Solutions

Marking: **K** knowledge, **App** application to the case, **An** analysis (a developed chain of reasoning), **Ev** evaluation (a justified judgement); calculations earn **M1** for the method and **A1** for the answer.

Each answer shows the steps, then the **result**.

2.1

any two: raw materials; the **market**; **labour**; **transport** links; power and water; land cost; government grants

2.2

- A = 80 000; B = 75 000
- site **B** is cheaper by $**5000** a year

2.3

- a busy street has high **footfall** (1)
- more people pass and come in, so **sales** are higher (1)
- higher revenue can more than cover the higher rent (1)

3.1

B

3.2

(a)

- buying and selling goods and services **online**, using the internet

(b)

- (120 000 − 70 000) × 5
- = $**250 000**

(c) two reasons, each outlined (K + App each):

- **online shopping**: StyleCo's own online share doubled to 30 %
- **high rents** and business taxes
- lack of **parking** and traffic in town centres
- retail parks offer larger, cheaper sites

(d) two factors, each explained (K, App, An each):

- **footfall** / target customers: who passes each site, and do they buy StyleCo's styles?
- **competitors** nearby: other clothes shops attract shoppers, but take sales
- **parking and access**: customers buying several items may prefer to drive
- **security**, size of the unit, and closeness to the other 3 shops

(e) high street: (An)

- very high **footfall**: more impulse buyers; shows the brand; but $250,000 more rent over 5 years

retail park: (An)

- cheaper; **parking** suits shoppers who buy a lot; larger space; but fewer passing shoppers, so sales depend on people deciding to come

decision: (Ev) for example, the retail park is better, because 30 % of sales are already online, so the shop's role is a cheaper showroom and collection point that customers drive to; the extra $50,000 a year on the high street may not bring enough extra sales.

Level 3 (5–6): a justified decision for this business, weighing both sides. Level 2 (3–4): points explained and applied. Level 1 (1–2): points identified.