

Business at Becket Sixth Form

The purpose of the BBC News article below and the tasks is to start getting you to 'think like an businessperson' and apply your new found knowledge of this subject to the world around you. This task should take you no more than one hour, and it will give me an idea of your writing, arithmetic, research and reasoning skills. See you in September 2023! Mr Bestwick.

Sunny weather boosts clothing sales in May

BBC News, 23rd June 2023

Shoppers have been splashing out on new outfits and other items for enjoying the summer weather, boosting sales overall, latest retail figures show.

After the sun came out in the second half of May, sales volumes rose by a stronger than expected 0.3%, the Office for National Statistics (ONS) said. Online retailers and garden centres did particularly well, the ONS said. Fuel sales also rose compared to April, but people bought less food as prices continued to rise. "Retail sales grew a little in May, with online shops doing particularly well selling outdoor goods and summer clothes, as the sun began to shine," Heather Bovill, senior statistician at the ONS said. "Garden centres and DIY stores also saw growth, as the good weather encouraged people to start home and garden improvements."

Food sales fell 0.5% in May. As well as price pressures, that could be due to the extra bank holiday last month, the ONS said, as more people ordered takeaways or went to the pub. Overall consumers are still buying slightly less than they were before the pandemic. But because prices have risen, they are spending significantly more in total. Prices are still rising, although inflation - the rate at which they are going up - has eased from over 10% at the start of the year to 8.7% in May.

On Thursday, the Bank of England put interest rates up by half a percentage point to 5% in an attempt to dampen demand and bring down prices. Interest rates have been rising since December 2021 but that does not yet seem to be having a big impact on consumer spending. "Retail sales in the UK were stronger than expected which may partly justify the jumbo-sized interest rate increase from the Bank of England," said Neil Birrell, chief investment officer at Premier Miton Investors. "It's hard to believe that tighter policy won't start having a significant impact sooner rather than later, meaning the consumer will react accordingly."

The online and High Street chocolate chain, Hotel Chocolat, issued a profit warning on Friday saying it expected to make a loss this year and lower than expected profits in 2024. The firm blamed "ongoing weakness in consumer sentiment and continuing inflationary pressures" for the shift.

Tasks on the next page

Your name: _____

Answer the questions below in the space provided, once you have read the article on the lovely sunny weather that we had in 2023 (if only we could say the same for this year).

Some questions will require you to undertake your own research. Provide your source of information at the end of your answer.

Q1 What will you learn about in A Level Business? (Use the Edexcel website)

Q2 List two online retailers and for each one, explain *why* they would benefit from the sunny weather (link to their product offering).

Q3 The inflation rate is a measure of how average prices have changed over a 12 month period.

- a) In May 2022, a barbecue was priced at £399. What would its price be today, given the inflation rate provided in the article?

- b) In May 2023, a pair of Next shorts was priced at £39. How much would they be selling for in May 2022, given the inflation rate provided in the article?

Q4 Food sales fell by 0.5%. Explain two reasons given for the decline in food sales mentioned in the article.

Q5 In the article it tells us that the Bank of England has raised interest rates to 5%. You will know from GCSE Maths how to calculate simple and compound interest. I would like you to talk to a parent or guardian and ask them to explain to you how they are affected by interest rate changes, and provide a summary of your discussion here.

Q6 Hotel Chocolat, issued a profit warning on Friday saying it expected to make a loss this year and lower than expected profits in 2024. Profit is sales revenue minus all costs of running the business. Explain in as much depth as possible, one potential reason why Hotel Chocolat is expecting to make a loss (some clues are given in the article).