

## EPA-RetM Mock Written Exam 1 Mark Scheme

### Important information for Centres:

- A mark scheme for an open-response exam is kept under constant review and is updated by the chief examiner as and when markers find alternative acceptable answers that should be included
- For all questions, alternative correct answers will be accepted and awarded marks

Q1	Answer	Max Marks
1a	<p>Benefits of store channel:</p> <ul style="list-style-type: none"> <li>• Customers can see and touch (try on) the actual product</li> <li>• the customer instantly knows if the item fits (less returns-costs)</li> <li>• customers can ask for help from an assistant</li> <li>• shopping can be a social event</li> <li>• the customer target market maybe be mature and not inclined to shop online</li> <li>• Hybrid channels, such as click and collect</li> </ul> <p>1 mark for each correct answer, up to 2 marks</p> <p>Benefits of online channel:</p> <ul style="list-style-type: none"> <li>• less stock (cost) needed as it will be in distribution centres as opposed to 10's or 100's of stores.</li> <li>• ability to offer a wider variety (range/ colours) to the public across the whole market and not just across key flagship stores.</li> <li>• 24/7 shopping opportunity for sales.</li> <li>• instantaneous purchase potential from social media marketing.</li> <li>• significantly reduced costs of rent, rates, staff, from store channel option.</li> </ul> <p>1 mark for each correct answer, up to 2 marks</p> <p>Benefits of hybrid channels-</p> <ul style="list-style-type: none"> <li>• less stock holding in stores, but still able to offer customers full range (i.e. long &amp; short sizes online only) while customers can view regular range in store to see exact colour and style</li> <li>• store collection may be easier for customers where no one is at home to sign for product delivery after ordering on-line.</li> </ul>	<p style="text-align: center;">2</p> <p style="text-align: center;">2</p> <p style="text-align: center;">1</p>

1b	<p>Aspects of the Retail Calendar to consider</p> <ul style="list-style-type: none"> <li>• explanation of retail calendar</li> <li>• understanding &amp; comparison of launching in seasonal peaks and if this would be beneficial, or not? (i.e. the product may get lost in an Xmas launch OR it might be beneficial)</li> <li>• Likewise launching when a competitor holds a regular key promotion or is known to be launching a key product, may diminish the product launch</li> <li>• Would it be beneficial to launch one channel at a time (i.e. to online loyalty customers first and then in store)?</li> <li>• how the above might impact upon sales channel choice?</li> </ul> <p>1 mark for each correct answer showing rationale for above considerations</p>	2
1c	<p>Decision making to clear specific product lines based upon product life cycle, overlaid to other criteria</p> <ul style="list-style-type: none"> <li>• showing understanding of product life cycle (product development- introduction- growth – maturity- saturation- decline. <b>NB. Different publications state 4, 5, or 6 stages. The learner should not be penalised for stating 4, 5 or 6 items. The key factor is showing the aging process.</b></li> <li>• detailing why a product is in the mature stage to include – slowing demand, high competition, squeezed margins, changing customer needs.</li> </ul> <p>1 mark each correct answer, up to 2 marks</p>	2

Q2	Answer	Max Marks
2a	<p>Retail calendar -</p> <ul style="list-style-type: none"> <li>• enter the key public holidays such as Christmas, Easter and items such as Valentines and back to school etc. This is a PRIORITY as these dates cannot be moved</li> <li>• Then enter any local events – i.e. town celebrations - these are likely to be less significant, but they too cannot be moved</li> <li>• Then factor in product releases and new ranges. These maybe in the above events if they complement them, or they may be outside of these so that their launch is not diluted.</li> <li>• Lastly look for any remaining times dates that it is felt require marketing support.</li> </ul> <p>Up to 2 marks for a detailed chronological rationale</p>	2
2b	<p>Pre implementation -</p> <ul style="list-style-type: none"> <li>• clear instructions sent in a timely manner with key dates / timings for receipt of graphics, stock, markdowns and staffing budget</li> <li>• clear definition of IMPACT (crucial in Sale) and how this is best achieved.</li> <li>• check to ensure that all stores have graphics and what to do if they don't before start of promotion and in good time to fix</li> <li>• communication list for if stock has not arrived on time within critical path</li> <li>• for key promotions that senior staff will be in store to ensure smooth running/ execution</li> <li>• staff incentive set up for execution of promotion (impact) and / or sales achievement.</li> <li>• Use company social media to share best practice</li> </ul> <p>At implementation</p> <ul style="list-style-type: none"> <li>• Have a check list of implementations that ensures key impact</li> <li>• Area/ Regional managers required to visit stores day prior, or at start of promotion prioritizing key stores. All stores to be seen in a short period of time</li> <li>• Asking for photos of the promotion to be e-mailed into Head office / Area manager not only to check impact but also to share best practice.</li> <li>• Use company social media to share best practice</li> </ul> <p>1 mark each for each correct answer (from either part above) up to a maximum of 4</p>	4

