# Business 2019 v1.1

IA2 mid-level annotated sample response

September 2018

## Investigation — business report (25%)

This sample has been compiled by the QCAA to assist and support teachers to match evidence in student responses to the characteristics described in the instrument-specific marking guide (ISMG).

### Assessment objectives

This assessment instrument is used to determine student achievement in the following objectives:

1. describe business environments and situations relating to strategic markets in the maturity stage of the business life cycle

2. explain business concepts, strategies, and processes relating to strategic development

3. select data and information relating to a hostile competitive business situation and environment to analyse the business situation using analytical tools

4. interpret relationships, patterns and trends to draw conclusions about implications of strategic development

5. evaluate marketing and operational strategies for strategic development to make decisions and propose recommendations

6. create a business report that communicates strategic development to suit purpose and audience.

# Instrument-specific marking guide (ISMG)

## Criterion: Describing

### Assessment objective

1. describe business environments and situations relating to strategic markets in the maturity stage of the business life cycle

| The student work has the following characteristics: | Marks |
|---|---|
| • accurate recognition of significant and relevant business facts and characteristics<br>• comprehensive descriptions of the business environment and situation relating to strategic development<br>• purposeful use of business terminology. | 3 |
| • accurate recognition of relevant business facts and characteristics<br>• adequate descriptions of the business environment and situation relating to strategic development<br>• appropriate use of business terminology. | 2 |
| • inaccurate or irrelevant recognition of business facts, features or characteristics<br>• rudimentary descriptions of the business environment and/or situation relating to strategic development<br>• inappropriate use of business terminology. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

## Criterion: Explaining

### Assessment objective

2. explain business concepts, strategies and processes relating to strategic development

| The student work has the following characteristics: | Marks |
|---|---|
| • accurate identification of the significant and relevant elements of business concepts, strategies and processes relating to strategic development<br>• comprehensive explanation of the significant and relevant relationships associated with business concepts, strategies and processes relating to strategic development<br>• purposeful use of business terminology. | 3 |
| • accurate identification of the relevant elements of business concepts, strategies and processes relating to strategic development<br>• adequate explanation of the basic relationships associated with business concepts, strategies and processes relating to strategic development<br>• appropriate use of business terminology. | 2 |
| • inaccurate identification of the basic elements of business concepts, strategies or processes relating to strategic development<br>• rudimentary explanation of the basic relationships associated with business concepts, strategies or processes relating to strategic development<br>• inappropriate use of business terminology. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

## Criterion: Analysing

### Assessment objective

3. select data and information relating to a hostile competitive business situation and environment to analyse the business situation using analytical tools

| The student work has the following characteristics: | Marks |
|---|---|
| • discerning selection of significant and relevant data and information from primary and secondary sources for strategic development<br>• discerning use of data and information to support analysis<br>• insightful analysis of the business situation. | 4–5 |
| • familiar selection of relevant data and information from primary and/or secondary sources for strategic development<br>• adequate use of data and information to support analysis<br>• appropriate analysis of the business situation. | 2–3 |
| • inconsistent selection of irrelevant data or information<br>• narrow use of data or information<br>• irrelevant analysis or partial statements about the business situation. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

## Criterion: Synthesising

### Assessment objective

4. interpret relationships, patterns and trends to draw conclusions about implications of strategic development

| The student work has the following characteristics: | Marks |
|---|---|
| • insightful recognition of relevant relationships, patterns and trends<br>• discriminating interpretation of the effects on the business situation<br>• purposeful synthesis of implications of strategic development to draw conclusions for the business situation. | 3–4 |
| • adequate recognition of obvious relationships, patterns and trends<br>• basic interpretation of the effects on the business situation<br>• narrow synthesis of implications of strategic development to draw conclusions for the business situation. | 2 |
| • partial recognition of irrelevant or superficial relationships, patterns or trends in analysis<br>• inconsistent or partial interpretation of the business situation<br>• irrelevant synthesis or partial statement of the business situation. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

