 

**RETAIL BUYER**

**Aligned with Qualification 103145 OC Retail Buyer**

**Part Qualification 2: Retail Planner**

**ASSESSMENT GUIDE**



**This Assessment Guide must be stored securely.**

**It should only to be made available to Facilitators, Assessors and Moderators   
for this programme.**

**Under no circumstances should it be made available — in any format whatsoever —   
to learners or other unauthorised persons.**

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| Contents |

Contents

[Contents 1](#_Toc52909558)

[1 About this Assessment Guide 3](#_Toc52909559)

[2 Assessment principles 4](#_Toc52909560)

[3 Qualification document and curriculum 4](#_Toc52909561)

[4 The role players in assessment and moderation 5](#_Toc52909562)

[4.1 Learner 5](#_Toc52909563)

[4.2 Assessor 5](#_Toc52909564)

[4.2.1 Formative assessment 5](#_Toc52909565)

[4.2.2 Prepare the learner for assessment and reach agreement on the assessment plan 6](#_Toc52909566)

[4.2.3 Identify and address special needs 6](#_Toc52909567)

[4.2.4 Prepare for the assessment 6](#_Toc52909568)

[4.2.5 Administration 7](#_Toc52909569)

[4.2.6 Conduct internal summative assessment 7](#_Toc52909570)

[4.2.7 Provide feedback 7](#_Toc52909571)

[4.2.8 Re-assessment 8](#_Toc52909572)

[4.2.9 Review of assessment 8](#_Toc52909573)

[4.2.10 The assessor’s role in terms of moderation 8](#_Toc52909574)

[4.3 Moderator 9](#_Toc52909575)

[5 Learner rights relating to assessment 10](#_Toc52909576)

[6 Alignment matrix with assessments 11](#_Toc52909577)

[KNOWLEDGE MODULES 11](#_Toc52909578)

[KM-01 Supplier relationships and merchandise performance 11](#_Toc52909579)

[KM-04 Allocation and replenishment 15](#_Toc52909580)

[7 Assessment preparation 22](#_Toc52909581)

[7.1 Candidates 22](#_Toc52909582)

[7.2 Assessor 23](#_Toc52909583)

[8 Feedback to learners 24](#_Toc52909584)

[9 Evidence principles 25](#_Toc52909585)

[10 Recording and administration of assessment results 26](#_Toc52909586)

[11 Recognition of prior learning 27](#_Toc52909587)

[12 Evidence guide for formative assessment activities 28](#_Toc52909588)

[13 Model answers for knowledge tests 29](#_Toc52909589)

[13.1 MODEL ANSWERS – KNOWLEDGE TEST – KM01 29](#_Toc52909590)

[13.2 MODEL ANSWERS – KNOWLEDGE TEST – KM04 62](#_Toc52909591)

[14 Assessment guide for practical training 72](#_Toc52909592)

[15 Assessment feedback report 73](#_Toc52909593)

[16 Assessor review of assessment – Report to moderator 76](#_Toc52909594)

[17 Moderator evaluation on assessment 82](#_Toc52909595)

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| 1 About this Assessment Guide |

* 1. The purpose of this guide is to provide the Assessor with guidelines on the assessment of the knowledge component and practical component.
  2. This Assessment guide must be read and used in conjunction with the Facilitator’s guide (containing model answers/guidelines for formative activities), as well as the Assessment strategy policy and process of the Training provider.
  3. This Assessment guide is for the ***confidential*** use by Assessors.

1.5 This document contains the following:

* Assessment Plan and Preparation
* Model answers for knowledge tests
* Assessment Review

1.6 Portfolio checklist

Please refer to the Portfolio guide – a Portfolio checklist is included that must be completed by the learner and checked by the assessor as a quality assurance tool.

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| 2 Assessment principles |

The Assessor should ensure that the principles of assessment are applied in all assessments conducted.

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| **No.** | **Principles** | **Description** |
| 1. | Fair | The method chosen to assess the achievements must be fair and must not present any barriers that are not related to the evidence. |
| 2. | Systematic | The assessment must be planned and recorded to ensure that the assessment is fair. |
| 3. | Appropriate | The method of assessment is suited for the performance being assessed. |
| 4. | Manageable | The methods used must be accessible, cost-effective and must not interfere with the learning. |
| 5. | Time efficient | Ensure that the assessment does not interfere with the normal daily activities or productivity of the candidate. |
| 6. | Open | The candidate must contribute to the planning and collecting of evidence. The candidate must understand the assessment process and the criteria used. |
| 7. | Consistent | The same assessor must make the same judgement under the same or similar circumstances. |

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| 3 Qualification document and curriculum |

The full qualification document and the curriculum can be found on the QCTO web page at this link:

*https://qcto.org.za/index.php?option=com\_edocman&view=category&layout=table&id=328&Itemid=  
555*

All assessment criteria are listed in the alignment matrix (refer to Section 6 of this assessment guide).

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| 4 The role players in assessment and moderation |

## 4.1 Learner

Learners have the following responsibilities in terms of assessment:

* **Self-assessment.** Learners should actively participate in learning, complete formative assessment activities during the contact session and conduct self-assessment. The learner should then ask for assistance if necessary.
* **Complete the portfolio.** The portfolio guide contains guidelines for completing the portfolio. Every summative assessment question describes what you have to do. Ensure that you understand the question. Ask for assistance if you need it.
* **Receive feedback from the assessor**. The assessor will give you written feedback. If you do not understand the feedback, it is your responsibility to ask the assessor to clarify.
* **Accept or decline the assessment finding**. you receive your final assessment report, you will be asked to sign the report and to indicate whether or not you accept the assessor’s decision. If not, you have a right to lodge an appeal.
* **Evaluate the assessment process**. After completion of the assessment, you will be asked to complete a form to evaluate the assessment process. The purpose of this is to help the provider improve the assessment process.

## 4.2 Assessor

Assessors have the following responsibilities in terms of assessment:

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### 4.2.1 Formative assessment

Formative assessment activities ae competed during the contact session. They serve as regular checkpoints for the facilitator/assessor to determine whether learners are progressing as planned.

Formative assessment activities are not assessed formally, but evidence from these activities may be considered in cases where a small amount of evidence has been found lacking during the summative assessments.

### 4.2.2 Prepare the learner for assessment and reach agreement on the assessment plan

Obtain the unit standard and the assessment guide.

Ensure learners are informed of learning outcomes, assessment criteria, assessment and feedback procedure, as well as dates.

Explain to learners what valid, authentic, current and sufficient evidence is.

Determine learner readiness for assessment and ensure agreement is reached.

Inform learners of their rights relating to assessment and appeal and ensure they understand the appeal procedure.

### 4.2.3 Identify and address special needs

If a learner has indicated that he or she has special needs or is experiencing a particular barrier to learning, assessments will be adapted as required to ensure a fair, valid and reliable assessment.

Special needs and barriers may include, among others:

* Physical disabilities
* Hearing impairments
* Poor vision
* Language and communication barriers
* Psychological and emotional challenges
* Medical conditions

### 4.2.4 Prepare for the assessment

Preparing for assessment includes organising and preparing resources, people, schedules, venues, assessment instruments and documents.

Prepare yourself by determining the learning context, assessment policies and administration requirements.

Obtain the qualification document and curriculum from the QCTO web page.

Determine learner readiness for assessment and ensure agreement is reached.

### 4.2.5 Administration

Perform administrative duties when you receive documents for assessment. These duties include, but are not limited to ensuring the following:

* The assessment plan/agreement/learner preparation checklist is completed in full and the learner has signed this (can be found in the Portfolio guide that is intended for collecting all documents to be submitted to the Assessment Centre for enrolling learners for Final External Integrated Assessment).

### 4.2.6 Conduct internal summative assessment

Internal summative assessment for knowledge components takes in the form of a knowledge test.

Portfolios are typically submitted 4 to 6 weeks after the contact session. Timeframes to be decided by the accredited provider and agreed with learners in the Assessment agreement.

Evaluate the evidence based on the criteria and guidelines in the assessment guide.

Keep record of communication with learners.

### 4.2.7 Provide feedback

Provide feedback to learners in the format of the detailed assessment feedback report supplied by the provider.

Ensure feedback meets the following criteria:

* Assessment feedback and results are handled as confidential.
* Provide feedback to learners within 30 days of receiving documents for assessment.
* Provide learners who are found Not Yet Competent with the necessary advice and support.

### 4.2.8 Re-assessment

* Learners who are deemed not yet competent on a summative assessment will normally not be allowed to be re-assessed on more than two occasions.
* When learners have to undergo re-assessment, the following conditions will apply:
  + - Specific feedback will be given so that candidates can concentrate only on those areas in which they were assessed as not yet competent
    - Re-assessment will take place in the same situation or context and under the same conditions as the original assessment
    - Only the specific outcomes that were not achieved will be re-assessed
* Candidates who are repeatedly unsuccessful should be given guidance on other possible and more suitable learning avenues.

### 4.2.9 Review of assessment

The assessor shall review the assessment in terms of:

* Process
* Evidence requirements
* Assessment method

The assessment guide typically provides the format for the assessment review.

The assessment review report is prepared for a batch of assessments and is submitted to the moderator, together with the list of assessment results, for the moderator to select portfolios for moderation.

### 4.2.10 The assessor’s role in terms of moderation

The assessor will receive a copy of the moderator’s report for the purposes of analysis and self-development.

An assessor may be requested to redo assessments at no additional remuneration if the moderator found that the assessor did not adhere to all principles of good assessment.

Assessors have a right to appeal against findings of the moderator.

## 4.3 Moderator

Moderators are expected to:

* Verify assessor registration.
* Verify that assessments are fair, valid, reliable and practicable.
* Evaluate assessment design, assessment process and assessment outcomes including documenting proof of learners’ competence status.
* Evaluate the performance of registered assessors.
* Identify areas for improvement within the assessment process.
* Identify the need for re-design of assessment tools/instruments.
* Evaluate the moderation process and identify areas for improvement.
* Provide an appeals procedure.
* Provide feedback on assessments to the relevant SETA.

