**Business Studies: Paper II**

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**Time:** One Hour **Total**: 50 Marks

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## PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY

1. This paper consists of 3 pages. Please check that your question paper is complete.
2. Read the question carefully and plan the length of your answer in relation to the sections being covered in the question.
3. Candidates are advised to pay special attention to the use of language.
4. It is in your own interest to write legibly and present your work neatly.

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| The following aspects may be considered when marks are allocated in this paper:  ⮱ Terminology: Correct Business terminology should be used.  ⮱ Content: Must be sufficient to cover all aspects of the question.  ⮱ Substantiation: Justification for statements made.  ⮱ Application to case study / context.  ⮱ Creative problem solving rather than just giving theoretical facts.  ⮱ Synthesis and appropriate sequencing. |

**Read the following case study and then answer the question.**

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| Mr Price plunges on slower sales BY [ALISTAIR ANDERSON](http://www.bdlive.co.za/opinion/staffprofiles/2012/07/31/alistair-anderson-profile), 18 JANUARY 2016   * RETAILER Mr Price Group’s shares lost nearly 18% on Friday, following a trading statement it released for the third quarter of its 2016 financial year.   The share price fell 17.82% to close at R156.96.  Investors had had high growth expectations for the retailer but it had undershot these recently as was seen in the trading statement.  "This is the danger of investing in growth companies with high expectations priced in. Most South African retailers have been trading on very high price earnings multiples for a long time now. Investors were willing to pay these prices based on the expectation of their historically high growth rates continuing into the future," said Nick Norman-Smith of Lentus Asset Management.  "When this growth slows down, the result can be clearly seen in the Mr Price share price reaction on Friday," he said  During the third quarter from September 27 to December 26 2105, the group recorded total sales growth of 6.5% and comparable sales growth of 3.4% over the corresponding period in the previous year.  "The trading environment has continued to be challenging," the group said.  Cash sales, which constitute 83.2% of total group sales, grew 8.3%. Credit sales, meanwhile, declined by 1.4%, with the company citing strict credit granting criteria, consumers’ low credit appetite and recent legislative changes affecting new account applications.  Mr Norman-Smith said Mr Price and other South African retailers were facing increasing competition from abroad, which would weigh on their performances.  Local fashion retailers, have in recent years sought out new growth markets abroad in a bid to hedge against sluggish local growth. Mr Price Group is seeking new markets and has started opening stores in Australia.  (Source Adapted from: <http://www.bdlive.co.za/business/retail/2016/01/18/mr-price-plunges-on-slower-sales>. 1/02/2016)  http://www.fastmoving.co.za/img/retailers/8_mr-price-group/mr_price_group_header.jpg |

**Question:**

In a highly competitive retail environment, it is important that the Mr Price Group re-assess their current market position, in order to regain the sales growth expected by various stakeholders.

You are required to write a business report, where you assess the current performance of Mr Price with the use of the Balanced Score Card. Also identify how the external business environments could have impacted on the current performance of Mr Price.

Lastly provide advice on how the Mr Price group could increase sales figures during the next financial quarter.

**[50 Marks]**