# Criterion: Evaluating

## Assessment objective

5. evaluate marketing and operational strategies for strategic development to make decisions and propose recommendations

| The student work has the following characteristics: | Marks |
|---|---|
| • proficient use of criteria to make perceptive judgments for marketing and operational strategies relating to strategic development<br>• thoroughly justified decisions for the business situation<br>• appropriate recommendations significant for the business situation. | 4–5 |
| • credible use of criteria to make appropriate judgments for marketing and operational strategies relating to strategic development<br>• justified decisions for the business situation<br>• plausible recommendations for the business situation. | 2–3 |
| • superficial or inconsistent judgments for marketing or operational strategies<br>• unresolved or partial decision for the business situation<br>• unrelated or partial recommendation for the business situation. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

# Criterion: Communicating

## Assessment objective

6. create a business report that communicates strategic development to suit purpose and audience

| The student work has the following characteristics: | Marks |
|---|---|
| • concise and logical sequencing and organisation of ideas in the business report<br>• features of the business report genre and recognised referencing conventions are consistently adhered to<br>• minimal errors in spelling, grammar, punctuation and referencing. | 4–5 |
| • clear sequencing and organisation of ideas in the business report<br>• features of the business report genre and recognised referencing conventions are adhered to<br>• some errors in spelling, grammar, punctuation referencing. | 2–3 |
| • unresolved or partial sequencing and organisation of ideas<br>• features of the business report genre and/or referencing conventions are inconsistently demonstrated<br>• frequent errors in spelling, grammar and punctuation impede communication. | 1 |
| • does not satisfy any of the descriptors above. | 0 |

# Task

See the sample assessment instrument for IA2: Investigation — business report (25%) available on the QCAA Portal.

# Sample response

| Criterion | Marks allocated | Result |
|---|:---:|:---:|
| **Describing**<br>Assessment objective 1 | 3 | 3 |
| **Explaining**<br>Assessment objective 2 | 3 | 3 |
| **Analysing**<br>Assessment objective 3 | 5 | 3 |
| **Synthesising**<br>Assessment objective 4 | 4 | 2 |
| **Evaluating**<br>Assessment objective 5 | 5 | 3 |
| **Communicating**<br>Assessment objective 6 | 5 | 3 |
| **Total** | **25** | **17** |

The annotations show the match to the instrument-specific marking guide (ISMG) performance-level descriptors.

**Communicating [2–3]**

features of the business report genre and recognised referencing conventions are adhered to

title page, executive summary, contents page

**Communicating [4–5]**

concise and logical sequencing and organisation of ideas in the business report

shown in the list of contents

# Select Nightwear Business Report

By A. Student

## Executive Summary

Select Nightwear is an exclusive brand that offers high end nightwear to women. It has experienced a 30% drop in sales in the past year alone due to the highly competitive nature of its industry. Branding and Total Quality Management Strategy were reviewed and it was found that some changes could be enacted to make the business more competitive. These recommendations include:

- maintain current branding strategies

- selection of a more reliable supplier to reduce costs of products and to prevent possible future issues with supply

If the business follows these recommendations, then they may be able to retain their sales despite the poor economic climate.