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| 5 Learner rights relating to assessment |

Learners have the following rights relating to assessment:

* To be informed about the requirements for assessment, for ex ample, when and how assessment will take place; assessment activities they will be required to perform; type an amount of evidence required
* Timing of assessment to be suitable, i.e. when the learner is ready for assessment
* Fair assessment
* Feedback on assessment, including an indication of what further evidence is required if that is the case
* Re-assessment – the Training provider will provide information on re-assessment opportunities
* Guidance on further learning opportunities in the event that the learner is repeatedly found Not Yet Competent
* To be assessed in language of preference, as far as practicable, or to have an interpreter available
* To have special needs accommodated, for example, hearing, speaking or physical impairment, where possible
* The assessment to be free from barriers to a fair assessment, for example, access to venue for assessment, cost of assessment, working shifts
* Appeal against an assessment in the event of:
  + An unfair assessment
  + An invalid assessment, i.e. the assessment did not assess what was supposed to be assessed
  + Disagreement with the assessor’s judgement
  + Unethical behaviour of the assessor

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| 6 Alignment matrix with assessments |

## KNOWLEDGE MODULES

### KM-01 Supplier relationships and merchandise performance

| **KM#** | **IAC #**  **Internal Assessment criteria description** | **Learner guide Module #** | **Section # in Learner guide** | **Formative activity #** | **Internal assessment test question no.** | **Notional hours in training** |
| --- | --- | --- | --- | --- | --- | --- |
| **KM-01-KT01: The role of buying and planning (35%)** | IAC0101 Discuss the role players and their role in the buying cycle and how each impacts on the buying cycle | KM01 | 1.6 | 15  19 | Test 1 Q1, Q2, Q3 | 4 |
| IAC0102 Explain how the buying and planning functions will impact on the finances and Brand of the business, and turnover, shrinkage and profitability | KM01 | 1.7 | 3  4  19 | Test 1 Q4, 5, 6 | 4 |
| IAC0103 Discuss the inter-relationship between the buying and planning functions and other areas of the business | KM01 | 1.8 | 6 | Test 1 Q7 | 2 |
| IAC0104 Discuss the ethical standards required of people in the buying and planning function | KM01 | 1.9 | 7  8 | Test 1 Q8 | 4.5 |
| IAC0105 Identify criteria and behaviour conducive to working in a team and describe the impact it has on team dynamics | KM01 | 1.10 |  | 9 | 2.5 |
| **KM-01-KT02: Supply chains applicable to the industry (25%)** | IAC0201 Describe the various supply chains used in the industry | KM01 | 2.5 | 10 | Test 1 Q10 | 2 |
| IAC0202 Explain the concept of logistics and describe the various methods for distributing merchandise to stores | KM01 | 2.7 |  | Test 1 Q11 | 2 |
| IAC0203 Differentiate between the different distribution methods and explain their impact on buying and planning | KM01 | 2.7 | 12  14  19 | Test KM-01 Q12 | 2 |
| IAC0204 Discuss the inter-relationship of the role players involved in the flow of merchandise to stores | KM01 | 2.8 | 13 | Test KM-01 Q13, 14 | 5 |
| **KM-01-KT03: Concepts and principles of managing the supply chain (15%)** | IAC0301 Describe the responsibilities of the buyer and planner in managing the supply chain | KM01 | 3.7  3.8 | 15  16 | Test KM-01 Q15 | 8 |
| IAC0302 Discuss critical management stages in the management of the supply chain | KM01 | 3.9 | 17  19 | Test KM-01 Q16 | 3 |
| IAC0303 Describe generally accepted actions to remedy shortfalls in the supply chain | KM01 | 3.10 | 18  19 | Test KM-01 Q17 | 3.5 |
| IAC0304 Discuss Typical contingency plans used in managing the supply chain | KM01 | 3.11  3.12 |  | Test KM-01 Q18 | 4.5 |
| **KM-01-KT04: Concepts and principles of evaluating supplier performance (10%)** | IAC0401 List typical methods used to gather information on supplier performance along with the advantages and disadvantages of each | KM01 | 4.3.4 |  | Test KM-01 Q19 | 3 |
| IAC0402 Identify the generally accepted operational standards required of suppliers in terms of service delivery, merchandise quality, order fulfilment, and lead times | KM01 | 4.3 | 20 | Test KM-01 Q20 | 3 |
| IAC0403 Explain how a business’ target market could impact on operating standards required of suppliers | KM01 | 4.4 | 21 | Test KM-01 Q21 | 2 |
| IAC0404 List typical corrective measure for suppliers not meeting required standards along with the advantages and disadvantages of each | KM01 | 4.5 | 22 | Test KM-01 Q22 | 4.5 |
| **KM-01-KT05: Concepts and principles of managing the performance of merchandise (15%)** | IAC0501 Identify financial reports used to measure merchandise performance and how each is used | KM01 | 5.2 |  | Test KM-01 Q23 | 0.5 |
| IAC0502 Identify ratios used to measure merchandise performance and explain how each is used | KM01 | 5.3 | 24 | Test KM-01 Q24 | 3 |
| IAC0503 Describe typical measures used to evaluate buying and planning activities | KM01 | 5.4  5.5 |  | Test KM-01 Q25 | 2 |
| IAC0504 Describe possible activities for clearing merchandise not selling and the impact each will have on the business | KM01 | 5.6 |  | Test KM-01 Q26 | 1 |
| IAC0505 Describe possible activities for solving shortfalls in merchandise levels and the impact each will have on the business | KM01 | 5.7 |  | Test KM-01 Q27 | 1 |
| IAC0506 Describe possible activities for improving merchandise performance | KM01 | 5.8 | 24 | Test KM-01 Q28 | 1 |

### KM-04 Allocation and replenishment

| **KM#** | **IAC #**  **Internal Assessment criteria description** | **Learner guide Module #** | | | **Section # in Learner guide** | | **Formative activity #** | | **Internal assessment test question no.** | **Notional hours in training** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **KM-04-KT01: Concepts, principles and generally accepted methods of allocation and replenishment (50%)** | IAC0101 Discuss the various factors impacting on range and quantities allocated to stores | | KM-04 | 1.1 | | 55 | | Test KM-04 Q1 | | 3.5 |
| IAC0102 Explain the difference between allocation and replenishment | | KM-04 | 1.5 | | 56 | | Test KM-04 Q2 | | 2 |
| IAC0103 Discuss various methodologies used in the industry for allocating ranges to stores | | KM-04 | 1.9 | | 57 | | Test KM-04 Q3 | | 3.5 |
| IAC0104 Discuss the advantages and disadvantages of store and Head Office replenishment | | KM-04 | 1.10 | | 58 | | Test KM-04 Q4 | | 2.5 |
| **KM-04-KT02: Factors impacting on the allocation of stock to stores (35%)** | IAC0201 Describe the factors impacting on the allocation of stock to stores out of SA | | KM-04 | 2.1 | | 59 | | Test KM-04 Q | | 2 |
| IAC0202 Discuss the impact of data integrity on the allocation of stock to stores | | KM-04 | 2.2 | |  | | Test KM-04 Q6 | | 0.5 |
| IAC0203 Discuss typical methods used for calculating quantities of promotional stock to stores | | KM-04 | 2.3 | | 60 | | Test KM-04 Q7 | | 2 |
| IAC0204 Discuss typical methods used for allocating new merchandise and its quantities to stores | | KM-04 | 2.4 | | 61 | | Test KM-04 Q8 | | 2 |
| IAC0205 Discuss the impact of seasonal activity on the allocation of stock to stores | | KM-04 | 2.5 | |  | | Test KM-04 Q9 | | 2 |
| **KM-04-KT03: Typical methods for recording allocations (15%)** | IAC0301 Describe typical methods used to record allocations in a computerised environment | | KM-04 | 3.2 | | 62 | | Test KM-04 Q10 | | 1.5 |
| IAC0302 Describe typical methods used to record allocations in a non-computerised environment | | KM-04 | 3.3 | | 63 | | Test KM-04 Q11 | | 2 |
| IAC0303 Discuss how wholesalers and retailers measure the success of allocations | | KM-04 | 3.4 | |  | | Test KM-04 Q12 | | 1 |

**PRACTICAL MODULES**

|  | | | **Applied knowledge** | | | |
| --- | --- | --- | --- | --- | --- | --- |
| **PM#** | **PM description** | **IAC #**  **Internal Assessment criteria description** | **AK # and description** | **Learner guide Module #** | **Section # in Learner guide** | **Practical activity or Case study # in practical training workbook** |
| **PM-01-PS01: Evaluate and improve supplier performance** | PA0101 Determine shortfalls in the suppliers’ performance  PA0102 Propose actions to improve the suppliers’ performance | IAC0101 Shortfalls in the suppliers’ performance are determined according to the given scenario  IAC0102 The actions proposed are practical and would have the desired effect of improving the suppliers’ performance | AK0101 Techniques for evaluating case studies  AK0102 Techniques for determining shortfalls in performance  AK0103 Possible actions to correct shortfalls in supplier performance | KM-01 | 4.3 | 5.1.1.2  Plus  Formative 14  Formative 19  Formative 23 |
| **PM-01-PS02: Evaluate and improve merchandise performance** | PA0201 Rank the 6 products in order of performance  PA0202 Determine whether each are performing to, above or below required standards  PA0203 Propose ideas to improve performance or clear dead merchandise as applicable | IAC0201 The products are ranked in order of performance  IAC0202 All products are identified as to whether they are performing to, above or below required standards  IAC0203 Proposals for improving merchandise performance are practical and will result in improved performance  IAC0204 Proposals for clearing dead stock are within policies of the organisation and would result in stock being cleared | AK0201 Methods for calculating merchandise performance  AK0202 Methods to improve performance of merchandise  AK0203 Techniques for clearing dead stock | KM-01 | 4.5  5.3  5.6.1 | 5.1.2.2  Plus  Formative 24 |
| **PM-01-PS03: Work constructively in teams by applying good teamwork** | PA0301 Identify interaction that promotes good teamwork  PA0302 Identify interaction that is disruptive to the team  PA0303 Propose how interaction should have taken place so as not to be disruptive to the team | IAC0301 Interactions promoting good teamwork is identified in terms of the given scenario  IAC0302 The disruptive behaviour is identified in terms of the given scenario  IAC0303 Interaction proposed would promote good teamwork | AK0301 Techniques for analysing case studies  AK0302 Good and disruptive team interaction | KM-01 | 1.10 | 5.1.3.2  Plus  Formative 9 |
| **PM-02-PS01: Identify critical check points in the flow of stock through the supply chain** | PA0101 Analyse the supply chain and determine the critical points where disruption could occur  PA0102 Propose ways a buyer/planner could manage these critical points | IAC0101 All critical points are determined that could disrupt the supply chain  IAC0102 The proposed methods for managing these critical control points are practical | AK0101 The critical control points in the supply chain  AK0102 Methods for managing the critical control points | KM-02 | 3.9 | 5.2.1.2 |
| **PM-02-PS02: Manage stock through the supply chain** | PA0201 Determine where the disruption occurred  PA0202 Propose ways to manage these disruptions | IAC0201 All points of disruption in the supply chain are identified according to the given scenario  IAC0202 Proposals to manage the flow of stock are practical and will ensure a disruption free flow | PA0201 Determine where the disruption occurred  PA0202 Propose ways to manage these disruptions | KM-02 | 3.10  3.11 | 5.2.2.2 |
| **PM-06-PS01: Allocate new merchandise and quantities to stores** | PA0101 Allocate merchandise to stores  PA0102 Analyse requirements and calculate quantities to allocate | IAC0101 The allocation of the merchandise is according to the target market of the different stores  IAC0102 The quantities of stock allocated cover expected sales without overstocking the business | AK0101 Techniques for matching different merchandise to different target markets  AK0102 Techniques for calculating quantities to allocate | KM-04 | 1.4  2.9 | 5.6.1.2 |
| **PM-06-PS02: Replenish sales** | PA0201 Determine items to be replenished  PA0202 Analyse requirements and calculate quantities to replenish | IAC0201 All products needing to be replenished are identified in terms stock on hand and sales  IAC0202 The quantity calculated covers expected sales and the required safety stock of the organisation | AK0201 Techniques for analysing which products need to be replenished  AK0202 Techniques for calculating quantities of stock to cover expected sales | KM-04 | 1.5  1.9 | 5.6.2.2 |

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| 7 Assessment preparation |

## 7.1 Candidates

7.1.1 Candidates are prepared during the delivery of the Learning Programme’s contact time.

7.1.2 Learners sign declarations that they were prepared in their Portfolio guides.

7.1.3 The Assessor is to prepare the learner(s) for assessment by:

* Explaining
  + How feedback will be given to the learner
  + Learner review of assessment practices
  + Moderation and certification
  + Appeals procedure
* Agreeing the assessment plan – time-frame
* Confirming readiness of learners for assessment, completing and signing the form

***Learner preparation and assessment plan***

* Providing contact details of Assessor to learners in the event that they need to contact the Assessor about difficulties in terms of meeting the agreed dates.

