



**WJEC LEVEL 1/2 QUALIFICATIONS IN RETAIL BUSINESS:**

LEVEL 1/2 AWARD IN RETAIL BUSINESS

LEVEL 1/2 CERTIFICATE IN RETAIL BUSINESS

**SAMPLE EXTERNAL ASSESSMENT**

**UNIT 2: RETAIL BUSINESS**

**For first teaching from September 2014**

# Contents

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	Page
Question Papers	3
Specimen Mark Schemes	15
Assessment Criteria Grid	24

<b>Candidate Name</b>	<b>Centre Number</b>	<b>Candidate Number</b>



**LEVEL 1/2 Retail Business**

**Unit 2: Retail Business**  
**AM/PM xxxday xxJune 20\*\***  
**1 hour 15 minutes**

<b>For Examiner's use only</b>		
<b>Question</b>	<b>Maximum Mark</b>	<b>Mark Awarded</b>
<b>1</b>	<b>20</b>	
<b>2</b>	<b>18</b>	
<b>3</b>	<b>22</b>	
<b>Total</b>	<b>60</b>	

**Instructions to candidates**

Answer **all** questions.

Write your answers in the spaces provided in this booklet.

Use black ink or black ball-point pen. Do not use pencil or gel pen. Do not use correction fluid.

**Information for candidates**

The total for the paper is 60 marks.

The number of marks is given in brackets at the end of each question or part question.

Calculators may be used.

Answer **all** the questions in the spaces provided

1. Study **Scenario 1** which gives information about a retail business.

**SCENARIO 1**

Thomas's Supermarkets PLC have shops throughout the UK. In their shops they sell foodstuffs including a selection of locally produced fresh products. They have been operating for over 50 years and one of their key objectives is to expand the business.

Using **Scenario 1**:

- (a) (i) State the form of ownership.

[1]

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- (ii) Suggest **two** advantages for Thomas's Supermarkets in using this form of ownership.

[4]

1).....

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2).....

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Economic, environmental and social factors can affect a retail business.

(b) (i) Complete the following table by ticking the True or False column.

[3]

Statement	True	False
Disposable income is an economic factor		
Demographic changes is an economic factor		
Employment levels is a social factor		

One issue affecting Thomas's Supermarkets is sustainability.

(ii) Explain how sustainability affects Thomas's Supermarkets.

[6]

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One other issue affecting Thomas's Supermarkets is levels of disposable income. Management are proposing the following options in response to falling levels of disposable income.

- New 'value' product range
- Loyalty cards

(c) Review how each option will support them to achieve their objective of expanding their business.

[6]

**New 'value' product range:** .....

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**Loyalty cards:**

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**Total 20 marks**

2. Study **Scenario 2** which gives information about a retail business.

**SCENARIO 2**

Folsky Days Market is held each week in a town centre. A variety of stalls sell craft products made by the owners such as jewellery, cards, toys and gifts. The Town Centre Manager has informed the market that the space is now to be used for events and must close. They have been offered premises a mile out of town for an indoor market. This space could also provide a workshop area for making products. Stall owners are thinking about setting up a co-operative for the new market.

(a) (i) Describe the co-operative form of ownership.

[2]

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(ii) Assess co-operatives as a form of ownership for this situation.

[4]

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(b) Explain the effects of access on the new indoor market.

[4]