## Contents Page

| | |
|---|---|
| **Communicating [2–3]** | Introduction |
| features of the business report genre and recognised referencing conventions are adhered to | Select Nightwear is a boutique business chain offering a range of high-priced nightwear only for women. It is currently experiencing a lot of competition and is struggling to maintain its sales. This report will explore its current branding and total quality management strategies (TQM) and make recommendations about how to change their strategies to try to maintain its sales. |
| reference should be made to the authors of the articles: in-text citations included | |
| | Business Situation and Problem |
| | Select Nightwear, according to the Courier Mail (2017), has experienced a 30% drop in sales in comparison to the last financial year across its 20 stores nationwide. This follows the trend in the industry where all retailers have experienced a downturn in the August just passed (Janda, 2017). The fall in sales is across the country which means that the business faces many challenges. The fall in sales is due to poor wage growth and high housing prices (Janda, 2017). |
| **Describing [3]** | |
| accurate recognition of significant and relevant business facts and characteristics | Another concern that Select Nightwear faces is increasing competition from online stores. According to IBISWorld (2017), the annual average growth of online sales is on average 13.5% for the past 5 years. When you compare this to the downturn in traditional stores, it does not bode well for the business. Currently the business does not sell online, however customers will be able to buy online from December 1st, 2017.The online competitors for the business can range from small businesses that sell directly from China and Taiwan through to established brands such as Peter Alexander. Each of the competitors have their strengths which has significantly impacted Select Nightwear. |
| drop in sales; poor wage growth; high housing prices | |
| comprehensive descriptions of the business environment and situation relating to strategic development | Despite the competition, the pyjama industry is set to experience a huge boom. Peter Alexander looks set for massive expansion right up until 2020 (Low, 2017). This is due to a high demand forecast for fun sleepwear. This is an industry where if the right marketing and operations strategies are offered, businesses can buck the trend of slow retail sales. |
| increasing competition; growth of online stores; downturn in traditional stores | Branding Strategies of Select Nightwear |
| purposeful use of business terminology | Marketing plans and strategy choices contribute to the creation of a brand (Joseph, 2017). The business has chosen to position itself as a premium nightwear brand with quality products by using quality material and appealing to fashionistas with current designs. It offers fun nightwear, often following pop culture trends and inspiration from the catwalk. It is very seasonal and the turnover of trends is very quick, so what people find in stores will vary from week to week. A high turnover of stock is a large trend in the retail industry right now due to the change in consumer expectations (fickler attitude and less loyalty). |
| **Explaining [3]** | |
| accurate identification of the significant and relevant elements of business concepts, strategies and processes relating to strategic development | Select Nightwear's product strategy involves offering a range of high quality nightwear at high prices. The price range of its products is $50 for basic nightwear through to $250 for the more premium items in their range (SelectNightwear.com, 2019). It uses a premium pricing strategy (Magloff, 2017), to develop a sense of exclusivity for its customers. All its nightwear is made in Australia and it very much prides itself on its Australian-made mantra (Select Nightwear, 2017). Prices must remain at a premium due to manufacturing costs in Australia relative to other countries. |
| premium brand, seasonal, high turnover of stock, consumer expectations, premium pricing strategy | |

| | |
|---|---|
| **purposeful use of business terminology**<br><br>product strategy, in-store experience, cost constraints | As part of their product strategy promoting exclusivity, Select Nightwear also sometimes offer a wonderful in store experience, where they create an atmosphere by dimming the lights and offering a range of relaxing beverages to loyal customers that are part of their exclusive membership program (SelectNightwear.com, 2019). This offering does not happen daily however due to cost constraints. It is usually associated with key sales times throughout the year.<br><br>The product and pricing strategies significantly contribute to creating the brand of the business.<br><br>Total Quality Management Strategies of Select Nightwear |
| **Explaining [3]**<br><br>**comprehensive explanation of the significant relationships associated with business concepts, strategies and processes relating to strategic development**<br><br>image and quality; customer satisfaction, operations and success; inputs and outputs.<br><br>**accurate identification of the significant and relevant elements of business concepts, strategies and processes relating to strategic development**<br><br>Australian production and quality; supplier; dispatching; customer satisfaction | To support the image of a premium brand, the operational strategies must support the quality of the final product. The aim of Total Quality Management (TQM) is to increase customer satisfaction (ASQ, 2017) through operations. Customer satisfaction for this business in this hostile industry is necessary for success. TQM should be customer focussed, and is based on ensuring that the inputs from suppliers is transformed into a quality output, which is in this case is nightwear.<br><br>Currently, all Select Nightwear's products are manufactured in Australia by Broad Apparel (Select Nightwear, 2017). Broad Apparel services two other large contracts with Australian-based businesses and are known for their quality. There has been some criticism recently though about this business regarding their increasing costs and their future capacity to offer the range of products that they currently do. This has implications for Select Nightwear as the current supplier is not necessarily reliable.<br><br>There have also been issues regarding the dispatching of certain styles to some of the shops, according to a review by Lawler (2017) in the magazine *Lifestyle*. The criticism was not solely directed at Select Nightwear, rather it was directed at all bricks and mortar retailers. Dispatching by the warehouse, which is based in Adelaide, has not sent a variety of styles and sizes to its stores, decreasing customer satisfaction.<br><br>Analysis of Branding Strategies |
| **Analysing [2–3]**<br><br>**familiar selection of relevant data and information from primary and/or secondary sources for strategic development**<br><br>gender- and age-grouping of target market identified | To figure out if the current branding strategies are optimal a USP analysis has been conducted. A combination of primary and secondary research was conducted to complete the following table. The target market for this business are women aged 20+ with a moderate to high disposable income, so a survey was conducted on this group. |

