

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

One possible benefit to XYZ of going global will be the increase in sales as a lot of athletes will buy those new shoes and some of the public if they are comfortable and look good to wear.

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

One physical distribution issue will be hard to open a new production place to where the business best fits as it will be the main place of their expansion.
Other issue facing the business expansion will be shipping costs as the product will be sent around the world which could have a heavy price on the business if not successful.

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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 management team of XYZ Ltd should first decide what their budget range is first to which their marketing level must increase to get an idea of how the product will go and determine the finance of the business. Depending on money the business could go customise to which it'll only work if the business knows how to handle new operations or they could outsource and get help of ideas / ways to handle the new way the business is dealing with products and customers.

End of Question 23