Q3	Answer	Max Marks
3a	<ul style="list-style-type: none"> <li>• Suggested goals work specific – till, delivery, customer service, visual merchandising, replenishment, wastage, general induction. This is not an exhaustive list, but it should be directly relative to store working.</li> <li>• Suggested goals, personal development – confidence, time keeping, appearance, written work, detail focus, communication. This is not an exhaustive list, but it should be directly relative to store working.</li> </ul> <p>1 mark for appropriate goals.</p> <p>2 marks for at least one holistic goal developing the ‘whole’ person with reasoning</p>	3
3b	<p>Learning styles –</p> <ul style="list-style-type: none"> <li>• Visual - pictures, images (coaching in this style is acceptable to use)</li> <li>• Logical - reasoning, systems</li> <li>• Aural - sound and music</li> <li>• Physical (kinesthetic) - Using body hands, sense of touch</li> <li>• Verbal (linguistic)</li> <li>• Social - learning in groups</li> <li>• Solitary - working alone/self-study</li> </ul> <p>1 mark per correct item mapped to a PDP goal, with a maximum of 3</p>	3
Q4	Answer	Max Marks
4a	<p>Factors of high attrition -</p> <ul style="list-style-type: none"> <li>• lack of ‘motivators’</li> <li>• ‘hygiene’ factors – compensation items not being offered that competitors, or the industry does</li> <li>• poor morale</li> <li>• being overworked</li> <li>• new competitor offering better salaries</li> <li>• change management not being handled effectively</li> <li>• lack of vision by the business and, or, how the employees fit into it.</li> <li>• culture- not defined, actual not aligned to stated</li> <li>• lack of recognition</li> <li>• poor constantly changing goal priorities</li> <li>• lack of empowerment</li> </ul> <p>1 mark for each correct answer showing potential reasons as well to a maximum of 3</p>	3

4b	<p>Recruitment legal &amp; best practice-</p> <ul style="list-style-type: none"> <li>• complying with the Discrimination and Equality Act 2010—the 9 protected characteristics</li> <li>• best practice in interviews of evidence supporting decision making.</li> <li>• competency based interviews that will ensure that the new starter will work well within the culture of the organisation.</li> <li>• ensuring there is a planned, effective induction process covering all aspects of the business and KPI's.</li> <li>• appropriate coaching, mentoring and support to get the new person up to speed.</li> </ul> <p>1 mark for each correct answer with reasons given to a maximum of 3</p>	3
Q5	Answer	Max Marks
5a	<p>Consumer Rights Act 2015 –</p> <ul style="list-style-type: none"> <li>• the customer may demand a refund (reject the goods) if they are faulty within the first 30 days</li> <li>• if the product is faulty after 30 days the retailer may legally offer a repair, or a replacement.</li> </ul> <p>As the customer is demanding a refund and it is outside 30 days legally, they are not entitled to one. The learners need to state this in the answer and provide solid rationale as to what his/her company provides in this situation that will likely be better for the customer.</p> <p>1 mark for detailing correct legal information including the ACT AND the detail that it is outside the 30-day limit</p> <p>Up to 2 marks for structured comparison to own company rules</p>	<p>1</p> <p>1</p> <p>2</p>
5b	<p>GDPR (General Data Protection Regulation) ACT from 25 May 2018</p> <ul style="list-style-type: none"> <li>• This requires double opt in</li> <li>• Provides the right to be forgotten</li> <li>• Customers can request information held on them</li> <li>• Data can only be used for that purpose that it has been authorised for and not by third parties unless specifically authorised</li> </ul> <p>1 mark for stating Act and the basics that it covers</p> <p>Maximum of 2 marks for accurately comparing to company policy. The learner may answer that it is not possible to use the data for the Xmas promotion as the customer did not authorise this. However, if the learner states that within the summer draw there is an explicit condition to use the customers data for other promotions and therefore, they have in fact agreed to their data being used for Xmas then this is also correct.</p>	<p>1</p> <p>2</p>

