deals that were being offered.

Q.1 (c) (ii) **Suggest two suitable marketing initiatives that MonsterCars could use to help increase sales.**

Most candidates could identify at least one marketing initiative correctly with many saying that they could advertise or give special offers. It should be noted that for this answer the marketing initiatives must relate to cars – expensive products - so we did not give marks for things like BOGOF which would not apply to this kind of product. There were a few candidates who offered sensible suggestions such as free incentives, such as a free yearly service for the cars or a free tank of petrol with every car bought.

- Q.1 (c) (iii) **Explain how one of your suggested marketing initiatives might increase sales.**
 Most candidates attempted this question and explained one of their suggested marketing initiatives. It should be noted that if a candidate gave an answer in (c) (ii) that wasn't appropriate as long as they explained their answer in this question they were not penalised twice. The most popular answer from candidates was advertising, most identified that this would normally be at a local level but if the candidate talked about national advertising, they still received marks for this answer.
- Q.1 (d) **Explain how the sales of used cars are affected by two economic factors.**
 Many candidates correctly identified two economic factors thus achieving level 1 without any explanation of those factors. The most popular answers included an explanation of disposable income, employment levels and tax. In the better answers candidates were able to explain how economic factors would affect the sale of used cars. It should be noted that there were quite a few candidates who did not understand what economic factors were and thus received 0 marks for this question.
- Q.2 (a) (i) **Calculate the percentage sales of mountain bikes in Black's Bike shop.**
 Many candidates answered this question correctly.
- Q.2 (a) (ii) **Calculate the sales revenue of children's bikes in 2020.**
 Most candidates answered this question correctly.
- Q.2 (b) **What is meant by a sole trader?**
 Most of the candidates answered this question well, we were looking for an understanding of one owner of the business. Some candidates omitted the word owner/ownership and did not receive any marks.
- Q.2 (c) (i) **Explain the advantages to Dany of setting up a partnership with Ed.**
 Most candidates answered this question well, if marks were lost it was usually because they only developed one advantage which would only give them 2 of the 3 marks available. The popular answers were that the partner would bring extra money into the business or the partner would share the workload. No marks were given for stating that they would have unlimited liability, as sole traders also have unlimited liability, so there was no change by becoming a partnership.
- Q.2 (c) (ii) **Explain the disadvantages to Dany of setting up a partnership with Ed.**
 Again, most candidates achieved marks for this question. But once again marks were lost if the candidate only developed one disadvantage which would only give them 2 of the 3 marks available.
 Popular answers were that the partners would have to share the profits or that there could be disagreements between the partners.

- Q.2 (c) (iii) **Advise Dany on whether or not she should set up a partnership with Ed or remain as a sole trader. You must justify your answer.**
 Most candidates answered this with limited justification and achieved 1 mark. However, we were looking for supported justification, such as Dany should set up in partnership as running your own business can be stressful and could result in an unhealthy work/life balance as long hours have to be worked, Ed could take some of this stress. Or the opposite view Dany should stay as a sole trader as she would keep all the profit, the business is doing well, she has an excellent reputation, she could borrow the money from the bank to help her grow the business, this way she keeps 100% control.
- Q.2 (d) **Explain two possible reasons why Black's Bikes has decided to sell only in the physical store.**
 Many candidates achieved 1 mark for this question by giving a reason why Black's Bikes only wanted to sell in a physical store. Popular answers included it will cost money to set up the online store or they might not have the expertise to set up an online store. Those candidates who achieved full marks for this answer included content such as, the preference of the owner to sell only face to face as they prefer to deal with customers face to face and offer good customer service, a more developed answer.
- Q.2 (e) **Suggest two other objectives, other than financial, for Black's Bikes.**
 Marks were lost here if the candidate suggested objectives that were clearly financial. The most popular correct answers were that Black's Bikes wished to expand the business.
- Q.2 (f) **Explain how the methods given in the box below might help Black's Bikes achieve its financial objective of increasing sales by 15%.**
 Most candidates attempted this question and achieved 2 marks. To get the full 4 marks the candidates needed to develop their points which some of the candidates were able to do, but not all. An example of this if applied to diversification would be, Black's Bikes may sell new products or expand its current product range to attract new customers. This could lead to increased sales revenue as they may attract new customers or have existing customers spending more money in the store.
- Q.3 (a) (i) **Using Figure 1, identify internet sales as a percentage of total sales for 2015.**
 Most candidates achieved the mark for this question as we accepted between 12-13%.
- Q.3 (a) (ii) **Using the data in Figure 1 and Figure 2, calculate the value of internet sales in 2017.**
 Many candidates answered this question correctly. Marks were given for workings for this question if these were correct and the final answer was incorrect.

- Q.3 (a) (iii) **Using the data in Figure 1 and Figure 2, describe the trend (general direction or pattern) in retail sales in the UK between 2013 and 2017.**
Most candidates achieved 1 mark for observing that between 2013 and 2017 total retail sales and internet sales have increased. However not many candidates looked at both Figure 1 and Figure 2 in their answers. An example of what was required for 2 marks is, between 2013 and 2017 total retail sales have generally increased each year (apart from 2015 when they went down by £3 236 000) over the same period internet sales have increased every year, increasing steadily from 10.4% in 2013 to 16.3% in 2017.
- Q.3 (a) (iv) **Explain how social factors have contributed to the trend shown in Figure 1 and Figure 2.**
Many candidates struggled on this question as they clearly did not understand what is meant by social factors. We were looking for answers such as social factors affect lifestyle including religion, age, changing family structures and wealth, and also include fashion, tastes and trends. Another answer we were looking for was demographic factors, which are concerned with the size, location and distribution of the population. Where candidates gained marks was when they looked at Figure 1 or 2 and identified the increase of sales in both retail and online.
- Q.3 (b) (i) **Describe what is meant by the term multi-channel.**
Most candidates showed a good understanding of a multi-channel business. For the second mark we needed the candidates to either give an example of an actual retail business that operated through multi-channels such as Next, who have a store, website and catalogue, or that they understood it was a business that sold through different channels such as a physical store and online.
- Q.3 (b) (ii) **Explain one advantage and one disadvantage of a retail business using a multi-channel approach to retailing.**
Most candidates attempted this question and the strongest answers included the most popular advantage being a retailer has the potential to reach a larger number of customers or that customers now expect a multi-channel approach. Some candidates struggled with strong disadvantages, we were looking for negatives such as the cost of setting up an online and physical store can be expensive, especially for smaller retailers. Other answers could have been stock control was more difficult to manage or it takes time and money to make sure the two channels work together. All of these answers could be developed for the second mark.



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