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91380



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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Business Studies 2024

91380 Demonstrate understanding of strategic response to external factors by a business that operates in a global context

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate in-depth understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate comprehensive understanding of strategic response to external factors by a business that operates in a global context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

There is ONE task in this booklet. You should attempt ALL FOUR parts of the task.

Refer to relevant business knowledge and/or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

Do not write in the margins (//////). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Achievement

TOTAL 03

TASK

This task has FOUR parts, (a) to (d). Use the background information below, the supplementary information in the other boxes, and your business knowledge to complete this task. You may integrate any relevant Māori business concepts into your answers.

You should read the resource information in ALL of the boxes before beginning the task.

BACKGROUND INFORMATION

Neat Sip Botanicals is located in the Bay of Plenty. Former pasture land has been developed into a garden that exemplifies the botanical story of the product produced, bottled, and served onsite. *Neat Sip Botanicals* have the vision of carefully crafting a botanical spirit in a sustainable and meaningful way.

Following on from the success of international non-alcoholic spirits such as *Seedlip*, *Lyre's*, and *CleanCo*, *Neat Sip Botanicals* have recently created a non-alcoholic spirit range featuring New Zealand native plants such as kawakawa, mānuka, and horopito. Traditionally, these plants were used by Māori for medicinal purposes. These native plants had all been successfully integrated into their existing beverage range, so they see this as a natural progression of their product line.

One of *Neat Sip Botanicals'* objectives is to support the local community. With this in mind, they make sure that they employ staff from within the local community and pay them the living wage. This is important in the small community they are located in, as it is a low-income area. *Neat Sip Botanicals* also donate traditional botanicals to the local marae, where they are used in the traditional manner.

DEFINITIONS

Horopito

Kawakawa

Mānuka

Source: <https://www.eatnewzealand.nz/food-stories/kai-indigenous-maori-food-ingredients-1#>

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The assessment continues on the following page.**

You may choose either *Neat Sip Botanicals* or a New Zealand-registered business operating in a global context that you have studied in depth.

- (a) Evaluate a strategic response that the business has implemented, or could implement, to address societal expectations of EITHER cultural OR social sustainability.
- (i) State the strategic response, and explain why this is a business-wide reaction at multiple levels (at least TWO of size, scope, and timeframe).

~~The~~ Neat Sip Botanicals meet social expectations society as they pay their local staff the living wage. This is a business wide decision as upper management and the CEO would have to decide and then over ~~time~~ short time decide if this pay for employees is sustainable for the business and they are able to hit revenue goals and expectations.

- (ii) Explain one positive impact of the strategic response.

A positive of paying staff a higher wage is the increase in productivity that is seen in similar companies in the industry with higher quality control due to the higher incentive to ~~reduce~~ the work burden, ~~this also means~~ ~~employees~~ ~~are~~ ~~more~~ ~~productive~~ is with the higher moral and more positive work environment it ~~creates~~ creates a more high hit workforce and would boost productivity.

- (iii) Explain one negative impact of the strategic response.

A negative ~~impact~~ impact for paying staff the living wage is the increased revenue costs as there expenditure would increase from staff wages and would lead to price increases for products and because of the ~~high~~ high prices ~~for~~ non alcoholic spirits have this could deter new customers as they feel its too expensive

- (iv) Provide a justified conclusion, including any new information, as to the likely success of the strategic response.

The success of the higher pay in a low income community is highly benefited for their social reputation and reputation in their community and this social sustainability would incentivise more people to purchase non alcoholic spirits as it also helps out a low income community and this can counteract the increased prices that would be needed to pay staff more and need to sell more product and if their social reputation is enabled to increase the volume of sales earnings this could be a highly likely to succeed

Following the success of their non-alcoholic spirit range in New Zealand, *Neat Sip*

agencies such as New Zealand Trade and Enterprise (Te Taurapa Tūhono) and ExportNZ.

Source: <https://www.just-drinks.com/news/us-non-alcoholic-spirits-market-set-to-hit-13m-by-2027-data/?cf-view>

You may choose either *Neat Sip Botanicals* or a New Zealand-registered business operating in a global context that you have studied in depth.

Identify one government or non-government agency that could support the business to enter a new market.

Chosen agency: New Zealand Trade and Enterprise

(b) (i) Explain one advantage of using this agency to understand the new market.

New Zealand Trade and Enterprise is a large scale exporter of local NZ products and they have a huge database of foreign markets like the United States and this can help Neat Sip botanicals to create higher market products to the USA and would allow them to have a greater chance for success as the NZTE as they can give a detailed expertise on the ~~US~~ US market and help Neat Sip botanicals greatly. by also providing information on competitors and any large gaps in the market

- (ii) Explain how this advantage could help the business successfully enter the new market.

entering a new market is difficult as there are many challenges to overcome to find a niche in the market but the New Zealand Trade and Enterprise helps by having a deep comprehensive knowledge of the market this allows new start businesses to launch a unique product into the right area of the market where there product and sustainable ideology fit and can grow this give new start businesses the greatest chance for succeeding in the United States market and allows the best chance for growth into other markets later

Non-alcoholic beer, wine, spirits sales surging in US

"Americans embracing alcohol-free options, sales up 31% from year ago."

the 4th of July and year-end celebrations".

