

L4 Retail Manager

EPA MOCK Test M-EPA-RM4992 Mark Scheme

Q	Answer	Max Marks/AC
You work for a retailer that is looking to increase its focus on corporate social responsibility.		
Outline 3 potential benefits to your organisation of demonstrating corporate social responsibility.		
1a (Q1)	<p>Examples include:</p> <ul style="list-style-type: none"> Improved customer loyalty and sales – customers more likely to align themselves to your organisation’s values and want to shop with you over less responsible competitors Improved reputation/brand image – better perception of your organisation by customers, potential customers and all stakeholders Potential cost savings – more responsible processes/products may lead to savings/tax breaks, etc. Increased investment – more likely to attract new investors as affiliation with a socially responsible organisation is beneficial to both parties Employee retention – employees are more likely to want to work for your organisation and stay with the organisation if they believe you are responsible Employee morale – employees will be happier knowing that they are working for a responsible organisation <p>1 mark for each correct answer with description to a maximum of 3</p>	3 LG5
A competitor recently marketed a product as being sustainable, but this was found to be incorrect by Trading Standards. Describe 2 potential implications of falsely promoting a product.		
1b (Q2)	<p>Examples include:</p> <ul style="list-style-type: none"> Legal implications – customers or groups may file lawsuits against them for false advertising Returns – customers have the right to return a product that has been incorrectly advertised Loss of reputation – customers and potential customers will have a negative view of your organisation and will be less likely to buy from you Loss of sales/profits – returns and loss of reputation likely to lead to loss of customers and loss of sales and profit Negative impact on brand reputation <p>1 mark for each correct answer with description to a maximum of 2</p>	2 LG3 LG5
Your store has recently acquired a new range of responsibly sourced products. Describe 3 ways that you could drive sales of these products in your store using this unique selling point.		
1c (Q3)	<p>Examples include:</p> <ul style="list-style-type: none"> Window displays – of the product with graphics highlighting its’ USP of being responsibly sourced Informative POS – ensure customers can see that these products are responsibly sources (this may include graphics next to the product display in store and, or tags on the actual product) 	3 ME1

	<ul style="list-style-type: none"> • Create ‘feature’ in-store displays again highlighting the USP – these might be at high customer traffic points or at the start of the product department • Product positioning in store – ensuring that product is in one or more of these areas (it might also be duplicated if these areas do not converge in the store) - New items/stock area, environmental (sustainable) product area, within the correct product area, (i.e. if it is RS t-shirts the new product is within that area, but clearly define as a sub dept within it) • Effective signage – help customers navigate through the store and point them towards the target products • Train store staff on the features and benefits of responsibly sourced products and the positive effects on the environment so that they can pass this information on to customers • Incentivise the staff to highlight/sell these new products • Ensure that the launch of these products is not diminished by another ‘launch’ or large-scale event that is planned at the same time on the retail calendar <p>1 mark for each correct answer with description to a maximum of 3</p>	
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Q	Answer	Max Marks/AC
Retailers try extremely hard to ensure that their brand is unique, stands out in the marketplace and remains protected.		
Describe 3 ways in which a retailer might be able to differentiate its brand from those of its competitors.		
2a (Q4)	<p>The USP will clearly show how the chosen retailer differentiates itself from competitors. This may be on the grounds of:</p> <ul style="list-style-type: none"> • price • service • quality • fashion - being first • exclusivity • market positioning <p>These are broad headings and the answer provided must also describe the points they have identified.</p> <p>1 mark for each correct answer with description to a maximum of 3</p>	3 BR1 BR2
All retailers want to handle customers' complaints effectively and the increased use of social media has introduced new ways of achieving this.		
Outline 2 impacts that social media has had on customer complaints in the retail industry and explain 2 ways retailers manage customers' complaints effectively and efficiently.		
2b (Q5)	<p>Aspects of social media re customer complaints to retailers:</p> <ul style="list-style-type: none"> • 24/7 ability to complain • Very fast and cheap (no cost) • Customers are used to, and demand, timely response regardless of time or day • Ability to cascade complaint/issue to extremely wide audience potentially significant harming brand reputation. <p>Ways to address complaints on social media:</p> <ul style="list-style-type: none"> • The most important thing is to respond quickly • Never become obviously angry or defensive • Think of the communication as a conversation – there will likely be quick responses back from the customer • Ask them to 'direct message' so you take the 'conversation' out of the public domain • Once the issue is solved go back to the original social media channel and thank the customer for raising bringing it to the businesses attention and giving the opportunity to fix it. <p>1 mark for each correct aspect that social media has introduced (max 2). 1 additional mark for each correct aspect of handling social media complaints (max 2).</p>	4 BR1

