

Surname	Centre Number	Candidate Number
Other Names		0



LEVEL 1/ LEVEL 2 AWARD

9782/01



S16-9782-01

RETAIL BUSINESS

UNIT 2: Retail Business

A.M. THURSDAY, 16 June 2016

1 hour 15 minutes

For Examiner's use only		
Question	Maximum Mark	Mark Awarded
1.	20	
2.	20	
3.	20	
Total	60	

9782
010001

ADDITIONAL MATERIALS

Calculators may be used.

INSTRUCTIONS TO CANDIDATES

Use black ink or black ball-point pen.

Write your name, centre number and candidate number in the spaces at the top of this page.

Answer **all** questions.

Write your answers in the spaces provided in this booklet.

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.

Answer all the questions in the spaces provided.

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

Scenario 1

Woody Toys is located in a small rural town. It is owned and operated by **Teddy Pinetree** who designs and makes a range of high quality wooden toys such as aeroplanes, boats, animals and puzzles. However, the shop has become run-down, and the toys are poorly displayed.

Woody Toys has loyal and regular customers, but sales have declined by 20% during the last three years. **Teddy** has therefore decided to close the shop, and sell his products through a new **Woody Toys** website. He hopes this will increase sales and profits.

Teddy Pinetree operates as a sole trader.

- (a) (i) Explain **two** advantages to **Teddy Pinetree** of operating as a sole trader. [4]

1.

.....

.....

2.

.....

.....

- (ii) Explain **one** disadvantage to **Teddy Pinetree** of operating as a sole trader. [2]

.....

.....

.....

Before investing in a new website, Teddy Pinetree could have considered other forms of retailing.

- (b) Describe **two** forms of retailing, other than online and concessions, Teddy Pinetree could have considered. [4]

1.

In order to increase sales, Teddy Pinetree has decided to close the shop, and sell his products through the new website.

- (c) Discuss how the new website might help Woody Toys to increase sales. [4]

Teddy Pinetree is encouraged by newspaper and television reports which are predicting that the UK's economic factors are likely to be positive over the next three years.

- (d) Explain how positive economic factors might affect the performance and operation of the Woody Toys business over the next three years. [6]

20

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

Scenario 2

Red Devil is a business which manufactures and sells a range of mobile phones and accessories.

The business has produced an exciting new model called RD6. As part of its marketing strategy Red Devil has decided to sell its new mobile phone through a number of in-store concessions across a wide range of different retailers.

Red Devil aims to increase sales and market share in the UK mobile phone market.

- (a) (i) Describe the term concessions.

[2]

.....
.....
.....

- (ii) Explain **two** benefits to Red Devil of choosing in-store concessions as a method to increase sales and market share.

[4]

1.

.....
.....
.....

2.

.....
.....
.....

Study the following table.

Number of mobile phones sold in the UK in 2015	12.5 million
Number of mobile phones sold by Red Devil in 2015	2.5 million

- (b) Calculate Red Devil's market share of mobile phones sold in 2015.

[2]

Red Devil is going to use its technological expertise for product diversification.

- (c) (i) Suggest **two** suitable products into which Red Devil could diversify.

[2]

1.
2.

- (ii) Explain **two** advantages to Red Devil of diversifying into the products you suggested in (c)(i).

[4]

The UK government is encouraging retail businesses to use more sustainable practices in order to reduce their impact on the environment.

- (d) Explain how the use of sustainable practices might affect retail businesses such as Red Devil. [6]

20

- 3.** Study **Scenario 3** which gives information on a retail business.

Scenario 3

Two fashion designer friends, Izzy James and Ollie Smith, have designed a range of fashionable waterproof clothing called Rainwear Chic. The products include raincoats, trousers, hats, gloves and scarves, all of which are available in a range of colours.

Izzie and Ollie plan to sell the waterproof clothing in their own shop which is located in a busy shopping centre. The shopping centre attracts around 1 million shoppers each week and has nearly 200 shops and stores.

They also intend to sell their clothing through their own website. Rainwear Chic products will be available from Autumn 2016.

Izzie and Ollie need to decide on the form of ownership for Rainwear Chic. The choice is a partnership, or a private limited company.

- (a) Summarise **both** forms of ownership and **suggest** which might be the most suitable for Izzie and Ollie. [6]

Rainwear Chic will need to set objectives in its first year of business.

- (b) (i) Suggest **two** realistic objectives for Rainwear Chic's **first year** in business. [2]

1.

.....

2.

.....

- (ii) Suggest **two** marketing initiatives which might help Rainwear Chic achieve the objectives you suggested in (b)(i). [2]

1.

.....

2.

.....

The Rainwear Chic business is likely to be affected by a range of location characteristics in the shopping centre, such as those given in the box below.

Access **Competition**

- (c) Explain how the location characteristics given in the box above might affect the Rainwear Chic business. [6]

As an ethical retailer, Rainwear Chic buys most of its material from suppliers in Asia and Africa, and is a member of the Fairtrade Foundation. One of the Fairtrade Foundation's aims is to ensure farmers receive a fair price for the cotton they produce.

- (d) Analyse the benefits to Rainwear Chic of being a member of the Fairtrade Foundation.

[4]

20

END OF PAPER