## 7.2 Assessor

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| **Programme name** | 332301000 - Occupational Certificate: Retail Buyer | | | | | | | |
| **Level** | 5 | | | **Credits** | | | 131 | |
| **PURPOSE AND APPROACH** | | | | | | | | |
| **Purpose of Assessment** | The purpose of this assessment is to determine knowledge and practical competence of the learner. | | | | | | | |
| **Assessment Approach** | Knowledge components: Knowledge tests  Practical components: Practical guide and log | | | | | | | |
| **ASSESSOR PREPARATION** | | | | | | | | |
| **Organisational assessment and moderation policies and procedures available to Assessor (Yes/No)** | | | | | |  | | |
| **Qualification document obtained from SAQA/QCTO web page (Yes/No)** | | | | | |  | | |
| **Curriculum document obtained from QCTO web page (Yes/No)** | | | | | |  | | |
| **Special Assessment Requirements** |  | | | | | | | |
| **Special needs of candidates** | (Special needs related to the candidate(s) to be recorded here) | | | | | | | |
| **Assessor has received the model answers for tests** | | | Yes/No | | Comments | | | |
| **Assessor has reviewed curriculum, assessment strategy and instruments (including the Assessment design and plan matrix)** | | | Yes/No | |  | | | |
| **Name and surname of assessor** | |  | | | | | | |
| **Signature of assessor** | |  | | | | | **Date** |  |

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| 8 Feedback to learners |

Assessors must be registered to assess against the qualification and have industry experience as described in the curriculum.

Assessments are to be conducted in accordance with this Assessment Guide.

Written feedback to be given to learners and employers in the format of the Assessment Feedback Report included in this Assessment Guide.

Learners must receive feedback within 1 month of handing in their Portfolio guides.

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| 9 Evidence principles |

‘Good’ evidence is, as per the SAQA requirements:

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| **No.** | **Principles** | **Description** |
| 1. | Valid | The assessment must be valid in the sense that it must fit the purpose. |
| 2. | Authentic | The evidence that the candidate submits must be conducted by the candidate him/herself, in a real-life work environment, or acceptably simulated environment to the satisfaction of the assessor, and must bear the signature of the candidate parties involved. |
| 3. | Current | The evidence that is gathered must be a current and applicable. |
| 4. | Sufficient | The evidence must cover all the criteria that have been established and the performance of the candidate must be at the required standard. Thus, there must be sufficient to have enough evidence. |

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| 10 Recording and administration of assessment results |

The method of recording assessment and feedback is in the Assessment Feedback Form, which is included in the Learner assessment guide and in this Assessment guide.

Evidence of remediation required, re-submission and re-assessment must be indicated in the columns provided and feedback on re-assessment provided, as in the Assessment Feedback Form.

A list of final assessment findings must be submitted to the Training Provider.

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| 11 Recognition of prior learning |

Recognition of prior learning may be given according to the Training provider’s procedure for unit standards previously completed by learners.

The provider shall provide requirements for recognition of prior learning.

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| 12 Evidence guide for formative assessment activities |

Model answers/guidelines for assessment of formative activities are provided in the Facilitator guide, at the positions where activities should be completed during the facilitation process.

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| 13 Model answers for knowledge tests |

## 13.1 MODEL ANSWERS – KNOWLEDGE TEST – KM01

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| **MODEL ANSWERS – KNOWLEDGE TEST – KM01** | |
| Qualification | 332301 Retail buyer |
| Knowledge module | KM01 Concepts and principles for managing supplier relationships and the performance of merchandise |

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| Total possible marks | 346 | Minimum marks required | 276 (80%) |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 1 | KM01KT01 IAC0101 | Explain the role of the buyer in the buying cycle and how the buyer impacts on the buying cycle. | 10  (1 mark per function in the role and 1 mark per fact listed under impact – maximum 10) |

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| **Role** | **Impact** |
| Typically, the role and responsibilities of a buyer include:   * **Developing merchandise strategies** for the product line, store or company. * **Planning and selecting merchandise assortment**. The merchandise must be suited to the needs and wants of the customer target market. The buyer must not only select merchandise that has the potential for resale and profit, but he or she must also carefully plan the purchases. The planning includes:   + Determining what will be bought (product range planning).   + Determining the appropriate time for the merchandise to be available to shoppers. * **Supplier selection and management.** The buyer evaluates andselects suppliers who meet requirements. They also build and maintain relationships. * **Pricing the merchandise** to a achieve the targets in terms of gross margins. * **Communicating with the merchandise departments.** Buyers need to communicate with merchandising departments and stores not only to provide information on the new merchandise, but also to get feedback from the people who interact with customers on a regular basis. Communication may take place in the form of store visits, telephone communication, and e-mail. * **Advertising, promotion, visual merchandising and publicity**. Although large retail chains have staff components with responsibility for developing advertisements and promotional activities, it is the buyer who has the expertise to select specific products to be advertised or featured in displays. The buyer is the one who knows what the hot selling points are that should be stressed. * **Evaluation of suppliers and merchandise**. To ensure that the right merchandise is available, according to specifications and to ensure profitability, the performance of suppliers as well as merchandise need to be evaluated. | The buyer impacts the buying cycle by:   * deciding on the product range, * negotiating prices; and * determining when the products should be available.   These, in turn, impact on customer satisfaction and brand building. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 2 | KM01KT01 IAC0101 | Explain the role of the planner in the buying cycle and how the planner impacts on the buying cycle. | 10  (1 mark per function in the role and 1 mark per fact listed under impact – maximum 10) |

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| Planners ensure that products appear in the right *store* at the right *time* and in the right *quantities*.  The responsibilities of the planner include:   * Sales forecast * Studying market conditions and consumer buying behaviour * Effective ordering in terms of quantities of specific products (including factors such as colours, and sizes for clothing) * Efficient and effective inventory planning * Merchandise allocation * Overseeing delivery and distribution of merchandise. | Effective planning has a crucial impact on a retail business as it has a significant impact on profits.  If the right stock is not allocated to the right places at the right time this will impact negatively on sales and the success of a retail chain. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 3 | KM01KT01 IAC0101 | Explain the role of the following role players in the buying cycle and how they impact on the buying cycle: | 8  (1 per relevant fact) |

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|  | **Role** | **Impact** |
| **Finance** | Finance makes payments to suppliers and measures profitability. | Timeous payment according to the buying agreement has a positive impact on relationships with suppliers. |
| **Marketing** | Marketing introduces new products, develops advertisements and sales promotions. | Effective marketing increases sales and profits. |
| **Warehousing and logistics** | Warehousing and logistics are responsible for moving allocated merchandise to the stores on time. | If these functions are not effective, sales opportunities will be lost, impacting negatively on profits. |
| **Store operations** | Stores are ultimately responsible for presenting and selling merchandise to customers.  This requires effective space planning and communication to customers about new products and features. | The quality of customer experiences created by store staff has an impact on customer sales and customer loyalty |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 4 | KM01KT01 IAC0102 | Explain how the buying and planning functions impact on finances of the company | 5 |

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| The buying and planning functions impact on finances in several ways:   * Buying of merchandise requires financial resources and payment of suppliers. * The quantities of merchandise bought impacts on cashflow of the company. Careful planning, in co-operation with the finance department is important. Finance needs to be consulted to ensure effective financial planning and execution of merchandise orders. * The timeframe in which merchandise is bought and has to be paid for impacts on cashflow of the company. If orders, deliveries and payment for merchandise are spread over a period of time so that income is generated while products are being sold, money is generated to pay for the next order and it has a less severe effect on cashflow. * Pricing of products should be aligned with company financial strategy to ensure profit targets are achieved. * Overstock and understock situations both have a negative impact on finances. Therefore, buying should be carefully planned and scheduled. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 5 | KM01KT01 IAC0102 | Explain how the buying and planning functions impact on the brand of the business | 3 |

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| Buyers and planners source new products and introduce new products and trends into the retail chain.  The speed at which new products are introduced to the stores creates an impression of whether the brand is “up-to-date” with current global brands and able to meet the needs and interests of the targeted customer base.  The type of products sourced and bought, to be sold in the retail chain, further creates an impression of the type of store and the type of customer the company is targeting.  The products draw in a type of customer. Therefore, the merchandise sourced should be aligned to the company’s brand objectives. The targeted consumer base should also be satisfied with the services that the brand is offering.  Especially in fashion retail, buyers and planners promote the latest trends and help people connect to the world of fashion. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 6 | KM01KT01 IAC0102 | Explain how the buying and planning functions impact on turnover, shrinkage and profitability | 5  1 per fact – al least 1 fact per factor |

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| **Impact on turnover**  When the product mix, sourced and bought by the buyer and planner, meets the needs and desires of the targeted customer segment, interest is created, and purchases are stimulated. This increases sales turnover. However, if the buyer and planner cannot shape up to customer needs and desires with the product mix, turnover will stagnate, financial resources will be tied up in stock that does not sell, and eventually this will have a negative impact on the financial health of the company.  **The impact on shrinkage**  Careful selection of merchandise combined with accurate sales forecasts ensure that little markdown will be necessary. This prevents shrinkage due to markdowns. If sales forecasts are too high and large quantities of merchandise need to be marked down, shrinkage will increase.  **The impact on profitability**  Effective buying, planning and merchandising increase sales. Of prices quantities of merchandise and process were calculated correctly, there will be a positive impact on profits. On the other hand, ineffective buying and planning may lead to the need for increased reductions, which impacts negatively on profits.  How the buyer and planner schedule receipt of merchandise, will have a great effect on the company’s bottom line. For example, “frontloading”, where all the products in a range are ordered and delivered at the start of a season, has a serious impact on the cashflow and also storage and shop sales area requirements. Bringing in high quantities all at once creates large invoices and in most cases, invoices need to be paid prior to generating enough income to pay for them. The buyer and planner should aim for paying current invoices with income from current sales.  Inefficient flow of stock lowers the stock turn and as the stock turn goes down, merchandise stays on the sales floor longer and need to be marked down. This has a negative impact on profitability.  If there is new inventory coming in every month, it enables sales staff to reach out to their customers and invite them back into the store to see the new merchandise, creating excitement. That typically results in increased sales and has a positive impact on profitability. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 7 | KM01KT01 IAC0103 | Discuss the interrelationship between the buying and planning functions and other areas of the business, including the relationship between:   * Buyer and planner * Buyer and sales * Buyer and Finance * Buyer and marketing * Buyer and visual merchandising | 10  (1 per fact) |