Q	Answer	Max Marks/AC
<p>Effective communication between a manager and their team is essential for any retailer to be successful.</p>		
<p>A member of your team has not been performing as well as usual recently, despite initial assurances from them that there were no issues. You have decided to meet with them to establish the issue and try to resolve it.</p>		
<p>Outline 3 key aspects of active listening and describe how these differ from the listening techniques you would usually use within a meeting.</p>		
<p>3a (Q6)</p>	<p>The answer should show that the manager is looking to hear/understand the 'whole' message from the team member. This will be achieved by:</p> <ul style="list-style-type: none"> • Paying close attention. Giving the team member their undivided attention and acknowledge the message. • Show that the manager is listening. Using own body language and gestures to show that they are engaged. • Check understanding by repeating back and paraphrasing • Build a deep level of trust and rapport • Build trust so the team member is comfortable sharing • Closely observe the team members' tone, body language and demeanour • Brief verbal affirmations like "I see" "I know" "Sure" "Thank you" or "I understand" • Respond Appropriately <p>The above differs from regular listening that is shown below:</p> <ul style="list-style-type: none"> - Face the speaker and maintain eye contact - Be attentive, but relaxed - Keep an open mind - Listen to the words and try to picture what the speaker is saying - Don't interrupt and don't impose your solutions <p>1 mark for each correct aspect of active listening identified (max 3).</p>	<p>3 CO4</p>
<p>Despite your efforts to understand the decline in your team member's performance, it has now reached an unacceptable level.</p>		
<p>Describe how you would structure constructive feedback to address the situation.</p>		
<p>3b (Q7)</p>	<p>Constructive feedback should include:</p> <ul style="list-style-type: none"> • Feedback should be given in private and in a timely manner • Be problem-focused and specific • Focus on observation rather than judgement • Talk about the situation not the individual • Give the other person the opportunity to respond • Give praise where it is due • Be direct but informal • Be sincere • Listen • Summarise and give support <p>The learner is NOT required to meet all of the above but there must be clear indication of the main points listed.</p> <p>1 mark for each suitable point identified (max 3).</p>	<p>3 CO5</p>

Q	Answer	Max Marks/AC
The Christmas sales period is crucial in retailing. After it has finished, retailers need to examine very closely how successful it has been.		
Identify 4 key performance indicators (KPIs) that a retailer should analyse after the event, giving a brief reason for why each needs to be reviewed.		
4a (Q8)	<p>Examples include:</p> <ul style="list-style-type: none"> • Sales increase on target/plan/budget - extra sales potentially mean more profit • Margin - Sales may be good, but they must not be at the expense of margin with high price reductions • Wage costs. This might be % to sales, to budget or productivity (sales divided by man hours) - increased costs can decrease profit • Average transaction value - customers are successfully being upsold • Units per transaction - Customers are being sold more units. Add on items are more attractive or are being more effectively sold by the store team. • Stock loss, including wastage - again rises in these dept (especially food wastage in Christmas sales ramp) can dramatically affect profit even with increased sales. <p>1 mark for each correct answer with a reason to a maximum of 4</p>	4 FN1 FN2 FN3 FN6
You find that sales are up 10% compared to the previous year.		
Outline 2 further factors that should be taken into account before concluding whether the Christmas sales period was successful, giving reasons why each factor should be considered.		
4b (Q9)	<p>The key factor is margin. The learner needs to clearly differentiate between sales being plus 10% and what has happened to margin, i.e. if these sales were obtained by heavy discounting, then margin will have been reduced and the margin/profit goal may not have been achieved.</p> <p>Examples of additional factors:</p> <ul style="list-style-type: none"> • Other costs need to be within budget, or at least pro-rata to the sales increase, otherwise profit will be adversely affected, such as: <ul style="list-style-type: none"> ○ Staffing costs ○ Utility costs • Economic factors, i.e. rate of inflation <p>1 mark for identifying margin. 1 additional mark for a suitable outline as to why this is important</p> <p>1 mark for an additional suitable factor. 1 additional mark for a suitable outline as to why this is important</p>	4 FN1 FN6

