

Question 23 (12 marks)

XYZ Ltd produces sports shoes which are worn by elite athletes and the general public in North America. XYZ Ltd is keen to expand into Europe and Asia.

- (a) What is ONE possible benefit to XYZ Ltd of using global branding as a marketing strategy? 2

It gives the brand instant recognition worldwide. By maintaining their brand in North America, new consumers are able to see what the shoes are like & more willing to purchase if it is already established else where compared to a brand new name & logo.

- (b) Describe TWO physical distribution issues that XYZ Ltd will have to consider as part of their expansion. 4

Two issues XYZ Ltd will have to consider are ~~distribution~~ warehouses and whether to invest in a central warehouse for their shoes to be sent to Europe and Asia or to have them in each continent. The company will also need to consider ~~the~~ logistics, getting the right amount of stock to each country that they have expanded to as quickly as possible while maintaining efficiency at the best costs.

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- (c) The management team of XYZ Ltd is deciding whether to use customisation or standardisation as its marketing strategy for the expansion.

Analyse how marketing and finance would be linked in XYZ Ltd's decision to customise or standardise.

Customisation is when products are promoted differently, to suit the markets need in particular locations. For marketing, this can be seen with making the advertisements in different languages for Asian countries and endorsing their elite athletes ^{to create more awareness}. In finance, they will have to observe their competitors' prices to allocate a price that enables them profit but also competitively advantaged.

Standardisation is when products are promoted the same no matter where it is. This means using the same advertisements that are used in North America. This also applies to finance where the price is set at the same price and does not take into consideration other factors.

End of Question 23