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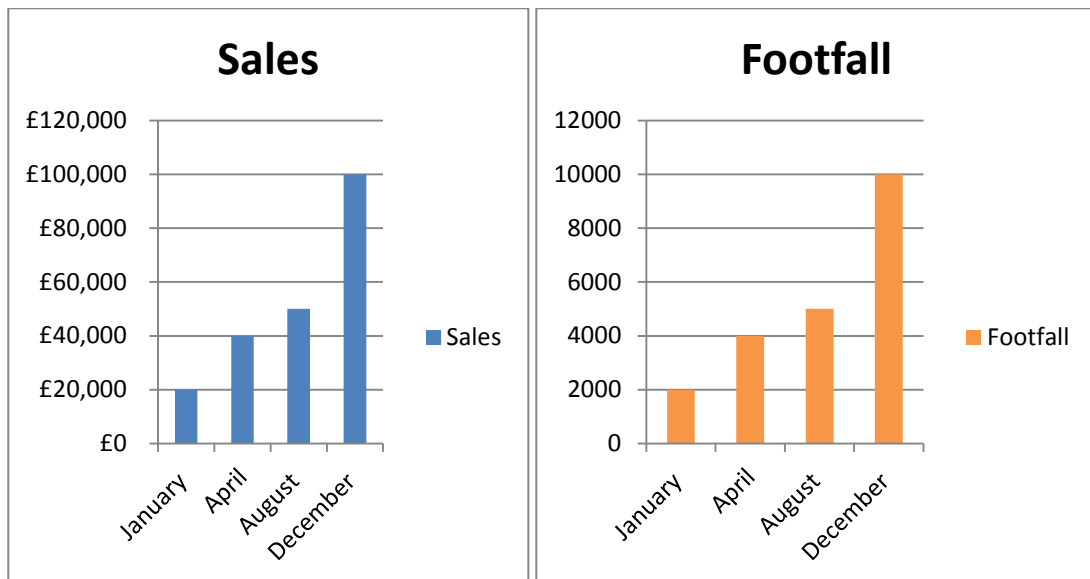
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Study the following graphs which show sales and footfall figures as predicted in an independent report for the indoor market



- (c) (i) Calculate the increase in footfall between January and December. [1]

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- (ii) Suggest **one** reason for the difference in footfall for January and December. [2]

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(d) Calculate the sales per footfall as shown in the graphs above.

[1]

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(e) (i) Suggest **one** advantage to the stall owners in moving to the new location.

[2]

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(ii) Suggest **one** disadvantage to the stall owners in moving to the new location.

[2]

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**Total 18 marks**

3. Study **Scenario 3** which includes information about a retail business.

**SCENARIO 3**

**Toby's Kiosk sells soft drinks, newspapers, magazines and take-away snacks on a city centre station train platform. Toby's Kiosk has been operating for more than 10 years. Toby's Kiosk has recently been informed that a cafe and convenience shop are to open on the same platform and that his rent is to increase by 15%.**

(a) Using **Scenario 3**, identify which of the following forms of retail is being described. Tick (✓) **one** box only.

[1]

a.	Online	
b.	Concessions	
c.	Temporary shop	
d.	Franchise	

(b) Explain how social factors might affect sales in Toby's Kiosk.

[4]

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Toby's form of ownership is a sole trader.

(c) Suggest **one** advantage to Toby's of operating as a sole trader.

[2]

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(d) (i) Using **Scenario 3**, identify **two** types of location.

[2]

1.....

2.....

(ii) Explain how the following location characteristics might affect Toby's Kiosk.

[4]

**Rent:**

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**Competition:**

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Toby's Kiosk realise that they will need to adapt in view of the competition and the increase in rent.

(e) (i) Suggest **one** financial objective for Toby's Kiosk

[1]

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(ii) Justify your suggested objective in (e)(i).

[2]

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(f) Explain **two** ideas Toby's Kiosk might consider in response to the new competition on the platform.

[6]

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2.....  
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**Total marks 22**