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| **Relationship between the buyer and planner:**  There is an interrelationship between buyer and planner. The buyer sources products and negotiates prices, while the planner brings in the right quantities of merchandise to the right places at the right time. Good communication between buyer and planner is important.  **Relationship between buyer and sales:** The sales department depends on the buyer to have the merchandise in place to satisfy customer needs. Buying, in turn, depends on the sales department to effectively sell the available merchandise and provide the buyer with feedback on customer response, to assist the buyer in making future buying decisions.  **The relationship between the buyer and Finance:** The relationship between buying and the finance department requires ongoing feedback in both directions. The buyer needs to know about the possibilities and constraints that the finance department handles. These include new sources of capital that make it possible to make advantageous inventory purchases and cash flow difficulties that limit purchasing power.  In turn, the finance department needs to know when the buyer is working towards an upcoming major merchandise buying contract.  Among the basic data needed by an organisation for proper planning of its working capital and cash flow positions are accurate sales forecasts and accurate procurement schedules. It is important for the buyer and planner to inform Finance of planned purchases.  **The relationship between the buyer and marketing:** The buyer depends on the marketing team to devise effective advertising and promotional strategies, to make consumers timeously aware of new merchandise categories and product ranges, to ensure that the new merchandise will sell in the planned timeframe and at the planned quantities. Marketing, on the other hand, depends on the buyer for timeous information about the product features that meet target market needs so that there is sufficient time to plan and roll out appropriate and effective marketing strategies. marketing needs to know how the merchandise meet customer needs and how the merchandise will add value to the customer.  **The relationship between the buyer and visual merchandising:** The purpose of visual merchandising is to attract, engage, and motivate the customer towards making a purchase.  Visual merchandising increases the visibility of the brand and also enhances brand loyalty.  The buyer depends on the merchandising department to design and erect visual displays in a manner that will draw the attention of the target market and motivate them to make purchases. The merchandising department, on the other hand, depends on the buyer for information about products features and benefits and how these meet the needs and desires of the target market. Since the buyer matches products to the target market, information about the segment that is targeted, is essential information the merchandising department needs from the buyer. This is especially true in departmental store chains that offer a variety of product categories. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 8 | KM01KT01 IAC0104 | Discuss the ethical standards required by people in the buying and planning function | 20 |

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| Use the following as guidelines:   |  |  | | --- | --- | | **Transparency** | The buying and planning process should be as transparent as possible, within commercial and legal parameters.  This requires that all parties involved should be open, so that everyone understand the procedures, timescales, expectations, requirements and criteria for selection.  No relevant information should be deliberately withheld by either party, nor should misleading information be given. | | **Integrity** | Integrity is about maintaining moral standards. No corruption or fraud must be present in the buying and planning process.  The United Nations (UN) defines fraud as “the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his/her detriment, for example in order to influence the competitive selection process or the execution of a contract.  The UN lists four common fraud scenarios in the buying process:   * A person with responsibility for buying defrauds his or her employer. * Suppliers defraud their customers. * Suppliers and buyers work together to defraud the buyer’s employer. * Buyers make personal gain at the expense of the supplier.   The Logistics Bureau adds the following as examples of immoral practices:   * **Bribery.** Payments in cash or in kind made to individuals or their friends, family, or partners to buy their support for a supplier or a contract negotiation. Bribes can occur before, during, or after (kickbacks) award of a contract. * **Coercion.** Threats made against or pressure put on individuals with the same objective as bribery, namely to gain support for a supplier or contract negotiation. Coercion aims to motivate through the fear of what they might suffer or lose. * **Extortion.** Asking for a bribe or similar payment. * **Favouritism:** Also known as nepotism, in which individuals give undue preference or negotiating advantage to a supplier who is a friend or part of the same family. * **Illegal sourcing.** Suppliers offer goods or services misrepresented or produced illegally or immorally, whether because of materials used (such as the substitution of horsemeat for beef) or the labour conditions in which production takes place (notably in the garment industry). * **Traffic of influence.** The exchange of an award of contract (or support for the award) for a favour or preferential treatment by the other party of another individual or organisation.   The Chartered Institute of Purchasing and Supply provides more examples of unethical behaviour:   * Payment for being an approved supplier. | | **Impartiality** | Impartiality implies objectivity, lack of bias, tolerance, and restraint.  The same standards should be applied to all potential suppliers. | | **Fairness** | When a supplier asks for clarification, the buyer and planner should give all suppliers the requested information.  The same standards should be applied to all potential suppliers. | | **Confidentiality** | Suppliers' confidential information must not be disclosed to any third party or used in any way without the consent of the supplier. It must particularly not be shared with other suppliers.  Any information that might compromise the competitive edge of a supplier must be kept confidential. | | **Due diligence** | *Due diligence* refers to carrying out duties carefully and thoroughly and avoiding careless practices or techniques.  Due diligence requires:   * Checking the references of potential suppliers * Developing impartial evaluation criteria * Carefully analysing offers received * Not cutting corners for the sake of convenience. | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 9 | KM01KT01 IAC0105 | List behaviours that are conducive to working in a team.  Explain how these behaviours impact on team dynamics. | 10 |

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| 1. Everyone on the team talks and listens in roughly equal measure, keeping contributions short and sweet. 2. Members face one another, and their conversations and gestures are energetic. 3. Members connect directly with one another — not just with the team leader. 4. Members periodically break, go exploring outside the team, and bring information back.   The leader of the meeting should encourage participation.  Participation can be encouraged by:   * Listening sincerely to all contributions. * Giving recognition for contributions. * Asking questions to make people think or rethink issues. * Putting in effort to understand different points of view and helping other members to understand as necessary. * Managing dominant participants and drawing out quieter people.   **IMPACT:**  Encouraging discussion and participation by attendees is critical to the successful implementation of decisions because people implement decisions more readily or enthusiastically if they had participated, because they have had the opportunity of being heard. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 10 | KM01KT02 IAC0201 | Describe the following supply chains:   * Hot supply chain * Cold supply chain * General supply chain | 10 |

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| **Hot supply chains**  The hot supply chain basically only refers to the preparation, storing and selling of hot foods in a retail chain store.  Food safety standards specify that potentially hazardous foods must be stored, displayed and transported at safe temperatures and, where possible, prepared at safe temperatures.  Safe temperatures are 5°C or colder, or 60°C or hotter. Potentially hazardous food needs to be kept at these temperatures to prevent food-poisoning bacteria, which may be present in the food, from multiplying to dangerous levels. These bacteria can grow at temperatures between 5°C and 60°C, which is known as the temperature danger zone. The fastest rate of growth is at around 37°C, the temperature of the human body.  **Cold supply chain:**  The cold chain involves the transportation of temperature sensitive products along a supply chain through thermal and refrigerated packaging methods and the logistical planning to protect the integrity of these shipments.  **General supply chain:**  The general supply chain may, therefore, be illustrated as in Figure 6. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 11 | KM01KT02 IAC0202 | Explain the concept of logistics | 5 |

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| **Logistics** is the *process* of *planning*, *implementin*g, and *controlling* procedures for the *efficient and effective storage of goods*, services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements.  The process occurs between the point of origin (manufacture) and the point of consumption in order to meet requirements set by customers.  The main aim of logistics management is to allocate the right amount of a resource or input at the right time. It is also ensuring that it gets to the set location in a proper condition while delivering it to the correct internal or external customer. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 12 | KM01KT02 IAC0203 | Describe the distribution methods **and their impact** on buying and planning:   * Intensive distribution * Exclusive distribution * Selective distribution | 15 |

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| | **Distribution method** | **Description** | **Impact on buying and planning** | | --- | --- | --- | | **Intensive distribution** | With intensive distribution, a manufacturer’s products are put into as many retail locations as possible.  This method hinges on making a large number of goods available in multiple locations. These items do not typically necessitate an involved purchase decision where the customer (buyer and planner) does research before making a purchase.  Rather, these items are routine purchases that involve very minimal effort to sell. Examples are major brands of soft drinks and chocolates. | * With products available through intensive distribution, it is important that the buyer and planner do effective sales forecasts and negotiate the best possible prices for the products. * The buyer and planner must also ensure that they understand how the supply and delivery schedules work, to ensure that lead times and safety stock are calculated accurately in order to make sure that sufficient stock levels are always available in the chain stores. | | **Exclusive distribution** | When manufacturers opt for exclusive distribution, they make a deal with a retailer to sell a product through that specific storefront only, or they sell their goods directly through their own branded stores.  This distribution strategy works especially well for highly coveted, exclusive items. | * When a buyer and planner are interested in exclusive brands for their retail chains, they need to negotiate with the manufacturer where there is still room for exclusive distribution by the retail chain they represent. * Buyers and planners can also negotiate with manufacturers to specifically manufacture specific items, for which the retail chain will have exclusive distribution rights. | | **Selective distribution** | Selective distribution is an option between intensive and exclusive distribution.  With this distribution method, products are distributed in more than one location, but not as many as with an intensive distribution strategy.  For example, clothing from different brands may be offered selectively. A brand like Gucci may choose to distribute its items to its own stores in addition to a few selected department stores rather than placing its products in a range of locations.  Selective distribution helps create an implicit high-end brand message while it also increases the opportunity for shoppers to purchase the products. | Buyers and planners should source brands and products where there is scope for selective distribution through the retail chains that they represent. Examples are fashion and accessory brands. These may typically attract high-income consumers, and thereby profits can be increased while the retail chain’s brand is built. | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 13 | KM01KT02 IAC0204 | Discuss the interrelationship between the role players involved in the flow of merchandise to stores:   * Between buyer and vendor * Between buyer and distributor * Between vendor and distributor * Between buyer and stores * Between stores and customers | 10  1 mark per fact |

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| **Interrelationship between buyer and vendor**   * The buyer communicates with the vendor about product requirements. The vendor (supplier) is dependent on the buyer for accurate and sufficient information on requirements to enable the vendor to suggest prices and lead times for delivery. * Once prices have been negotiated and agreed on, the buyer is dependent on the vendor for sending the right products in the right quantities to the right place at the right time and with a correct invoice.   **Interrelationship between buyer and distributor**   * The buyer communicates the type of product, the quantities and delivery times to the distributor. The buyer may also communicate types and quantities of product to be distributed to various stores in the chain. * The distributor is dependent on the buyer for the correct information. * The buyer is then, in turn, dependent on the distributor for distributing the right products in the right quantities to the right places (stores or warehouses).   **Interrelationship between vendor and distributor**   * The vendor is dependent on the distributor to have the correct type of and enough storage and handling facilities to ensure there will not be any loss of integrity or quantities of the products sent to the distributor. * The vendor is also dependent on the distributor to send the right products in the right quantities to the right places, as agreed between buyer, vendor and distributor. * To be able to send the right products in the right quantities to the right places, as agreed between buyer, vendor and distributor, the distributor is dependent on the vendor to send the right products in the right quantities at the right time to the distributor.   **Interrelationship between buyer and stores**   * Stores are dependent on the buyer to understand their target markets and to buy the correct types of products in the right colour, sizes and quantities for the stores to meet the needs and desires of their target market customers. * The buyer is dependent on the stores to ensure merchandise is displayed correctly and attractively, aligned to the target market customers and their needs, so that the products will sell as planned and that mark-downs and damages will be limited.   **Interrelationship between stores and customers**   * Customers are dependent on stores to ensure the right products are available at the stores in the right quantities, at the right time and the right price. * Stores are dependent on customers to be loyal and buy the products that are available. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 14 | KM01KT03 IAC0301 | Describe the responsibilities of the buyer in managing the supply chain | 10  1 mark per responsibility and per fact |