Q	Answer	Max Marks/AC
Continual learning for you and your team is vital in today's dynamic retail environment.		
Outline the type of information that a training needs analysis will provide a retailer with.		
5a (Q10)	<p>A Training Needs Analysis will provide the retailer with:</p> <ul style="list-style-type: none"> • What is needed and why? • Where is it needed? • Who needs it? • How will it be provided? • How much will it cost? • What will be the business effect? <p>1 mark for each correct answer outlined (max 2)</p>	2 DS1
Identify 2 different learning styles that retail team members may adopt. For each example given, suggest a training method appropriate to that learning style.		
5b (Q11)	<p>Visual - learn well when aided by images, pictures, and spatial organisation of elements - Flow charts, seeing another team member undertaking the task</p> <p>Auditory - learn well when aided by music, sound, rhyme, rhythm, speaking or listening - speech/presentation</p> <p>Reading/writing - learn well by reading or writing the material you want to learn - workbooks, assignments</p> <p>Kinesthetic - learn well when they can move their body, and/or use their hands and sense of touch. Writing or drawing diagrams are physical activities that can fall into this category as well - undertake the actual task themselves, i.e. selling, visual merchandising</p> <p>1 mark for each appropriate learning style identified (max 2) 1 additional mark for each suitable training method identified – must be relevant to the learning style (max 2)</p>	4 DS4

Q	Answer	Max Marks/AC
Controlling all stock, including age-restricted products, is very important practice for retailers.		
Identify 4 legally age-restricted items that are commonly sold in retail stores, stating the minimum age a customer must be to purchase each.		
6a (Q12)	<p>Examples of correct answers include:</p> <ul style="list-style-type: none"> • Aerosol spray paint - 16 • Air weapons and imitation firearms - 18 • Alcohol - 18 • Cinema films/video games - 12/15/18 • Fireworks - 18 • Gambling/lottery/scratch cards - 18 • Knives/blades – 18 • Party poppers - 16 • Petrol/diesel - 16 • Solvents - 18 • Sunbeds - 18 • Tobacco and lighters - 18 <p>1 mark for every 2 correct answers, up to a maximum of 2 marks (All 4 must be correct for 2 marks, at least 2 must be correct for 1 mark)</p>	2 ST5
After the initial allocation of stock to a store, many retailers will use automated target stocks to auto-replenish stock to a specific level. Assuming there are no space issues or key promotions, state how this stock level can be calculated.		
6b (Q13)	<p>Answers may vary depending on the individual organisation's procedures. Examples include:</p> <p>Weeks Cover (or such term used by learner's company) - The average sales per week (taken over the last month, 3 months etc) divided by the stock in store. For example: 100 sales over the last 4 weeks = 25 per week. Stock in store is 150. 150 divided by 25 = 6</p> <p>The store has 6 weeks stock cover. In simple terms the store will run out of stock in 6 weeks given that current sales trends continue.</p> <p>The business will operate to selected weeks cover per item. For example, best sellers might be 8 weeks and slow sellers 4 weeks. The actual figures are not required in the answer. It is the understanding and explanation of the formulae used for stock needed to meet sales, net of space limitations, promotions etc that is required.</p> <p>Some company's use space targets and 'fill to capacity', this is also an acceptable answer as they do not use the above formula, but fill in bulk, space dependant.</p> <p>Up to 3 marks for a full and suitably explained answer of how the stock level could be calculated. 1-2 marks for a partial or incomplete answer.</p>	3 FN1 ST1