Source: <https://www.foxbusiness.com/markets/wine-spirits-non-alcoholic-beer-sales-surging-us>

In the box below, enter the details of a New Zealand-registered business you have studied that is operating in a global context and that has addressed, or could address, an increase in demand when operating in a global market. **Do not use Neat Sip Botanicals.**

Name of New Zealand-registered business: exsplore NZ

Good(s) sold or service(s) provided: ferry trips to tourist destinations
dolphin watching / whale watching.

- (c) Evaluate a strategic response that the business has implemented, or could implement, to an increase in demand in global markets due to a change in consumer behaviour.
- (i) State the strategic response, and explain why this is a business-wide reaction at multiple levels (at least TWO of size, scope, and timeframe).

exsplore NZ can exsplore was could implement
a large increase in tourists/demand
by increasing the number of ferries they
have going by purchasing new ferries
this would be a large business wide
decision needing large investment and cost
the CEO would be as it would take a
large amount of working capital and this
would take a long time to implement
as the ferries are custom made for
the exsplore group and take 6-8 months to be
built

- (ii) Explain one positive effect the strategic response would have on the business.

A positive ~~effect~~ for buying new ferries would be the newer technology and maintenance as the last ferry ordered was in 2008 and ordering new ferries can offer new expense on the boats and which create an appeal over competitors.

- (iii) Explain one negative effect the strategic response would have on the business.

It would be very costly to order new ferries and due to the long time to build them the boom in tourist could diminish and there ~~is~~ would not be enough of a market to support these large expense of new ferries and which cause significant financial problems for both NZ and Australian branches.

- (iv) Provide a justified conclusion, including any new information, as to the likely success of the strategic response.

The success of the new ferries ~~depends~~ depends on the length of the boom in tourism but it would most likely succeed as in 2008 the tourist boom in New Zealand's North Island led to 2 new ferries and both profitable massively for the company and in a similar situation it should happen again leading to major profits on the new ferries.

Due to the large increase in demand within the US and the costs associated with exporting, *Neat Sip Botanicals* have decided to expand their operations by producing in the US. They will export the New Zealand native botanicals (kawakawa, mānuka, and horopito), but the non-alcoholic spirit will be produced in the US. This will also allow them to avoid the costs associated with trade barriers when exporting their product range to the US.

You may choose either *Neat Sip Botanicals* or a New Zealand-registered business operating in a global context that you have studied in depth.

- (d) (i) Explain one threat that the business may encounter when operating in a new market.

The new costs of importing products over to the US as it may affect the taste and quality of the product as it is now being transported across the planet. The made in the US this could severely harm the quality as plants may not be able to survive the journey to the US and could heavily increase need for quality control due to worries in the freshness of the plants.

- (ii) Explain how this threat could impact the success of the business when trying to establish themselves in the market.

This can heavily impact the success as it takes away from brand identity as it is now made in the US and not a small town and moves away from their sustainability ideas and company morals and this can harm their reputation and reduce customer interest as they have abandoned their ^{brand} identity and with the dip in quality from the long travel time for the plants could significantly hurt *Neat Sip Botanicals*.

Achievement

Subject: Business Studies

Standard: 91380

Total score: 03

Task	Grade score	Marker commentary
One	A3	<p>The candidate suggested hiring locals and paying a living wage, but did not specify the size, scope, or timeframe of implementation. An example of size was provided, but not explicitly labelled. The timeframe was mentioned, but this did not align with the overall implementation of the strategy.</p> <p>(a)</p> <p>The positive and negative impacts of paying a living wage were explained, simply. The candidate provided a clearly explained conclusion in favour of the business gaining a strong reputation for social sustainability.</p>
		<p>The candidate stated that NZTE provides expertise on the US market, including competitor analysis and market gaps, and clearly explained that the NZTE database offers insights that could help Neat Sip to develop customised products for the US market. The candidate also explained that using NZTE's market knowledge would allow Neat Sip to create unique products, ensuring optimal market positioning for growth and success.</p> <p>(b)</p>
		<p>The response to this part of the task proposed purchasing new ferries for New Zealand day trips, which does not meet the requirement of operating as a New Zealand-registered business in a global context.</p> <p>(c)</p>
		<p>The response identified a key threat: long-distance exporting may compromise product taste and quality. They explained that this issue could damage Neat Sip's sustainable reputation, as increased travel times and quality concerns may conflict with its local business brand identity.</p> <p>(d)</p>