*USP Analysis of Select Nightwear (Table A)*

| Customer values | Ranking List of Values (based on survey results) | Business Strengths and USP | Protecting gains from new USP |
|---|---|---|---|
| quality of product<br>range of products<br>up to date designs<br>range of sizes on demand<br>in-store experience<br>personalised care | quality of product - 10<br>range of products - 7<br>up to date designs - 6<br>range of sizes on demand - 7<br>in-store experience – 7<br>personalised care - 5 | quality of product (excels)<br>range of products (on par)<br>up to date designs (on par)<br>range of sizes on demand (below)<br>in-store experience (on par)<br>personalised care (on par) | Excelling at quality of material by maintaining good relations with quality manufacturers.<br><br>Personalised and in store care are poorly performed – will have a dramatic effect on sales.<br><br>Range of products and up to date designs important but cannot compromise in store care. |

Based on the findings in the USP analysis above, the business must create a brand that will differentiate itself from other competitors and it needs to do this by excelling at offering an exclusive, high quality product, which they currently do.

Reduced sales in comparison to competitors may indicate that they are not successful at this currently. It may need to reduce the range of products and the turnover of styles to excel in providing a core group of quality products. The branding strategy used by Select Nightwear is not unique, and Peter Alexander is currently doing the same strategy better. This can be deduced by the sales difference where Peter Alexander is growing and Select Nightwear is losing market share.

*SWOT Analysis of Select Nightwear*

| Strengths | Weaknesses |
|---|---|
| well known and trusted brand, which implies strong customer loyalty and a strong customer base<br>high quality product<br>management want to change, increasing the chances of change<br>good sales in previous years, meaning that the business could have good cash reserves and that | business not as big as other competitors so cannot buy items in bulk (no economies of scale)<br>product only appeals to a small market, meaning changes to market will have dramatic effect on sales<br>limitations of offerings due to only having brick and mortar stores |

evident through the SWOT table. Input from primary data not recorded. Information has been classified appropriately

obvious points have been identified. Minimal synthesising of implications of weaknesses and threats. Discussion around strengths and further interrogation of weaknesses needed

provided judgments that are appropriate but obvious

| | |
|---|---|
| they did have a good idea | |
| **Opportunities** | **Threats** |
| refine branding strategy to make product more exclusive and reflect the need to promote the total product concept<br>develop online presence | new businesses, especially online competitors<br>suppliers not being reliable, as they may close at any time<br>economic factors related to consumer spending |

As can be seen in the SWOT, Select Nightwear has a few threats that it needs to overcome. The problem is that the business has no control over the threats. The strengths highlight the important fact the business wants to change to reach its goal, which is good thing. The business does have control over weaknesses however, and the fact that the current branding strategies allow for these weaknesses is something to consider. Not taking advantage of the opportunities means that the business could also be missing out on potential sales.

An example of the branding strategies causing a weakness is the fact that it targets a small exclusive market that may be affected by economic factors, affecting the total amount of sales. Also, the online competition is a significant threat that will affect the businesses sales. Overall, there are various changes that the business can do to their TQM and branding strategies to improve their sales by concentrating on key opportunities such as selling online and maybe diversifying their market.

Evaluation of Branding Strategies

There are weaknesses with the current strategies used by Select Nightwear. To judge the effectiveness of current strategies in achieving the business goal of increasing sales an alternative TQM and branding strategy are reviewed below.

| Strategy | Competitiveness | Effectiveness | Stakeholder Satisfaction |
|---|---|---|---|
| **Current** exclusive branding relying on product only | It is unique in this section of the retail industry | It is not currently reaching sales goals based on the current situation | Customers know what to expect in shops |
| **Proposed** exclusive branding relying on in store experience and care | If offering premium products, customers are now expecting premium experience (Lesonsky, 2013) | This may be more effective; however, if the market is shrinking or changing this may be a gamble | If the current product range is maintained and the experience is more appealing, customer satisfaction should increase. |

