

2012 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

2012 HSC - Business Studies

Band 5/6

Sample 1 Question 23

Section II (continued)

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

Using global branding will allow XYZ Ltd to gain cost benefits associated with a standard worldwide brand approach while gaining a larger consumer base through the global market.

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

XYZ Ltd will have to consider the issue of choosing an appropriate method of transport such as rail, road, sea or air. Also, warehousing of their inventory will present another issue in receiving, appropriately storing and dispatching goods.

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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.

The marketing strategy chosen by XYZ Ltd will be based on the most beneficial financial approach, hence resulting in ~~profit~~ profit. Using a standardised approach worldwide will mean that the same marketing strategies will be used in all regions, regardless of the local market conditions.

This will allow XYZ Ltd to create cost benefits with incorporating a standardised strategy but may impact the effectiveness of the strategies ~~amongst~~ amongst countries.

A customised approach takes into account local market ~~conditions~~ ^{conditions} of each region such as level of competition, supply and demand and exchange rates so the strategies will prove more effective and create increased sales and profit.

End of Question 23

A standardised approach has the potential impact of local competition undercutting XYZ Ltd's standardised pricing, thus losing sales and market share.