Q6	Answer	Max Marks
6a	<p>To plan for sufficient stock, consideration should be made of the following -</p> <ul style="list-style-type: none"> <li>• sales last year total</li> <li>• sales last year to plan(budget) / forecast</li> <li>• sales last year by firework category</li> <li>• sales trends last few years</li> <li>• sales forecast this year</li> <li>• competitors this year and last.</li> <li>• local firework events and if they took place last year</li> <li>• items that sold out last year and did not reach full potential i.e. what is their full potential?</li> <li>• OTB (open to buy) / money/ credit available to purchase product.</li> <li>• Impact on other non-event stock items if monies are used for fireworks</li> </ul> <p>1 mark for each correct answer, with reasoning, to a maximum of 3</p>	3
6b	<p>Key to this answer is the learner understanding that a 'basic' automated stock replenishment system will just replace stock sold with stock replenished, one for one.</p> <ul style="list-style-type: none"> <li>• The benefits of this are automated picks replenish to set targets. Lower manpower and time to action replenishment orders.</li> <li>• The reason why this would not be suitable for the Bon Fire promotion is the ramp up to max sales will build exponentially and therefore replenishment will not keep up with demand.</li> <li>• This is particularly true if stock is only delivered once, or twice a week.</li> <li>• Immediately after the event demand will fall off a cliff and therefore sales being replenished at peak will arrive after they are needed</li> </ul> <p>Up to 3 marks for a detailed rational answer covering the above</p>	3

Q7	Answer	Max Marks
7a	<p>KPI's may include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• wage cost %</li> <li>• man hours (including any productivity calc - sales divided by man hours)</li> <li>• sales per - sq. foot, metre, linear foot</li> <li>• stock loss % (sometimes referred to as audits/ shrinkage) –expressed as % (£'s loss to sales)</li> <li>• wastage - either markdowns, or write offs</li> <li>• cash discrepancies on tills</li> <li>• liquidation % - sell through of stock</li> <li>• add - on sale KPI's, e.g. shoe care, insoles</li> <li>• rate of stock turn (RST)</li> <li>• margin % (retail price minus cost price expressed as % of retail price) or cash margin</li> <li>• contribution - a stores net profit, before apportioned central costs are deducted</li> <li>• weeks cover - stock. Store stock divided by average sales</li> <li>• ROCE (return on capital investment)</li> </ul> <p>The learner may have different KPI's in their business, but they need to clearly demonstrate commercial imperative</p> <p>1 mark for each correct answer, up to 4 marks</p>	4
	<p>How KPI's are used in retail businesses:</p> <ul style="list-style-type: none"> <li>• wage cost % - managing wage costs</li> <li>• man hours - managing wage costs</li> <li>• sales per - sq. foot, metre, linear foot, metre, commercial space management</li> <li>• stock loss % (sometimes referred to as audits) – reducing shrinkage costs</li> <li>• wastage - reducing costs, sell through at best price possible</li> <li>• cash discrepancies on tills—lowering loss</li> <li>• liquidation % - sell through of stock - how 'hot' a product is and analysing if there is enough stock</li> <li>• add - on sale KPI's e.g. shoe care, insoles - additional sales</li> <li>• rate of stock turn (RST)- how quickly the stock is sold, affecting stock holding and cash flow</li> <li>• margin - understanding which products provide the best profit</li> <li>• contribution - If a store is hitting the required % gross profit</li> <li>• weeks cover - stock. Formulae used to decide if stock levels are correct to sales</li> <li>• ROCE (return on capital investment) - typically used to see if a new store, or project is viable. The project will be required to hit the companies % return rate</li> </ul> <p>2 mark each for the 2 chosen KPI's, up to 4 marks</p>	4