## Evaluation of TQM Strategies

| Strategy | Competitiveness | Effectiveness | Stakeholder Satisfaction |
|---|---|---|---|
| **Current**<br>Stay with current supplier | Product quality will be great | May not always be able to supply, causing issues in the future | Customers know quality and staying Australian based is good for promotional purposes |
| **Proposed**<br>Choose another supplier from overseas for cheaper products | Prices will be more competitive which may suit the economic climate | May not increase sales but will reduce costs for the business, which is a boost for the profits | Selecting an overseas manufacturer may have risks, especially regarding quality which could impact branding |

## Recommendations

Based on the findings in the decision-making matrix, it is worthwhile changing the branding strategy to make the product more appealing. The reason for this is that spending extra money on developing an experience will be the only way a traditional business may be able to differentiate itself from online businesses, as seen in the competitiveness criterion. This may be the only way to achieve the sales goal without significant overhaul of the business strategies. Even though the market may be shrinking due to economic factors, as noted in the criterion, this may not always be the case as the economy is cyclical.

For TQM strategies, it is recommended that Select Nightwear stay with their current supplier, and perhaps create a contingency plan regarding protecting themselves if Broad Apparel stops supplying the company. As noted in the competitiveness, if you find another supplier it may be cheaper but could compromise the brand. Furthermore, as noted in the stakeholder satisfaction criteria, damage may occur to the brand if being Australian made is a strong selling point.

If these recommendations are followed, the Select Nightwear should be able to improve their sales over the next year. The largest problem it seems right now stems from a slowdown of spending at traditional stores and the boom of online shopping. This is something that must be considered in their branding and TQM strategic planning if they wish to achieve their sales goal.

Evaluating [2–3]

justified decisions for the business situation

decisions made have been superficially justified

plausible recommendations for the business situation

recommendations are plausible but not in-depth enough to be significant for the business situation

Communicating [4–5]

minimal errors in spelling, grammar, punctuation and referencing

evident throughout the report

**Communicating [2–3]**

**features of the business report genre and recognised referencing conventions are adhered to**
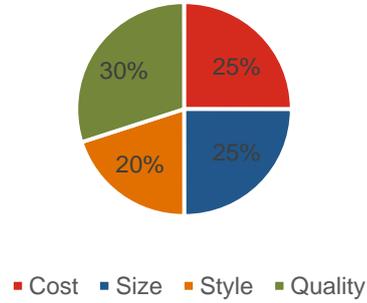
some inconsistencies are evident in citations

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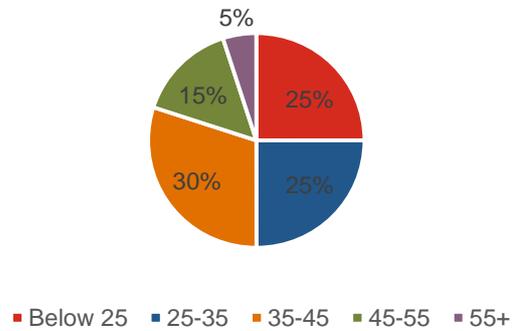
Appendix A – Survey Questions

1. How old are you?
2. How much money would you spend on sleepwear per month?
3. What makes you want to buy a brand?
4. Why do you buy new sleepwear?
5. How do you buy it? (online, in shop)
6. What is the most difficult thing about buying sleepwear?

Appendix B – Survey Results

## What people want in sleepwear



Pie chart segments: Cost 25%, Size 25%, Style 20%, Quality 30%

Legend: ■ Cost ■ Size ■ Style ■ Quality

## How old are you?



Pie chart segments: Below 25 25%, 25-35 25%, 35-45 30%, 45-55 15%, 55+ 5%

Legend: ■ Below 25 ■ 25-35 ■ 35-45 ■ 45-55 ■ 55+

## Where sleepwear is bought



Pie chart segments: Online 40%, In discount stores 25%, In department stores 30%, Specialty stores 5%

Legend: ■ Online ■ In discount stores (like Kmart) ■ In department stores (like Myer) ■ Specialty stores