## **WJEC LEVEL 1/2 QUALIFICATIONS IN RETAIL BUSINESS:**

LEVEL 1/2 AWARD IN RETAIL BUSINESS

LEVEL 1/2 CERTIFICATE IN RETAIL BUSINESS

### **UNIT 2: RETAIL BUSINESS**

**External Assessment**

**60 Marks**

**Mark Scheme**

Question	Answer	Marks
1. (a) (i)	1 mark for correct answer. <b>Answer</b> (Public) Limited Company	1
1. (a) (ii)	Up to 4 marks available. 1 mark for each advantage given up to a maximum of 2. An additional mark for development. <b>Indicative content</b> <ul style="list-style-type: none"> <li>• Financial security through limited liability</li> <li>• Tax advantages</li> <li>• Separate legal identity, protecting shareholders</li> <li>• Raise extra capital by selling shares</li> <li>• Any valid advantage of limited ownership accepted</li> </ul> <b>Example 4 mark answer</b> If the business goes out of business the owners will only lose the money that they put in (1), they will not have to sell off their personal possessions (1). The business can raise extra capital by selling more shares (1), so giving it a better chance to expand (1)	4
1. (b) (i)	Up to 3 marks available. <b>Answer</b> True False False	3
1. (b) (ii)	Up to 6 marks available. Max of 3 marks describing possible affects. 1 mark for each affect. Additional 3 marks for explaining how these affect Thomas's Supermarkets. 1 mark for each development. <b>Indicative content</b> <ul style="list-style-type: none"> <li>• Thomas's Supermarkets may have a sustainability policy</li> <li>• Thomas's Supermarkets need to be aware of the social costs of their business</li> <li>• Stocking sustainable products, such as Fairtrade/local produce</li> <li>• Reducing packaging</li> <li>• Reducing their energy emissions and using renewable energy</li> <li>• Reducing transport emissions</li> <li>• Any valid sustainability suggestion accepted</li> </ul> <b>Example 6 mark answer</b> Customers expect Thomas's supermarket to have a sustainability policy (1) which will set out how they act. They may have to change the packaging on their goods (1) and have a system to recycle paper, cardboard and waste food (1). These actions will cost the business money and might reduce their profits (1), however, it might also attract new customers (1) who support businesses who reduce their social cost on the environment (1).	6



1. (c)	<p>Up to 6 marks available.  3 marks for new 'value' product range.  3 marks for loyalty cards.  1 mark for each suggestion how the option supports the expansion of the business.</p> <p><b>Indicative content</b></p> <p>New 'value' product range</p> <ul style="list-style-type: none"> <li>• Products appeal to a different market segment on lower disposable incomes</li> <li>• Attract more customers</li> <li>• Increases their product range</li> <li>• Any valid suggestion accepted</li> </ul> <p>Loyalty Cards</p> <ul style="list-style-type: none"> <li>• Increase loyalty with existing customers</li> <li>• Attract new customers</li> <li>• Encourage customers to buy more</li> <li>• Monitor spending patterns</li> <li>• Any valid suggestion accepted</li> <li>•</li> </ul> <p><b>Example 6 mark answer</b></p> <p>The new value product range will attract new customers (1) most probably those on a lower disposable income (1). As there will be more products in the shop to buy the existing customers will also buy them and increase sales revenue (1).</p> <p>The loyalty cards are very popular, existing customers may become more loyal to Thomas's Supermarkets (1) as they want to get the points. They may buy more (1) as they want to build up their points. Loyalty Cards also record what people buy so the supermarket could use this for market research (1).</p>	6
	<b>Total marks question 1</b>	<b>20</b>

2. (a) (i)	<p>Up to 2 marks available. 1 mark for basic description. Additional mark for clear description.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Owned and controlled by its members</li> <li>• Members have equal say</li> <li>• Membership is open to all</li> <li>• Committed to set of values and principles such as education, training, social responsibility, democracy</li> <li>• Profits passed on to the members fairly</li> </ul> <p><b>Example 2 mark answer</b> Co-operatives are owned and run by their members(1), they are run democratically with each member having an equal say in how they operate (1)</p>	2
2. (a) (ii)	<p>Up to 4 marks available. 1 mark for each valid point made. A maximum of 2 marks if only advantages or disadvantages of operating as a co-operative are included. Maximum marks can only be awarded if the answer relates to the scenario.</p> <p><b>Indicative content</b></p> <p>Advantages</p> <ul style="list-style-type: none"> <li>• Reduced costs of purchases due to grouped buying power</li> <li>• Reduced/shared operating costs</li> <li>• Boost sales- ethical reason some customers support co-operatives</li> <li>• Members will be motivated to work hard</li> <li>• Less chance of arguments and disagreements</li> <li>• Any other valid advantage accepted</li> </ul> <p>Disadvantages</p> <ul style="list-style-type: none"> <li>• Longer decision making process</li> <li>• Possibility of conflict between members</li> <li>• Difficult to attract investment</li> <li>• Less chance of expansion</li> <li>• Any other valid disadvantage accepted</li> </ul> <p><b>Example 4 mark answer</b> The stall owners can buy products cheaper as they can pool together and buy bigger quantities(1). They may also attract a lot of local people as new customers who support their values(1). However, operating as a co-operative can slow the business down as decisions can take a long time to be made(1).Also the stall holders may sell different types of products and will not always agree on what is the best way to operate(1).</p>	4

