

No part of the candidate's evidence in this exemplar material may be presented in an external assessment for the purpose of gaining an NZQA qualification or award.

SUPERVISOR'S USE ONLY

3

91380



Draw a cross through the box (X) if you have NOT written in this booklet

☐

+



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.

Merit

TOTAL 05

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. ^{part of} _{↑ product value}

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.

Social sustain

Cultural sustain

DEFINITIONS

Horopito

Kawakawa

Mānuka

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

**This page has been deliberately left blank.
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).

One strategic response Neat Sip Botanicals has implemented ~~do~~
~~been ongoing community support, particularly with a cultural aspect. As an~~
~~One example of this support is the donation of traditional botanicals~~
 address Social sustainability is paying their employees a living wage.
 This is a strategic response as it impacts employees across
 the entire business (scope), and is an ongoing payment, that
 will even increase as time goes on (timeframe).

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

One positive impact of this strategic response is the employees of
 Neat Sip Botanicals will feel respected & taken care of
 by the business. Additionally, their standard of life
 will be good — and likely improved considering the local
 community, of whom they employ, are from a low-income
 area. As such, employees will feel a sense of
 loyalty to Neat Sip Botanicals, which reduces staff
 turnover, and thus ^{decreases} HR recruitment costs ~~reduces~~
~~increases~~ Therefore, ^{businesses} meets social sustainability expectations
 of caring for and taking care of their local community.

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

One negative impact of the strategic response is high costs. This is because paying a living wage is ~~for~~ expensive, in comparison to what they could be paying employees (minimum wage). As such, these high costs ~~may~~ negatively impact profit (as profit = revenue - costs) and success of the business, if revenue is the same or below the value of costs.

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

The strategic response is likely very successful, especially in achieving social sustainability. This is because the paying of a living wage meets society's social sustainability expectations that a business improves the standard of living of the community (the employees of the local community), with the additional benefit/advantage of low staff turnover and ^{decreased} HR recruitment costs. Furthermore this strategic response too further benefits the business as the respect ^{and happiness} that employees feel from Neat sup Britainals' ^{strategic response,} translates into ^{increased} motivation. Meaning, output of drinks would increase, per hour, thus cost of production decreases. Therefore, these benefits/advantages from being socially sustainable, outweigh the higher wages cost (negative impact) of being socially sustainable.

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: (NZTE) New Zealand Trade & Enterprise

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

One advantage of using NZTE is that provides *Neat Sip Botanicals* with current, upto date information about the international market, and in this case USA's market, ^{and information about} ~~As well as form connect~~ ~~*Neat Sip Botanicals* with~~ ~~possible investors and companies to help~~ ~~them grow in the USA. This is an advantage because it allows~~ ~~them to be better informed about the culture of USA, and~~ ~~make strategic plans/responses in accordance to the information.~~

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

This advantage of current up to date information about the USA market, ~~through intelligence~~ and connecting ~~to~~ Neat Sip Botanicals with possible investors and companies could help them to successfully enter into the market in the USA.

This is because it would make Neat Sip Botanicals more knowledgeable about the trends, cultural (intelligence) of USA consumers & companies (the market). This would help them to be better informed and make strategic plans/responses in accordance to the provided information. ^{Aiding the entrance into the USA.} Additionally, as NZTE give information about possible investors and companies, Neat Sip Botanicals can choose to get in touch with them to gain funding for their exporting and/or gain a more dominant position in the USA market. Therefore, helping them to be more successful ^(and not going bankrupt) when entering the market in the USA.

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: ~~Fox Business~~ Air NZ

Good(s) sold or service(s) provided: ~~Dairy products~~ air travel

- (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).

A strategic response ^{could take} ~~has taken~~ to navigate an increase in demand in global markets due to a change in consumer behaviour is to create a Research & Development team that would study and predict changes in consumer behaviour internationally and develop ways to ~~mitigate business~~ respond to it.

This is a strategic response as a considerable amount of time and money would go towards selecting the people (team members), paying them, funds for research, and gaining capital goods to be used. ~~(size, scope)~~ Additionally, this is an ongoing team, ~~which could have bi-regular reports~~ ^{the responses they make impact all aspects of the business} (scope).