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| The three key responsibilities of buyers in managing the supply chain are:   * **Building and maintaining supplier relationships**. In the current economy, the buyer and supplier collaborate to ensure that the supply chain is effective and stable.   In this collaborative relationship, the buyer:   * + needs to build strong and trusting relationships with suppliers. If he or she fails to do this, the supply chain becomes weak and risks being unable to cope with sudden variances.   + needs to work with suppliers to make sure that the suppliers can deliver the merchandise when needed or on a continuous basis, and to ensure that the price will be as was agreed.   + must keep a watchful eye on what the supplier’s competitors is offering, to ensure that the buying company is getting the best deal. * **Quality control.** The second key responsibility of the buyer in supply chain management is to control quality. Buyers play a role in ensuring that the items they purchase are of good quality and that the quality is consistent, within set parameters.   This means that the buyers must be aware of quality issues and not allow price to outweigh the demand to have good quality products available.    **Innovative approach**  Buyers also must be mindful of new innovations especially in terms of changing consumer needs, new innovated products, product cost, distribution methods, and environmental considerations.  The key objective of an innovative approach is to support supplier development activities by promoting new technology opportunities, and by ensuring that there are no contractual issues prohibiting the development.  Another way to ensure the current supplier follows the market trends is to compare the suppliers’ operational performance and cost in relation to its competitors (e.g. benchmark). |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 15 | KM01KT03 IAC0301 | Describe the responsibilities of the planner in managing the supply chain | 12 |

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| The key responsibilities of the planner I terms of supply chain management include:   * **Sales forecast and spend monitoring**   In terms of *managing the supply chain*, the planner is responsible for regular reviews of sales forecasts, based on current sales, so that forecasts can be adapted where necessary because of higher or lower sales than the forecast.  The planner is also responsible for managing the merchandise buying budget to ensure profitability.   * **Monitoring prices and terms**   During the merchandise planning process, the planner sources suppliers and negotiate prices and terms.  During the supply chain management process, the planner should monitor prices, product compliance to specifications and supplier compliance to agreed terms.   * **Studying market conditions and consumer buying behaviour**   Market conditions and consumer buying behaviour are constantly changing. The planner should consistently study changes in market conditions and consumer buying behaviour. This is critical for monitoring and reviewing sales forecasts and budgets, so that plans can be amended promptly if necessary, to prevent overstock and understock situations.   * **Efficient and effective inventory management**   Supply chain planners are typically responsible for monitoring and managing inventories. They should track delivery performance and response time of the supplier, so that remediation activities can be implemented if necessary.   * **Monitoring and managing pricing strategies**   During the merchandise planning stage, the planner determines and applies pricing strategies to ensure profitability targets will be achieved.  During the supply chain management process, the buyer should monitor whether the planned pricing strategies are achieving the objectives and make amendments as necessary. this is because there could have been changes in costs such logistics and import duty fees.   * **Overseeing merchandise allocation, delivery and distribution**   Merchandise allocation is planned during the buying and planning process.  During the supply chain process, the planner must ensure that the allocation plans remains relevant, based on actual sales at the various chain stores. The planner must also ensure that the right merchandise reaches the stores at the right time, by monitoring distribution and delivery efficiency. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 16 | KM01KT03 IAC0302 | Discuss critical management stages in the management of the supply chain. | 20 |

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| Learner answers should cover the aspects at the top of the diagram. allocate 1 mark per factor and 1 mark per pact mentioned. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 17 | KM01KT03 IAC0303 | Discuss the following generally accepted actions to remedy shortfalls in the supply chain:  Several actions can be taken to prevent or remedy shortfalls in the supply chain process:   * Applying best practices in supply chain management * Identifying and evaluating risks and preparing contingency plans to mitigate risk. * Re-allocation and/or re-allocation of merchandise * Sourcing alternative suppliers * Subtly suggesting alternatives * Increasing focus on logistics | 10  1 per fact |

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| **Best practices:**   * Set up a supply chain council * Collaborate on strategic sourcing * Ensure role players have adequate resources * Implement effective technology * Maintain healthy supplier relationships * Establish KPIs for suppliers and regularly review performance * Optimise inventory * Minimise risk through regular reviews   **Identify and evaluate risk and prepare contingency plans**   * Identify risks * Evaluate risks in terms of probability and severity * Prepare contingency plans to mitigate risks   **Re-allocation and/or re-direction of stock**  Stock can be re-allocated or re-directed from stores or areas where there is more than enough to other stores or areas where stockouts occur due to disruption in the supply chain.  Inventory may be deployed to stores or regions with the biggest product-availability deficits.  **Source alternative suppliers**  Where possible, source alternative suppliers who follow an efficient supply chain model to substitute products where it is feasible.  Secure fast supply, even it if requires reduction in the number of stock-keeping units (SKUs).  **Subtly suggest alternatives**  Assortment planning and positioning on shelves or display areas influence what customers buy.  Research has shown that that a store can utilise assortment planning to entice customers to purchase products that are widely available when certain products are facing supply disruptions. A store manager could manipulate customers’ product choice and customers’ demand by reconfiguring the set of products on display, the location of each product on the shelves and the number of facings for each product.  **Increase focus on logistics**  Increase focus on logistics to find alternatives, for example:   * **Multi-modal transportation***.* Source other modes of transport to help cope with the disruption. * **Multiple routes.** Consider using alternative routes to improve product flow along the supply chain. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 18 | KM01KT03 IAC0304 | Discuss typical contingency plans used in managing the supply chain | 15 |

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| **Segment or diversify the supply chain**  When production is centralised, there are risks attached to using only one supplier. The supply chain needs to be flexible to avoid risk of disruption in supply.  Supply chains can be fragmented to improve profits and reduce fragility in the supply chain.  The authors suggest that:   * For high-volume commodity items with low demand uncertainty, the supply chain should have specialised and decentralised capacity. For these fast-moving basic products (typically with low profit margins), it may be worthwhile to source from multiple low-cost suppliers. This should reduce the impact of a disruption at any single supplier because other suppliers might still be producing the same item. * For low-volume products with high demand uncertainty (typically, high margin), the buyer and planner can take a different approach and keep supply chains flexible, with capacity that is centralised.   **Regionalise the supply chain**  Regionalising the supply chain could contain the impact of a disruption and decrease distribution costs.   * Should an unexpected situation in one region disrupt the supply chain, for example, because of a severe storm or political riots, not all regions will be affected. * Since rising fuel prices increase transportation costs, regionalising supply chains provides an opportunity to lower distribution costs while also reducing risks in global supply chains.   Buyers and planners need to respond to supply chain disruption incidents when these do occur, but how they respond will depend on how they have configured the supply chain. Researchers have identified three stages of response: (1) detecting the disruption, (2) designing a solution or selecting a predesigned solution and (3) deploying the solution.  The authors argue that, detection, design and deployment become simpler and faster when the supply chain is segmented or regionalised.  **Flexible transportation**  Transportation may pose a high risk for disruption of the supply chain.  Flexibility in transportation may mitigate the risk.  Christopher Tang suggests that three approaches could be considered:   * **Multi-modal transportation***.* To prevent the supply chain operations from coming to a halt when disruptions occur in the ocean, in the air, on the road, etc., a flexible logistics strategy that relies on multiple modes of transportation may be adopted. * **Multi-carrier transportation** can be implemented to ensure continuous flow of materials in the case of political disruptions (labour strikes, political riots, etc.). * **Multiple routes.** To avoid a complete shutdown with a breakdown on one route (for example, as a result of destructed road, riots, road congestion) considering using alternative routes may ensure smooth material and product flows along the supply chains.   **Safety stock**  Calculating and having “safety stock” available to cover short disruptions or delays in the supply chain is another measure that can be taken to mitigate risk. However, it can be costly to keep safety stock at all stores. Christopher suggests that, instead of carrying large quantities of safety stock, a retail chain may consider storing some inventories at certain strategic locations - such as warehouse, logistics hubs or distribution centres) - to be shared by multiple chain stores. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 19 | KM01KT04 IAC0401 | List typical methods used to gather information on supplier performance. List the advantages and disadvantages of each. | 20 |

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| |  |  |  | | --- | --- | --- | | **Method** | **Challenges/Disadvantages** | **Advantages** | | **Paper questionnaires** | * Hard to construct sound information gathering instruments * Require knowledge of what to measure * Difficult to deploy * Suppliers procrastinate filling out questionnaires | * If completed, the results of a questionnaire are usually easy to interpret. | | **Web based questionnaires** | * Require resources to develop * Compliance issues | * Anonymity is usually an advantage | | **Extract from current systems** | * Data integrity * Require cleansing, massaging and formatting * Data integrity disputes with suppliers | * Information already available in the buying company’s system | | **Site visits** | * Resource intensive for both customer and supplier * Requires trained personnel * Can be inconsistent | * Direct observation can be the basis for the evaluation | | **Certification to third-party standards** | * Conformance to procedures does not guarantee best practice deployment * Can move the focus away from performance to documentation of procedures * Not specific to performance, processes and practices required by the customer | * Work is done by a third, independent party. | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 20 | KM01KT04 IAC0402 | List generally accepted operational standards required of suppliers in terms of:   * Service delivery * Merchandise quality * Order fulfilment * Lead times | 8 |

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| * **Service delivery**: On-time delivery of the right products in the right quantities at the right quality and the right price * **Lead times**: As short as possible and no longer than agreed. * **Order fulfilment**: Correct products in correct quantities at agreed time * **Quality:** Number of customer complaints limited; quality as per specification or agreement |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 21 | KM01KT04 IAC0403 | Explain how the company’s target market could impact on operational standards of the supplier | 5 |

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| Learners may provide relevant answers which the assessor should consider.  Examples include:  Consumers have become more aware of the impact of industry on, for example, the environment.  There has also been an increase in attention on how suppliers treat their employees in terms of human rights.  Stakeholder pressure on environmental and social standards, expectations with regard to sustainably in managing companies and their supply chains are gaining significant momentum. Therefore, the interests of a retail chain’s target market may have an impact on the performance standards of the company’s suppliers. Certain groups of consumers may, for example, stop buying certain products should they become aware that a retail chain’s suppliers violate human rights or sustainable manufacturing practices during the manufacture or distribution of the products.  Due to stakeholder pressures, buyers should take cognisance of the interests of their target market and select merchandise assortments and suppliers aligned to these interests. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 22 | KM01KT04 IAC0404 | List typical corrective measures for suppliers not meeting requirements. | 15 |