2. (b)	<p>Up to 4 marks available. Up to 2 marks for each effect identified. Up to 2 additional marks for development.</p> <p><b>Indicative content</b></p> <p>Access</p> <ul style="list-style-type: none"> <li>• Access by methods of transport</li> <li>• Pedestrian access</li> <li>• Disabled access</li> </ul> <p>Effects</p> <ul style="list-style-type: none"> <li>• Positive/good access- increase footfall/sales. Attracts new customers</li> <li>• Negative/poor access - decrease footfall/sales. Lose existing customers</li> </ul> <p><b>Example 4 mark answer</b></p> <p>If there is good access such as a nearby bus station, train station or car park (1) then this might lead to a high footfall and sales(1). Poor access such as inadequate signage, a lack of disabled access and limited transport services(1) are likely to result in a low footfall and sales (1)</p>	4
2. (c) (i)	<p>1 mark for correct answer <b>Answer:</b> <math>(10,000 - 2,000) = 8000</math></p>	1
2. (c) (ii)	<p>Up to 2 marks available. 1 mark for basic suggestion given. Additional mark for clear suggestion.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Seasonal variances – busy at Christmas/quiet in January.</li> </ul> <p><b>Example 2 mark answer</b></p> <p>In December people traditionally spend more on Christmas presents, food and drink (1). In January people have less money to spend after their Christmas spend (1).</p>	2
2. (d)	<p>Up to 1 mark available <b>Answer:</b> (e.g. <math>\pounds 20,000/2,000</math>) 10%</p>	1

2. (e) (i)	<p>Up to 2 marks available. 1 mark for an appropriate advantage. An additional mark for development.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Better environment/indoor</li> <li>• Use of workshop area</li> <li>• Any other valid advantage accepted</li> </ul> <p><b>Example 2 mark answer</b> The market would be indoor which would mean a better environment (1) to work in as there would be protection from cold and wet weather (1).</p>	2
2. (e) (ii)	<p>Up to 2 marks available. 1 mark for an appropriate disadvantage. An additional mark for development.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Mile out of town- result in less customers/footfall</li> <li>• Present customers may shop elsewhere</li> <li>• Increase in rent</li> <li>• Any other valid disadvantage accepted</li> </ul> <p><b>Example 2 mark answer</b> The new market could charge the stall holders higher rent (1) this will reduce their profits and they may go out of business(1)</p>	2
<b>Total marks question 2</b>		<b>18</b>

3. (a)	1 mark for correct answer <b>Answer</b> Concessions	1
3. (b)	<p>Up to 4 marks available. Up to 2 marks for each factor identified. Up to 2 additional marks for development.</p> <p><b>Indicative answer</b></p> <ul style="list-style-type: none"> <li>• Increase in older age groups – need to change product range and services</li> <li>• Higher/less disposable incomes – quality v price</li> <li>• Increase in health awareness</li> <li>• More people commuting/using trains</li> <li>• Any other valid suggestion accepted</li> </ul> <p><b>Example 4 mark answer</b></p> <p>Firstly, more people are living longer which means Toby's might need to offer services and stock products which appeal to the older generation(1). This might include a cafe area with waiter / waitress service(1). Secondly, more people want healthy food products as they are eating healthier (1). Toby may stock products such as like organic drinks, fruit bars and salad packs(1).</p>	4
3. (c)	<p>Up to 2 marks available. 1 mark for an appropriate advantage. An additional mark for development.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Keep all the profit</li> <li>• Full control of the business</li> <li>• Independence</li> <li>• Easy to set up</li> <li>• Make all the decisions</li> <li>• Any other valid advantage accepted</li> </ul> <p><b>Example 2 mark answer</b></p> <p>Toby will have full control of the business(1) this means that he can make all the decisions in the business, such as what to sell(1).</p>	2

