

2012 HIGHER SCHOOL CERTIFICATE EXAMINATION
Business Studies2012 HSC - Business Studies
Band 5/6
Sample 2 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

Global branding will ensure instant recognition of the XYZ Ltd brand, ^{around the world} and will also likely allow the company to reduce costs by standardising logos, symbols and possibly advertisement.

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

If production remains in North America, methods of transport will need to be assessed to ensure the product is not damaged, and warehousing, ^{storing the product} which will incur costs, will also require management. ~~The business will also need to consider the legislation of other countries to which they are expanding to ensure they~~ Transport, warehousing, and storage will incur significant costs and require much planning, especially on an international level.

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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.

A standardised approach involves the company using the same marketing strategies and methods in every country they are present in, and works under the assumption that needs are the same in each country. Marketing would be linked to this decision as they would need to develop marketing approaches related to price, product, promotion and place that would be cohesive in a number of countries. Finance would likely benefit from the decision, as a standardised approach does not incur as many costs as customisation, however the finance function would still be required to fund. A customised approach involves developing a unique marketing mix/approach for each country, under the assumption that all needs are ~~the same~~ ^{different}. Marketing would be linked to XYZ's decision as they would need to develop a unique method/strategy for each country, which would increase costs + require more assistance, funding + budgeting from finance.

End of Question 23