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| **Collaborate with suppliers in finding a solution.**  Advantage: Win-win situation for both  **Change suppliers**   |  |  | | --- | --- | | **Advantages** | **Disadvantages** | | * If the new supplier can consistently meet the agreed standards, the problem is resolved and that can have a positive impact on sales and profitability. | * It is time consuming and expensive to source and evaluate potential new suppliers. * Only time will teach whether the new supplier was a better match for company needs. * Alternative suppliers who can supply the required products might not be available. |   **Segment suppliers**   |  |  | | --- | --- | | **Advantages** | **Disadvantages** | | * Segmenting of suppliers may lead to lower merchandise costs for efficiency” model products. * Reliance on one supplier is reduced, and this could limit risk. | * Because of lower quantities, the buyer may lose exclusivity of product supply, price negotiation leverage and influence on the suppliers. |   **Regionalise suppliers**   |  |  | | --- | --- | | **Advantages** | **Disadvantages** | | * Regionalisation of suppliers may have the benefit of shorter lead times, making it easier to manage stock and prevent stockouts or excess stock. * Because of proximity, it might be easier to build personal relationships with suppliers. | * Regionalisation may limit the available merchandise assortment. | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 23 | KM01KT05 IAC0501 | List financial reports used to measure merchandise performance and explain how each is used. | 10 |

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| **Classified income statement**  The classified income statement shows important relationships that help in analysing how well the company is performing. For example, by deducting cost of goods sold from operating revenues, it can be determined by what amount sales revenues exceed the cost of items being sold. If this margin, called gross margin, is lower than desired, a company may need to increase its selling prices and/or decrease its cost of goods sold.  **Inventory on hand**  The inventory on hand report shows how many product units are in each store as well as the current stock value. That information tells the user of the report how much capital is tied in on inventory, which in turn can help with financial plans and forecasts.  **Sales summary report**  The sales summary report provides an overview of sales for a given time period. This report typically also shows cost of goods sold, gross profit, margins, and tax.  The report provides is used to get a macro view of retail sales, for example:   * Sales for the month, quarter or year * Year-to-date sales * Sales compared to last month, quarter or year   **Product performance report**  This report shows how much merchandise was sold over a given time period as well as a summary of items sold per month or per week.  The product performance report is used to determine which items are worth investing in and which ones should not be re-ordered.  **Sales report per product and product type**  This report ***per product*** makes it easy to identify best and worst selling products, so the buyer/planner can determine the right course of action. If a particular product is selling well, for example, the buyer/planner could consider ordering more of it. On the flip side, if a product is not performing well, then the buyer/planner would want to know sooner rather than later so they can run promotions before the season ends.  Sales ***per product type*** helps the buyer/planner get a handle on revenue from a category level. This is a great report to run to identify broader trends or insights.  Example: If a footwear retail chain notices that a particular brand or style of shoes is quickly gaining in popularity, or that certain shoe sizes sell more quickly, these insights can be used to amend stock ordering and marketing decisions for the rest of the season. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 24 | KM01KT05 IAC0502 | List ratios used to measure merchandise performance and explain how each is used. | 25 |

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| **ABC analysis**  ABC analysis rank orders merchandise by performance measure to determine:   * which SKUs should be in the merchandise plan; * which items should never be out of stock; * which items should occasionally be allowed to be out of stock; * which items should be deleted from the stock selection; and * how much backup (safety) stock is required.   This is done by rank ordering the SKSs into categories A, B and C, through performance measures such as sales, gross margin and GMROI (Gross margin return on investment).  The first step in the ABC analysis is to rank order SKU’s using one or more criteria.  With this inventory classification, the total inventory is classified into three categories:   |  |  | | --- | --- | | A | This category represents the most valuable products. They are the products in this category contribute heavily to the company’s overall profit.  This category will be the smallest category but include the biggest money makers. These products are, however, crucial for inventory control, order scheduling, safety stock, prompt delivery, stock balance and refill demands. | | B | Category B represents the middle-of-the road products.  This category is all about potential. The products in Category B can usually be developed into category A items. | | C | Category C products are relatively unimportant in terms of critical stock control.  Products in this category make up thousands of tiny transactions that are essential for profit, but the products do not individually contribute much value to the company.  It is also the category where automated replenishment systems should be used. |   **GMROI**  The gross margin return on investment (GMROI) is an inventory profitability evaluation ratio that analyses a company’s ability to turn inventory into cash above the cost of the inventory.  The GMROI calculation assists buyers and planners in evaluating whether a sufficient gross margin is being earned by the products purchased compared to the investment in inventory required to generate those gross margin dollars.  The formula for the GMROI is  **Sell-through analysis**  With sell through analysis, the actual sales and forecast sales are compared and the difference is analysed to determine whether to apply markdown or to place a fresh request for additional merchandise to satisfy current demand.  Tracking via sell-through is a traditional measure that is used by most fashion retailers and fashion brands. It is how the fast fashion retailers interpret, and respond to this metric, across their value chain, that creates value for the brand, business and consumers.  **Multiple-attribute**  Retailers and buyers use this method to evaluate the performance of merchandise and suppliers.  This method is used to analyse the various alternatives available with regard to vendors and select one that best satisfies store needs. This method is based on the concept that customers look a retailer or a product as a collection of features and attributes.  The steps for calculating multiple attribute are:   1. Develop a list of issues to consider for decision making, like supplier reputation, service merchandise quality, selling history etc. 2. Give importance weights to each attribute. 3. Make judgments about each individuals brand’s performance on each issue. 4. Combine the importance and performance scores. 5. Add all to arrive at the brand scores. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 25 | KM01KT05 IAC0503 | Describe typical measures used to evaluate buying and planning activities | 10 |

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| **Range reviews**  Range reviews are regularly conducted to remain competitive. Retailers continually have to monitor and assess their product ranges in line with their customer’s needs.  Range reviews are based on thorough data analysis. The goal is to use the data to spot opportunities to improve the category.  **Evaluation of allocation**  Sell-through analysis. Sell-through analysis measures the quantity of inventory that is sold within a given period, relative to the quantity of inventory received within the same period.  It is among the most important key performance indicators in inventory management.  The buyer can segment sell-through rate analysis by product to see which products are selling well and which products are selling poorly. This information can then be used to improve allocations and reduce the risk of carrying slow moving product.  The formula for sell-through analysis is as follows:  **ABC analysis.** It can be used to allocate product ranges and determine the top 20% of products that contribute around 80% of sales.  It can also be used to evaluate and product ranges (categories) in terms of performance and then to compare the actual performance against the initial product range plans.  It is often practice in retail to remove the last 20% from future product range allocations, unless the products play a specific role such as convenience to the customer who could be lost to the competition of the store does not sell these products. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 26 | KM01KT05 IAC0504 | Describe possible activities for merchandise not selling and the impact of each on the business. | 25 |

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| **Short-term:**   |  |  | | --- | --- | | **Sale** | **Sales help move overstock and dead stock, but they must be planned and used with caution. Sales should not be offered so regularly that customers become used to the sales and put off buying, in anticipation of the “good deals” they will get on the next sale.**  **There are different types of sale:**  **Flash sale.** Flash sales are often offered with heavier discounts (typically 50-70% off) and last for a limited time. Though the prices are discounted enough that some items may be selling at a loss, it is still better than keeping dead stock on the store’s shelves.  **Clearance section.** The store may either have a permanent clearance section in an effort to attract bargain shoppers or create one seasonally to feature overstocked inventory. This slow-moving stock typically consists of items that have been in the store for at least 3 months.  **Seasonal sale.** For retailers that order different stock seasonally, seasonal sales can be a great way to rid excess products. Consumers have learned to anticipate great seasonal discounts.  **Product specific sale.** Storewide sales can be dangerous if not managed perfectly. A larger than expected turnover can result in losses bigger than anticipated and take months to recover from. For this reason, sales of only a limited number of products may be wise. | | **Pricing strategies** | **Overstock pricing strategies can be applied in the following ways:**  **Bundle products.** Pairing a best-seller with one of the poorly moving products is a great way to move the slower-moving stock. Make the pair cheaper than the two would have been individually but price it so that there will still be a profit. Consider also pairing a high-margin item with a low-margin one. Bundled deals are fun for customers.  **Complementary items.** Take advantage of shelving strategies and product placement. Situate slow-moving products next to top-sellers, especially if they are related products. It might remind someone to buy something they forgot they needed.  **Buy one get one.** “Buy one get one” deals are hard to say no to, even if customers so not really want the product. Grouping several units of the same slow-moving product together can get inventory moving quickly. | | **Remerchandise** | **An effective strategy is to remerchandise and position products differently. It is quite often as simple as repositioning stock or merchandising the overstock or dead stock items at “hot spots” (high traffic areas).**  **In addition to changing position, the signage can be used to draw attention. Use nice displays and bright signage.** | | **Incentives** | **Use overstock items as incentives. Offer free products as rewards for signing up to loyalty programmes or set benchmark sales, for example, buy for Rx and get a free …** |   **Long-term:**  To prevent overstock and dead stock, the chain store manager should understand customer demand.  The chain store manager can get insight into demand by studying sales trends at the store. For stock that is replenished regularly, it is best practice to consider sales figures for six months.  Historical sales data can help predict what will sell during specific times of the year. It is especially helpful to plan for seasonal sales. For example, if sales of chocolate products over the previous Easter time were 20% higher than the average monthly sales, it is a good indication of how much more stock to buy for this Easter.  Demand forecast methods help with planning replenishment in a manner that will ensure sufficient stock without overstocking. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 27 | KM01KT05 IAC0505 | Describe possible activities for solving shortfalls in merchandise levels and the impact each will have on the business. | 20 |

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| **Short-term actions** Re-allocation and/or re-direction of stock Stock can be re-allocated or re-directed from stores or areas where there is more than enough to other stores or areas where stockouts occur due to disruption in the supply chain.  Inventory may be deployed to stores or regions with the biggest product-availability deficits Subtly suggest alternatives Assortment planning and positioning on shelves or display areas influence what customers buy.  Research has shown that that a store can utilise assortment planning to entice customers to purchase products that are widely available when certain products are facing supply disruptions. A store manager could manipulate customers’ product choice and customers’ demand by reconfiguring the set of products on display, the location of each product on the shelves and the number of facings for each product. Liaise with supplier In some cases, especially if the supplier is regionally located, it might be possible to request special arrangements to alleviate the shortage of stock.  **Long-term actions** Source alternative suppliers If the shortfall is caused by continuous underperformance of the supplier, one option is to source alternative suppliers who follow an efficient supply chain model to substitute products where it is feasible.  The buyer/planner should secure fast supply, even it if requires reduction in the number of stock-keeping units (SKUs). Review forecasting methods and safety stock levels A review of forecasting methods should be considered if the cause of understock seems to be vested in the manner in which demand forecasting is done or inadequate safety stock levels. Search for ways in which to reduce lead time Where possible, solutions should be found to shorten lead time.   |  |  | | --- | --- | | **Inventory planning** | Inventory planning as part of stock control is important. Running out of high-demand items leads to lost sales and lost customers.  In an ideal stock control situation, new inventory should come in at the same time old inventory is depleted. There should be no soldouts and no overstocking.  Accomplishing this requires accurate, up-to-date data on stock on hand, stock on order and stock that is being shipped. | | **Effective order cycles and replenishment** | To avoid either an overstock situation or soldouts stock control systems must include effective order cycles and methods for replenishment.  Replenishment methods must ensure ordering enough stock to meet demand without exceeding predicted turnover. | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 28 | KM01KT05 IAC0506 | Describe possible activities for improving merchandise performance | 20 |