3. (d) (i)	<p>Up to 2 marks available.</p> <p><b>Answer</b>  Urban  Transport hub</p>	2
3. (d) (ii)	<p>Up to 4 marks available.  2marks for Rent.  2marks for Competition  1 mark for each suggestion how the location characteristic affects Toby's Kiosk.</p> <p><b>Indicative content</b></p> <p>Rent</p> <ul style="list-style-type: none"> <li>• The increase will be an extra cost</li> <li>• Need to increase sales</li> <li>• Need to increase prices</li> <li>• Increase opening hours</li> <li>• Any other valid suggestion accepted</li> </ul> <p>Competition</p> <ul style="list-style-type: none"> <li>• Lose customers to the new café/shop</li> <li>• Competition may have more appealing premises</li> <li>• Competition may have larger product range</li> <li>• Competition may have lower/higher prices</li> <li>• Any other valid suggestion accepted</li> <li>• Benefit through increased footfall at the station</li> </ul> <p><b>Example 4 mark answer</b>  The 15% increase in rent will be an extra cost for Toby's (1). To maintain present profit levels Toby's might need to increase sales or increase prices (1). The cafe and convenience store could attract customers away from Toby's (1), especially as they are new premises and might look more appealing (1).</p>	4

3. (e) (i)	<p>1 mark available. 1 mark for any appropriate financial objective.</p> <p><b>Example Answers</b></p> <ul style="list-style-type: none"> <li>• Increase turnover by 12% in 2014</li> <li>• Increase profit by 10% in 2014</li> <li>• Reduce costs by 5% by December 2013</li> <li>• Maintain a positive cash flow</li> <li>• Any appropriate financial objective accepted</li> </ul>	1
3. (e) (ii)	<p>Up to 2 marks available. 1 mark for basic justification. An additional mark for development.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Give Toby a target to aim for</li> <li>• Help him manage his business</li> <li>• This target should be time specific</li> <li>• Any other valid justification</li> </ul> <p><b>Example 2 mark answer</b> By having an objective to increase sales by 10% Toby will be clear what he is trying to achieve (1) and this will help him compete with the new shop and pay his rent increase(1).</p>	2
3. (f)	<p>Up to 6 marks available. Allow 1 2 marks for each named suggestion. Up to 2 additional marks for each developed explanation.</p> <p><b>Indicative content</b></p> <ul style="list-style-type: none"> <li>• Diversification</li> <li>• Improvements to the kiosk</li> <li>• Marketing campaign</li> <li>• Staff training</li> <li>• Any other appropriate suggestion</li> </ul> <p><b>Example 6 mark answer</b> Toby could diversify and introduce new products such as tea, coffee, iTunes gift cards and birthday cards (1). This will attract new customers to the store who will buy the new products (1) and may increase his footfall and sales revenue (1). Toby could make improvements and refurbish the shop (1) in order to improve the layout and make it more attractive (1). If the shop is more attractive then customers will be more willing to buy from him and even pay higher prices for their goods (1).</p>	6
<b>Total marks question 3</b>		<b>22</b>

### Allocation of Assessment Criteria to Questions

Question Number			LO1			LO2			LO3		
			AC1.1	AC1.2	AC1.3	AC2.1	AC2.2	AC2.3	AC3.1	AC3.2	AC3.3
1	(a)	(i)		1							
		(ii)		4							
	(b)	(i)				3					
		(ii)				6					
	(c)									6	
	2	(a)	(i)		2						
(ii)				4							
(b)						4					
(c)		(i)							1		
		(ii)							2		
(d)								1			
(e)		(i)								2	
		(ii)								2	
3		(a)		1							
		(b)				4					
	(c)		2								
	(d)	(i)					2				
		(ii)					4				
	(e)	(i)			1						
		(ii)			2						
	(f)						2	4			
<b>Total AC</b>			<b>1</b>	<b>13</b>	<b>3</b>	<b>13</b>	<b>10</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>10</b>
<b>Total LO</b>			<b>17</b>			<b>25</b>			<b>18</b>		
<b>% LO</b>			<b>28</b>			<b>42</b>			<b>30</b>		