7b	<p>Sales versus profit margin:</p> <ul style="list-style-type: none"> <li>• Sales = amount of money received for goods sold (1 mark)</li> <li>• Profit/margin = (amount of money received from sales) minus (cost of goods) divided by (amount of money received from sales), then multiplied by 100 to get a percentage (2 marks for complete answer, 1 mark for partially correct)</li> </ul> <p>Example of two similar shops:  Shoe shop A takes £30000, and cost of good is £15000, therefore Sales = £300000, and profits margin = 50%  Shoe shop B takes £20000 and cost of goods is £5000, therefore Sales = £20000 and profit margin = 75%  Full, and correct example – 3 marks</p> <p>2 marks – correct calculation of profit margin for one shop, plus statement of what the sales figure is, plus inclusion of a second shop with a different sales figure</p> <p>1 mark – correct calculation of profit margin for one shop</p>	6
7c	<p>How to undertake yearly sales plan (budget):  NB in this question the use of the term budget and plan are inter changeable.</p> <ul style="list-style-type: none"> <li>• based on last year actuals</li> <li>• use company growth goal %</li> <li>• macro trends (i.e. growth of online sales)</li> <li>• consider competition</li> <li>• build top down and/ or bottom down</li> </ul> <p>3 mark for mentioning 2 of the above, maximum 3</p> <p>Forecasting versus budget:</p> <ul style="list-style-type: none"> <li>• forecasting is used after a plan has been set</li> <li>• forecasting is mainly weekly, monthly, quarterly, or to year end. i.e. it is used to see how the business will end the financial period</li> <li>• forecasting can be amended. Sales plans are fixed once set.</li> <li>• the purpose of forecasting is to determine how the business will end the week, month, quarter or year.</li> <li>• forecasting may also be used to determine the variance the business will achieve from plan (budget)</li> </ul> <p>1 mark for detailing what a forecast is and up to 2 additional marks for detailing its' variance to budget/ plan</p>	3



Q8	Answer	Max marks
8a	<p>Crucial is creating an appropriate initial impression.</p> <p>This can be best achieved by -</p> <ul style="list-style-type: none"> <li>• holding a team meeting (sometimes referred to as ‘Town Hall’ meetings)</li> <li>• it may be necessary to hold several meetings due to business requirements, or locations of the team</li> <li>• sending out an e-mail/ memo introducing yourself</li> <li>• an acceptable answer is going around each department, but this only scores 1 mark as it does not lend itself to the second part of the question.</li> </ul> <p>3 marks for detailing appropriate method of introduction</p> <p>Key items that new manager needs to get across to the team -</p> <ul style="list-style-type: none"> <li>• their background (qualifications (as in work history) for the role)</li> <li>• initial (i.e. first 100 days) goals</li> <li>• goals</li> <li>• values</li> <li>• management style</li> <li>• approachability - including Emotional Intelligence (EI/ EQ - this can be stated either way in the same way as IQ)</li> <li>• vision</li> <li>• expectations</li> <li>• understanding/ability to listen to issues/problems</li> </ul> <p>1 mark per correct answer to a maximum of 5</p>	<p>3</p> <p>5</p>
8b	<p>Communication with MD -</p> <ul style="list-style-type: none"> <li>• Verbal at time of visit</li> <li>• Listening</li> <li>• Active listening. To truly understand points made by visitor</li> <li>• Non-verbal- Body language employed to welcome visitor and engage her</li> <li>• Written – having a planned agenda. Or having agreed action points and notes confirmed in writing</li> </ul> <p>1 mark for each correct answer stated to a maximum of 3</p> <p>Rationale for getting the most from time with visitors includes -</p> <ul style="list-style-type: none"> <li>• solving a company issue</li> <li>• getting a problem solved in the store</li> <li>• quality feedback from store level on products, customers, or such like</li> <li>• more effective working between departments and/ or HO &amp; stores</li> <li>• Relationship building</li> <li>• Action points committed to in writing</li> </ul>	<p>3</p>