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| **TRAFFIC BUULDING**  The aim of the traffic building strategy is to draw customers’ attention into the stores then to the aisle, and into a category. This strategy is typically is used for products that are price sensitive and are frequently purchased.  Traffic building products or categories are usually displayed at eye-level, which is deemed prime position because it generates the most sales.  **TRANSACTION BUILDING**  The transaction building strategy focuses on increasing the size of the average category transaction, by encouraging consumers to purchase complementary products.  Transaction building strategies also include the display of items to encourage impulse purchases, and using promotions to encourage up-trading, for example, 3 for the price of 2.  **PROFIT GENERATING**  When identifying profit generating categories, buyers/planners need to consider three factors:   * Higher selling price * Higher gross profit % (margin) and * Categories that have a high GP% and a high stock turn.   Accessories that compliment a product are generally profit generating categories.  The consumer’s exposure to higher margin items can be increased by merchandising these categories in high traffic areas.  **EXCITEMENT GENERATING**  Excitement generating strategies essentially focus on offering fashionable and innovative products or promotions.  This strategy is used to create excitement for a particular category by communicating a sense of urgency or opportunity to the consumer.  **RECONSIDER CATEGORY ROLES**  Part of category management is to assign a role for each category.  A category role defines the role the retailer wants the category to play within the stores. Category roles can be used to:   * increase shopper traffic * support specific shopping needs * feature special occasions * make target categories more shopper friendly * help chain stores execute specific strategies targeted to meet consumer’s needs * help determine the strategic layout for the store. The chain store manager can manage traffic flow by placing categories strategically within identified destination roles throughout the store and surrounding them with related routine and impulse categories * Set the stage for assortment, pricing and merchandise strategies. |

## 13.2 MODEL ANSWERS – KNOWLEDGE TEST – KM04

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| **MODEL ANSWERS – KNOWLEDGE TEST** | |
| Qualification | 332301 Retail buyer |
| Knowledge module | KM04 Allocating stock to stores |

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| Total possible marks | 90 | Minimum marks required | 48 (80%) |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 1 | KM04KT01 IAC0101 | Discuss the factors impacting on the range and quantities allocated to stores | 25 |

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| ***Customer decision trees and behaviour:***  In different locations, customers have different decision trees, that is, they make buying decisions in different ways, based on their priorities.  For example, in one location where customers are price sensitive, the majority of customers may look at price first, then flavour, then size and brand last.  In another location where customers are not price sensitive, environmental issues may be more important and may be a higher priority for the customer base than price is. Customers may first consider the impact of specific products and their packaging on the environment before deciding which products to buy.  It is important to know the customers (target market), because different types of customers use different decision trees to select products. The figure below provides examples of customer considerations when buying cold drink items, based on factors such as:   * price (premium, mainstream, economic); * consumer - who will use the products (the customer, family, children, etc.); * occasion (e.g. food on-the go; food for school lunch box; work lunch box, etc.) and so on; * packaging (size; UOM; re-sealable; etc.) and finally * the product (carbonated/non-carbonated; flavour; normal/sugar-free; cold/ambient).   Consumer behaviours differ based on cultural, personal, physiological ad social factors within a customer base. For each of these segments of a customer base, the focus of product selection and priority factors are different. For example, for customers who are price sensitive, price will be a priority when considering product selection. Some customers may be highly influenced by visual factors, so for them packaging and brand may be key factors in product selection. Yet another group of customers may consider functionality as key factor for deciding which product to buy.  ***Store size***  Size of the store impacts on capacity – how much stock can be accommodated. This will impact on how the buyer selects the number of products within categories (category width).  Quantities required are also impacted by the size of the store. The buyer does not want to allocate more goods than a store size can handle. Store size determines how much capacity the store has and therefore the quantities of stock that can be allocated at a time.  A store with larger floor space will probably need to stock a wider and deeper selection of products to cater for the needs and expectations f a larger number of customers visiting the store. Generally, consumers expect a larger store to have a much larger and more exciting selection of products to choose from.  Naturally, the physical characteristics of merchandise are also considered when allocating stock. For example, furniture stores of smaller size will in most cases not carry large lounge suites, or if they do, there will be a limited selection.  One of the first questions to answer when considering product range for a particular store is, therefore, whether store capacity will fit all the assortment options.  ***Sales***  Most retailers classify stores as A, B or C based on their size and annual sales.  A type stores carry the maximum product range and quantities since they are larger and contribute the largest sales volume.  C type stores are allocated only a basic product range and smaller quantities.  ***Demographic characteristics***  The allocation of merchandise is different for different stores. It depends on the profiles of consumers frequenting the store – their preferences, size rations, colour requirements, etc.  Buyers, therefore, consider the physical characteristics of the merchandise and the depth of assortment and level of product availability that the company wants to portray for a specific store.  The geo-demographic characteristics of a store’s location are considered when making decisions about allocation. For example, stores in rural areas will have different geo-demographics than stores in urban areas.  Demographic characteristics of the target market and the local customer base such as employment status, age and lifestyle have an impact on customers’ buying decisions.  **Lifestyle**  Lifestyle of the customers of certain stores may impact on assortments for clothing and food. For example, an analysis of the cereal category at some stores with an upmarket customer base might reveal that in those stores there is a significantly higher percentage of sales for the healthy breakfast cereal assortment than for sugary breakfast cereals.  **Age groups**  Different age groups have different needs and preferences in terms of types of products. In locations where the customer base is mainly young families, assortments for food items, clothing, etc. will need to be different from those for locations where the customer bases consists mainly of mature families.  **Employment status**  Employment status may impact on more aspects than price of the product range. It may also impact on aspects such as style of clothing, e.g. office wear or more casual wear.  In addition to considering the demographics of the stores’ locations, the buyer that allocates stock should also consider trends and how the target markets in different locations respond to trends. In an article on assortment planning, the following example is given.  Such a mix in allocation would apply to stores in locations where the customers are keen to follow fashion trends. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 2 | KM04KT01 IAC0102 | Explain the difference between the allocation and replenishment | 5 |

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| Allocation and replenishment are two different approaches to getting the right stock in the right quantities to the right stores at the right time.  ***Planning and allocation***  Merchandise planning involves the process of setting and maintaining goals for sales and inventory.  **Allocation** is the process of assigning individual quantities to specific stores based on performance analysis. It works on the basis of assessing how many units are likely to be sold over a given period and hence an overall allocation of goods is determined.  The objectives of allocation systems are to:   * Minimise time required to allocate merchandise; and * Maximise profit by reducing costs and aligning product placement within a store with the opportunity to sell the merchandise.     ***Replenishment***  Replenishment involves acquiring product on a **recurring basis** to support anticipated need at a store.  It works on the basis of re-ordering the same goods as stock levels reduce. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 3 | KM04KT01 IAC0103 | Discuss the methodologies used in industry for allocating ranges to stores | 4 |

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| The buyer may use the ABC classification to categorise stores based on floor space and sales contribution.  **Class A**  Class A stores are those that have the highest sales figures (and are typically the largest in size).  Typically, Class A includes the top 20% of stores.  Class A should carry the full product range and it is crucial that these stores receive sufficient merchandise so that they never experience stockouts of merchandise, especially staple products.  Therefore, there should ideally be short lead times in supplying these stores and their sales should be monitored continuously to observe any changes in demand for merchandise so that quick response can be initiated.  **Class B**  Class B stores have lower sales than stores in Class A.  Class B typically makes up 50% of the stores, after Class A.  They are important to monitor very closely for replenishment but do not require the same level of attention and control as Class A.  **Class C**  Class C stores are typically the lowest 30% of the stores, both in terms of size and sales. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 4 | KM04KT01 IAC0104 | Discuss the advantages and disadvantages of store and Head Office replenishment | 8 |

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| Use the following as guidelines. The assessor should accept other appropriate responses.  ***Head Office replenishment***   |  |  | | --- | --- | | **Advantages** | **Disadvantages** | | Centralised information and placing of orders – reduced confusion  Can be automised | Not necessarily when stock needed  Unexpected higher sales may lead to stock not being available because Head office replenishment often takes place at fixed time periods  Might be inflexible and not responding quickly enough to changes in demand at store level |   ***Replenishment at store level***   |  |  | | --- | --- | | **Advantages** | **Disadvantages** | | Allows for quick response to changes in demand  The manager is in charge of what is replenished | Managers may overbuy because they place regular orders of fixed quantities | |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 5 | KM04KT02 IAC0101 | Describe the factors impacting on the allocation of stock to stores out of South Africa | 8 |

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| * **Suitable attire acceptable to local culture** in the country to where the stock is allocated. Certain types or styles of clothing might be offensive in certain countries. * **Climate and weather**. Climate and weather in another country might differ from the climate and weather in south Africa, and that may impact on the types of products allocated to stores outside South Africa. * **Documentation required for trans-border transportation**. Border control of imports and goods transported out of South Africa into another country will need specific documentation both for the export and the import. The buyer should ensure that all documentation meets the requirements of both countries. * **Legislation including import legislation, environmental management legislation**. Legislation of the other should be taken into consideration before allocating products to stores outside South Africa. There might be restrictions on, for example, imports of certain types of food products. For other products, special import permits may be required. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 6 | KM04KT02 IAC0102 | Discuss the impact of data integrity on the allocation of stock to stores | 5 |

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| Data integrity within software systems is essential to ensure the accuracy and usefulness of the results.  Inaccurate data, outdated data and/or missing data can cause inaccurate results that will impact the outputs generated by these processes. Errors and inaccuracies may have a huge impact on effective allocation of stock to stores. Possible consequences include:   * Inadequate quantities of stock allocated to stores result in stockouts and loss of selling opportunities. * Too much stock allocated to stores result in markdowns, which have a negative impact on potential profit. * Incorrect product ranges allocated can result in either lost selling opportunities or stock that does not sell and need to be marked down. Both ways, the company loses potential income and profit. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 7 | KM04KT02 IAC0103 | Discuss typical methods used for calculating quantities of promotional stock to stores | 6 |

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| ***ABC classification of stores***  The method that is used most commonly is to classify stores into three or four groups based on size of the stores. (This is where the ABC classification of stores can be used).  Promotional stock is then allocated proportionally to these stores, based on the Pareto principle of prioritisation.   * Class A stores: 80% * Class B stores: 15% * Class C stores: 5%   ***History-based allocation***  Although ABC classification might seem the easiest method to use for allocating promotional stock to stores of different sizes, it lends itself to inaccurate allocation that may result in large markdowns in some stores and loss of sales in other stores.  It is suggested in literature that history of promotional sales per store or class of store for similar products will result in a more accurate forecasting, because such forecasts will be based on consumer buying behaviour per store. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 8 | KM04KT02 IAC0104 | Discuss typical methods used for allocating new merchandise and its quantities to stores | 6 |