Q	Answer	Max Marks/AC
<p>Cost cutting within your business has meant that store departments are being merged and run by a single manager. You have looked after the ladies' wear department for the last 3 years with good success rates and have now been given the menswear department to run as well, as one overall clothing department.</p>		
<p>Your aim is to cultivate an atmosphere of trust. Describe what style of leadership would be most suitable to use in bringing the two teams together, giving 2 reasons for your choice.</p>		
<p>7a (Q14)</p>	<p>To bring the 2 teams together the following styles of leadership are appropriate:</p> <ul style="list-style-type: none"> - Pace setter leadership - This could be used to set the pace for the new team, but there might be resistance by some of the new team. - Transformational Leadership - The leader will share the vision with the whole group, so they become one team. The leader will be self-aware, authentic, empathetic and humble to engage all members (old and new) - Charismatic Leadership - The leader will inspire, motivate and energise the whole team. The traits are similar to Transformational style which is in the short term. - Coaching Leadership - the leader is particularly effective where results are poor by building strength, leading by example and giving excellent guidance. <p>1 mark for a correct leadership style identified 1 mark for each suitable aspect of the leadership style described (max 2)</p>	<p>3 LE1</p>
<p>You are aware that your recently inherited menswear department has not been hitting sales and customer service targets. The previous manager of this department had a very authoritative management style as opposed to your own coaching style.</p>		
<p>Describe a motivational theory that supports the previous manager's style of management.</p>		
<p>7b (Q15)</p>	<p>The answer is that both managers are adopting their management style via different viewpoints of their team. These viewpoints are listed below:</p> <p>McGregor's Participation Theory: Douglas McGregor formulated two distinct views of human being based on participation of workers. The first basically negative, labelled Theory X, and the other basically positive, labelled Theory Y.</p> <p>Theory X is based on the following assumptions:</p> <ol style="list-style-type: none"> 1. People are by nature indolent. That is, they like to work as little as possible. 2. People lack ambition, dislike responsibility, and prefer to be directed by others. 3. People are inherently self-centered and indifferent to organisational needs and goals. 4. People are generally gullible and not very sharp and bright. <p>On the contrary, Theory Y assumes that:</p>	<p>3 LE2</p>

	<ol style="list-style-type: none"> 1. People are not by nature passive or resistant to organisational goals. 2. They want to assume responsibility. 3. They want their organisation to succeed. 4. People are capable of directing their own behaviour. 5. They have need for achievement. <p>1 mark for identifying the correct motivational theory 1 additional mark for each valid point describing the theory (max 2)</p>	
<p>Your usual practice is to provide a short briefing to your team before the store opens. However, with your team size having increased, you no longer have time to do this effectively.</p> <p>Outline 3 ways of keeping your newly merged team up to date with sales, KPIs and business news. Give brief examples of the advantages and disadvantages of each.</p>		
<p>7c (Q16)</p>	<p>Ways that the new larger team can be briefed:</p> <ul style="list-style-type: none"> • Internal social networks such as Yammer (this is a closed social software by Microsoft) (+ Can be read anytime, fast, users can use phone, tablet etc. wherever they are, share best practice, two way & whole group - Less personal, can be time consuming) • What's App Group (+ as above. - Above and possibly less secure as not company specific) • Newsletters (+ Can be read anytime, can contain pics, locate in key places. - Not as personal as face to face, time consuming to prepare, can only be seen in selected places, not as personal as face to face) • Notice boards (as above for + and -'s) • Alternate your briefings to the men's & ladies' teams (+ Keeps the face-to-face contact. - Less time with each team, doesn't bring the team together, ultimately more time consuming for manager) • Delegate/Empower the supervisor or the most senior person in each team to undertake the daily team briefings (and sit in on them alternatively) + Keeps the face-to-face intimacy, develops team members, shows team members empowerment in action. - The message may not always be 100% accurate, extra time from manager to brief them and train them in team briefings, the latter will add to your time attending both <p>1 mark for each correct answer with appropriate pros and cons (max 3)</p>	<p>3 CO1 CO2</p>