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

~~One positive effect of setting up a R&D Research & Development team would have on New Zealand Botanical~~

↳ One positive effect of Air NZ entering into a 'star alliance' is it means that when consumer demand for a destination globally occurs, they can still meet the demand. As such, don't miss out on potential sales, and even gain additional sales (from working in the alliance). So, profits increase (minimally)

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

~~One negative effect of creating a Research & Development team is that requires a large amount of financial resources~~
is that when the strategic alliance 'star alliance' is used, it ~~increases~~ causes air NZ to share profits with alligned airline. So profit margin for the ticket decreases.

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

The strategic response is very successful as it allows Air NZ to meet the increase in demand immediately, due to changes. Also, if the demand decreases or increases, the costs aligned with Air NZ is not too much, so, less expensive. Additionally, allows them to make more sales globally — and adjust as needed. The increase in rates out weighs the decreased profit margin. It may also allow them to gain new, loyal customers.

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.

One threat *Neat Sip Botanicals* may encounter when operating in a new market is political disruptions. This ~~can~~ ^{political disruptions.} take form in war, a coup, overthrow of government, and a change in government powers. This is a threat as political disruptions make the position of the economy unstable, and/or one that is changing, which can impact the ~~at~~ supply of ^{NZ} businesses ^{and their position in the market} like *Neat Sip Botanicals*, operating in a global context.

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

Political disruptions ^{in the USA} could impact the success of *Neat Sip Botanicals* when trying to establish themselves in the market. This is because if the policies ^{in USA} are changing to say a more protectionist trade policies, then costs associated with trade barriers (eg tariffs & duties) when *Neat Sip Botanicals* exports NZ botanicals to the USA, would increase. This means ~~that it would~~ impacts the success of the business as it means that *Neat Sip Botanicals* cost of production has increased, meaning their ^{profit margin} drinks at current pricing would decrease (depending on how much could mean not making enough to be profitable, or if they choose to pass (continue on next page →)

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

- d(ii) on the cost to consumers, could be less competitive in the USA market. Thus decreasing sales, and their success in the USA. (Or even, may deter Nestlé Botanicals from exporting to USA because of high costs and ^(potentially) not enough profits.)
- C (i) A strategic response ~~to the~~ Air NZ ^{has} ~~costs~~ taken to respond to an increase in ^{demand in} global markets due to a change in consumer behaviour is enter into a $\frac{1}{2}$ strategic alliance with other airlines — named 'Star alliance'. This affects the whole business, from communication with the customer, ~~at~~ each step from emails, Air NZ app, to other flight/airliner's information at baggage, to tickets, ~~for scope~~. This alliance is ongoing, and has yearly reports (time frame). It too shares some profits ^{with other airlines} when used (see).

Merit

Subject: Business Studies

Standard: 91380

Total score: 05

Task	Grade score	Marker commentary
One	M5	<p>The candidate explained, clearly, that paying a living wage impacts all employees (scope) and is an ongoing commitment (timeframe). They also gave a clear explanation of the positive and negative impacts of their chosen strategic response.</p> <p>(a) A justified conclusion as to the likely success of the strategic response was provided, but it lacked a clear causal link between employee motivation, harder work, and improved productivity, jumping directly to productivity gains without explaining the connection.</p>
		<p>The candidate clearly explained an advantage of using their chosen agency – NZTE provides up-to-date market intelligence, including insights on potential investors (what) to support Neat Sip’s expansion and growth (why).</p> <p>(b) The response explained how this advantage could help the business successfully enter the new market, through NZTE’s knowledge of investors, market trends, and cultural factors (what) helping to strengthen Neat Sip’s market position, ensuring a competitive entry into the US market (how).</p>
		<p>The response correctly identified forming an alliance (e.g. Star Alliance) with other airlines as a valid strategic response, and appropriately discussed its scope, timeframe, and size. The candidate also gave a clear explanation of the positive and negative effects of their chosen strategic response, including the ‘what’ and the ‘why’.</p> <p>(c) There was a justified conclusion, but no additional explanation or new information was provided beyond the initial discussion.</p>
		<p>The candidate identified and explained one possible threat to the business – political disruptions, such as US protectionist policies, tariffs, and duties (what), would increase costs for Neat Sip (why), leading to reduced profitability at current pricing levels.</p> <p>(d) The response then explained how this threat could impact on the success of the business following its entry into the new market, including higher costs being passed on to consumers, resulting in reduced competitiveness and sales. A more detailed explanation may have led to a higher grade.</p>