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| ***ABC classification of stores***  The method that is used most commonly is to classify stores into three or four groups based on size of the stores. (This is where the ABC classification of stores can be used).  Promotional stock is then allocated proportionally to these stores, based on the Pareto principle of prioritisation.   * Class A stores: 80% * Class B stores: 15% * Class C stores: 5%   ***History of sales of similar merchandise***  Although ABC classification might seem the easiest method to use for allocating promotional stock to stores of different sizes, it lends itself to inaccurate allocation that may result in large markdowns in some stores and loss of sales in other stores.  It is suggested in literature that history of promotional sales per store or class of store for similar products will result in a more accurate forecasting, because such forecasts will be based on consumer buying behaviour per store. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 9 | KM04KT02 IAC0105 | Discuss the impact of seasonal activity on the allocation of stores | 10 |

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| **Seasonal sales** **activities** include any period of the retail fiscal calendar year where a business predictably experiences a surge in customer traffic and sales.  This **seasonality** happens regularly, be it every year, every quarter, or with other predictably repeatable occasions. When thinking about seasonal sales, most people instantly think about the November/December time frame. However, while the end-of-year holiday season certainly is a busy season that should be prioritised, there are other several other situations that contribute to seasonal spikes in sales.  Examples of seasonal events include:   * Back to school * Valentine’s day * Mothers’ day * Fathers’ day * Secretaries’ day * Easter * Hanukkah * Eid * Christmas   During these seasonal events, sales for certain categories of merchandise will experience a spike. Some types of products might only sell well during a specific period while others might not sell well during these times.  Seasonal sales activity impacts on allocation of merchandise. The buyer needs to carefully forecast sales and allocate merchandise according to the forecast.  The following are some of the factors that should be considered when planning and allocating merchandise for seasonal sales:   * **Target market profile.** This will impact on the type of products to allocate. * **Target market needs** in terms of products as well as quantities * **Sales history** for different stores for similar seasons * **Economic forecast** for the country. In some cases, the economic forecast for a location might also impact on seasonal sales, for example, when a large factory in an area closes and thousands of people lose their jobs. * **Overall trends.** Merchantmethods.com suggests that “what was once just Christmas and Black Friday has turned into a whole fiscal quarter of shopping events.” It is recommended that this quarter be broken down by each phase of the holiday season so that the buyer can recognise the different contexts that shoppers are coming from. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 10 | KM04KT03 IAC0101 | Describe typical methods used to record allocations in a computerised environment | 4 |

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| ***Seasonal adjustment of sales figures***  Seasonal adjustment of sales figures, using a spreadsheet:  The basic concept is that for each month, you compute the ratio of that month’s sales to the entire year’s sales. So, for January of the first year, you calculate January sales as fraction of the average sales for the year. This is done for January of every year, then average the results. This gives a good idea of how January typically differs from the average month.  Repeat the exercise for every other month, February through December, giving you results for all 12 months of the year.  Allocation for the season is then calculated based on the factor of the season over the average for the year. |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 11 | KM04KT03 IAC0102 | Describe typical methods used to record allocations in a non-computerised environment | 3 |

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| **Allocation software**  In large retail chains, complicated mathematical algorithms are used for calculating accurate and effective allocations on store as well as product basis. This is the most effective method for preventing both overstock and understock situations.  Many merchandise allocation software programmes are available, including software provided by:   * JustEnough * RELEX * Logility * JDA Software * Oracle * Mi9Retail |

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| **Question #** | **INTERNAL ASSESSMENT CRITERIA** | **QUESTION** | **MARKS** |
| 12 | KM04KT03 IAC0103 | Discuss how wholesalers and retailers measure the success of allocations | 6 |

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| In a non-computerised environment, that is, where dedicated allocation software is not available, the buyer will need to generate sales reports from the POS software system and use that information either on a Microsoft Xcel spreadsheet into which relevant formulae is entered, or a paper-based form.  The explanation given under seasonal adjustment of sales through the method of moving average serves as an example.  In such a case, the spreadsheet serves as tool to assist with allocation of quantities and as a record for evaluation of the effectiveness of the allocation – columns can be added to the sprreadsheet to record:   * Quantities of a product allocated per store, then summed for the retail chain as a whole * Actual sales per store, then summed for the retail chain as a whole * Calculation of the success of the allocation by solving the the sales as a percentage of the allocation that was made. For example, if the allocation of SKU108 was 6,000 and sales were 4,500, then the allocation success was |

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| 14 Assessment guide for practical training |

All requirements for practical training are provided in the Practical guide and log.

The assessor should ensure that all practical training activities are completed and signed off by the facilitator/manager.

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| 15 Assessment feedback report |

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| Learner full names and surname |  |
| Learner ID number |  |
| Programme completed |  |
| Assessor full names and surname |  |
| Assessor ID number |  |

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| **Knowledge subjects** | | | |
| **Number** | **Title** | **C/NYC** | **Feedback to learner** |
| 332301000-KM-01 | Concepts and principles for managing supplier relationships and the performance of merchandise |  |  |
| 332301000-KM-04 | Concepts and principles for allocating stock to stores |  |  |

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| **Practical skill modules** | | | |
| **Number** | **Title** | **C/NYC** | **Feedback to learner** |
| 332301000-PM-01 | Manage supplier and stock performance |  |  |
| 332301000-PM-02 | Manage stock through the supply chain |  |  |
| 332301000-PM-06 | Allocate products |  |  |

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| **Work experience modules** | | | |
| **Number** | **Title** | **C/NYC** | **Feedback to learner** |
| 332301000-WM-01 | Processes and procedures for the management of supplier and stock performance |  |  |
| 332301000-WM-05 | Processes and procedures for allocating stock to stores |  |  |

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| Assessor’s overall finding (C/NYC) |  | | |
| Assessor comments | | | |
| Assessor’s signature |  | Date |  |
| Moderator full names and surname |  | | |
| Moderator ID number |  | | |
| Moderator comments | | | |
| Moderator’s signature |  | Date |  |
| Learner’s signature |  | Date |  |

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| 16 Assessor review of assessment – Report to moderator |

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| **ASSESSOR REVIEW DOCUMENT**  Please complete this review document to enable us to finalise the assessment process | | | |
| **Programme Name and ID** |  | **Date of Review** |  |
| **Assessor** |  | **Moderator** |  |
| **Assessor Registration ID** |  | **Moderator Registration ID** |  |
| **Organisation** |  | **Organisation** |  |

Dear Moderator,

This is a review on the assessment against the qualification:

**Assessment schedule**

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| **Activity** | **Proposed date(s) and time** | **Actual date and time** | **Comments** |
| **Pre-assessment meeting** |  |  |  |
| **Assessment** |  |  |  |
| **Feedback to candidate and relevant parties** |  |  |  |
| **Moderation** |  |  |  |

**List of candidates**

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| **First names and surname** | **ID** | **Outcome of the assessment** |
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I used the following for the assessment:

1. Assessment plan (Alignment matrix)
2. Assessment instruments in the Learner assessment guide
3. Assessment guide (Model answers/Evidence guide) in the Assessment guide for assessor

**Review of the assessment plan**

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| **Criteria** | **Y/N** | **Comment / Action required** |
| Is there an assessment plan (alignment document) available which demonstrates alignment of instruments with the assessment instruments and tools |  |  |
| Are there sufficient questions to cover the **knowledge competence** as required by the qualification? |  |  |
| Are there sufficient checklists to cover the **practical competence** as required by the qualification? |  |  |

**Review of the assessment instruments**

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| **Criteria** | **Y/N** | **Comment / Action required** |
| Are the memoranda available for the questions? |  |  |
| Do the instruments cover all the practical skills as required? |  |  |

**Review of the assessment principles**

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| **Criteria** | **Y/N** | **Comment / Action required** |
| Are there assessment instruments for **ALL** the assessment criteria? (Principle: Sufficiency) |  |  |
| Do the assessment instruments clearly relate to the specific outcomes? (Principle: Validity) |  |  |
| Does the assessment plan indicate which assessment instruments must be used for each specific outcome? (Principle: Systematic) |  |  |
| Are the evidence requirements relevant to the qualification? (Principle: Validity) |  |  |
| Were the evidences verified to be contributable to the specific candidate? (Principle: Authenticity) Further: The evidence mirrors the candidates’ natural work and is not fabricated. |  |  |
| Does the evidence prove that the candidates can perform the outcomes at the time when the assessor declared them competent (Principle: Currency). |  |  |
| Are the assessment methods suitable for the outcomes being assessed? (Principle: Appropriateness) |  |  |
| Is the assessment instruments manageable and user friendly? (Principle: Manageability) |  |  |
| Was the assessment conducted in a fair manner? (Principle: Fairness) |  |  |

**Review of the assessment process i.e. (prepare, conduct and feedback)**

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| **Criteria** | **Y/N** | **Comment / Action required** |
| The assessment process was transparent, in that the candidates were allowed to provide input to the accumulation of evidence. |  |  |
| The assessment process was transparent in that the candidates had a clear understanding of the evidence requirements and the criteria against which the evidence would be judged. |  |  |
| The assessment process is systematic. |  |  |
| The assessor confirms being able to make the same judgements again, in similar circumstances. |  |  |
| The assessment methods are suitable for the outcomes being assessed. |  |  |
| The assessment does not present any barriers for the candidates. |  |  |
| All special needs have been catered for and considered during the assessment. |  |  |
| Evidence collected is integrated into work, i.e. it mirrors the candidate’s natural work environment and is not fabricated evidence. |  |  |
| Feedback mechanisms are appropriate and sufficient. |  |  |

**Review of the qualification**

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| Do you agree with the title of the qualification? | **Yes** | **No** | |
| If “no”, please suggest an alternative with a brief motivation for the change | | | |
| Do you agree with the purpose of the qualification? | **Yes** | | **No** |
| If “no”, please suggest an alternative with a brief motivation for the change | | | |
| Do you agree with the specific outcomes as an indication of the elements of the qualification? | **Yes** | | **No** |
| If “no”, please suggest an alternative with a brief motivation for the change | | | |
| Do you agree with the various range statements as a means to provide context and scope for the unit standard, as well as to clarify the use of terms, exclusions and inclusions? | **Yes** | | **No** |
| If “no”, please suggest an alternative with a brief motivation for the change. | | | |
| Do you agree with the assessment criteria (for each specific outcome) | **Yes** | | **No** |
| If “no”, please suggest an alternative with a brief motivation for the change | | | |

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| 17 Moderator evaluation on assessment |

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| **Moderation report on assessments** | |
| Name and surname of moderator |  |
| Registration number or ID of moderator |  |
| Qualification number and title |  |

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| **Training provider information** | | | |
| Name of provider |  | | |
| Accreditation number |  | | |
| Contact person |  | | |
| Telephone |  | Mobile number |  |
| e-mail address |  | | |

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| **ASSESSMENT INFORMATION** | |
| Assessment date/timeframe |  |
| Names of assessors |  |
| Assessor information | * Assessors have the required subject matter expertise * Assessors are registered and their scope cover the qualification/skills programme/unit standard9s) |

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| **Documentation for moderation** | | | |
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| **Sampling** | | | |
| Sample details | **Total number of portfolios** | **Sample percentage (at least 10% of assessments)** | **Sample method** |
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| **Validation of assessors and candidate allocation (manageable ratio within the timeframe)** | | | |
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| **Special needs** | | | |
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| **Planning and preparation for assessment and assessment instruments** | | | |
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| **Comments on assessments conducted – Feedback to the assessor (advice, support and guidance)** | | | |
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| **Signature** |  | **Date** |  |