<p>Within the first 2 weeks of taking over the 2 departments together, you hear that several members of your team are concerned about additional staff cuts. You know that further cuts are not going to be made and want to communicate this to your team in the most effective manner. Outline which method or style of communication you would use, giving your reasons.</p>		
<p>7d (Q17)</p>	<p>Examples include:</p> <ul style="list-style-type: none"> • Holding full team meetings before the morning and afternoon shifts in a training room, • Sending out a written memo • Sending out this information via the internal company social media (e.g. Yammer). <p>The key to this answer is sincerity and credibility being transmitted to the team. Also, the message that no further cuts is factual at this time, as nothing can be guaranteed in the future and therefore it is better not to be in writing. This nuance can be explained better in face-to-face meetings.</p> <p>In addition, the reaction from the team can be better gauged and a better understanding of any follow up needed, face to face. These types of meetings are sometimes referred to as 'Town Hall' meetings.</p> <p>1 mark for identifying a suitable communication method 1 additional mark for each valid point outlining this method (max 2) <i>(Note the location or number of meetings is not important. It is the communication method and concept that is key)</i></p>	<p>3 CO1 CO5</p>
<p>Your company's vision statement and values are very important.</p> <p>Provide a description and example of both vision statements and values then analyse the differences between them.</p>		
<p>7e (Q18)</p>	<p>Vision statement - A vision statement is where a company states their plans for the organisation and how this relates to overall company goals. The statement shows where the business aims to be and gives broad-brush strokes, whilst being inspirational to internal and external stakeholders as well as for customer reference. It will not include specific financial goals, but it could include guidance like 'we aim to be the first in customer satisfaction rankings', or 'we aim to be the largest company in the sector by turnover'.</p> <p>Values - Companies normally refer to company values as core values, and they are the principles that support the organisation's vision, culture, and overall philosophy. Values bring character to the group, and it can help leaders and management guide teams through ethical and performance concerns. These are the standards that organisations can cling to in times of transition.</p> <p>For internal stakeholders, vision and value statements can define performance standards, drive strategy and become a broad idea to hold onto during times of transition, establish a structure for ethical behaviour,</p>	<p>8 LE1 LE2</p>

	<p>and provide focus and shared goals. Regarding external stakeholders, they can serve as a PR tool, create bonds with customers, provide a basis for streamlining communication between customers, suppliers, and partners.</p> <p>Up to 2 marks for clearly defining a vision statement (1 mark for a partial or incomplete answer)</p> <p>1 mark for a suitable example of a vision statement</p> <p>Up to 2 marks for clearly defining values (1 mark for a partial or incomplete answer)</p> <p>1 mark for a suitable example of values</p> <p>1 mark for each valid point of comparison between the two (max 2)</p>	
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Q	Answer	Max Marks/AC
<p>Retailers have long used loyalty cards and schemes. While these can build loyalty and increase sales, they often do so at the expense of margin.</p>		
<p>Identify 3 reasons why retailers employ loyalty cards and schemes, giving a brief description of their benefits to the retailer.</p>		
<p>8a (Q19)</p>	<p>Correct reasons and benefits:</p> <ul style="list-style-type: none"> • They encourage loyalty to the brand - additional sales • Customer demographics can be tracked - the retailer has details on who, when and where specific items are being shopped • Additional marketing information and tools - enables the retailer to target offers and suggestions • Can lead to higher shopping basket value - the desire to obtain extra loyalty points, or achieve a certain level can lead to increased transaction value • Better customer communication - retailers can communicate directly with customers (as opposed to general advertising) and reduce unprofitable ones by segmenting less profitable customers for offers <p>1 mark for each correct answer with a suitable description (max 3)</p>	<p>3 MA1</p>
<p>Apart from collecting loyalty points for discounts in the future, retailers often provide other offers to customers with loyalty cards and schemes. Identify 3 common offers that retailers may promote to card holders.</p>		
<p>8b (Q20)</p>	<p>Offers include:</p> <ul style="list-style-type: none"> • Targeted offers that the customer can choose - i.e. present 6 offers and ask the customer to select 2. – this gives the customer a greater feeling of choice and the offer being personalised • At certain points the customer can ‘jump the queue’ and have access to Sale (promotional) offers before other persons. • Likewise, loyalty card members can get access to new and exciting products before non-members • Experiences - either an invitation to an exclusive store/HO event of food tasting etc. or a master class event, or even trips abroad • Paying with a mixture of cash and points at point of sale • Discounts and offers to other company’s products/services, such as air miles, clothing discounts etc. from other retailers <p>1 mark for each correct answer with a suitable explanation (max 3)</p>	<p>3 MA1 MA3</p>

