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?

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 and more willing to purchase if it is already established elsewhere compared to a brand new name.

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

Two issues XYZ Ltd will have to consider are distribution and warehousing. The company will also need to consider logistics, getting the right amount of stock to each country that they have expanded to as quickly as possible, while maintaining efficiency of 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 up advertisements in different languages for Asian countries and endorsing them to create more awareness.

In finance, they will have to observe their competitors' prices to allocate a price that enables them profit but also competently 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