When store staff are giving customer-specific account loyalty card information to a customer in store they must be aware of certain legal aspects. Outline 3 legal aspects they need to be aware of.		
8c (Q21)	<p>When helping customers accessing details on their loyalty programme card in store, staff need to be aware of GDPR. In particular:</p> <ul style="list-style-type: none"> • When asking for customer details it must be for specific and legitimate processes • Data must not be kept after it has been appropriately used, i.e. confirmation of e-mail address/phone number to access the customer's account • The information must be securely destroyed/logged out when finished with the customer <p>1 mark for each valid point identified (max 3)</p>	3 LG1
Margin is a widely used term in retail and is usually expressed as a percentage (%). In its most basic form explain how margin percentage (%) is calculated.		
8d (Q22)	<p>Calculation of Margin: Margin (profit on a product) - selling price minus cost price expressed as a % of the retail selling price.</p> <p>For example, if an item sells at £50 and the cost price is £10 £10 as a % of £50 = 20%</p> <p><i>If the learner has the correct calculation of margin but fails to turn the cash margin into % margin than 2 marks are awarded</i></p> <p>For the purpose of this question VAT is not factored and the learner is not required to take this into account.</p> <p>1 mark for a suitable explanation 1 mark for a suitable example/formula 1 mark for a suitable final calculation as a %</p>	3 FN3 FN6
Explain the difference between margin percentage (%) and mark-up percentage (%).		
8e (Q23)	<p>Margin percentage is as calculated above.</p> <p>Mark-up percentage is the margin (profit) expressed as a % on the cost the goods were purchased at from the supplier.</p> <p>For example, item is purchased from supplier at £40 and sold at retail at £50. The cash margin is £10 expressed as a % of £40 = 25% (this is the mark up %)</p> <p>For the purpose of this question VAT is not factored and the learner is not required to take this into account.</p> <p>1 mark for a suitable explanation of margin percentage 1 mark for a suitable explanation of mark-up percentage 1 mark for a suitable explanation of the differences between the two</p>	3 FN3 FN6

Retailers can often be frustrated at not being able to achieve both good sales and good margin simultaneously. Explain why this is not always possible, making reference to the concept of 'supply and demand' to support your argument.		
8f (Q24)	<p>The central theory here is supply and demand with price increases having an adverse effect on sales but driving up margin. While lower prices drive demand but decrease margin.</p> <p>The learner is not required to give a detailed complex answer revolving this theory, but a basic explanation of the above is required.</p> <p>3 marks for full and accurate explanation. 1-2 marks for a partial or incomplete answer</p>	3 FN3 FN6
Considering only financial factors , would it be more beneficial for a retailer to ensure that cash margin is achieved, or that margin percentage (%) is achieved? Give a reason for your answer.		
8g (Q25)	<p>As only financial considerations are at stake it is the cash margin that is needed. This will be the cash margin required by the company to hit its overall profit objectives.</p> <p>Margin percentage could be 90%, but if it is not on many sales the overall cash profit will not be met for the business.</p> <p>1 mark for identifying that cash margin is more important 1 mark for a suitable reason as to why cash margin is more important</p>	2 FN2 FN3