

**Assessment Schedule – 2012**

**Business Studies: Demonstrate understanding of strategic response to external factors by a business that operates in a global context (91380)**

**Evidence Statement**

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>ONE: Multinational businesses</b>				
(a)	<ul style="list-style-type: none"> <li>• Lower labour costs in some countries. This has encouraged a drive to shift production to these countries to remain competitive.</li> <li>• Rising transport costs / tariff barriers. This has encouraged production in different countries to avoid these.</li> <li>• Falling demand in host nations, which has encouraged firms to move abroad to find new markets.</li> <li>• Global financial deregulation has made it easier to fund external growth of a business.</li> <li>• As Asian countries become wealthier (such as India and China, which have large populations) the demand for foreign goods has increased (increasing Westernisation), and this has led to increased sales for multinationals.</li> <li>• Technology has helped companies to grow internationally, as it enables business to communicate with offices around the world more quickly and efficiently.</li> </ul>	<p>Answers THREE of:</p> <ul style="list-style-type: none"> <li>• A factor encouraging multinational growth is <b>explained</b>.</li> <li>• Impact of a multinational (MNC) on local business is <b>explained</b>.</li> <li>• A strategic response to overcome negative publicity is <b>explained</b>.</li> <li>• A positive impact of the strategy is <b>explained</b>.</li> <li>• A negative impact of the strategy is <b>explained</b>.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>• The impacts of a MNC on local business are <b>fully explained</b>.</li> <li>• A positive impact of a strategic response is <b>fully explained</b>.</li> <li>• A negative impact of a strategic response is <b>fully explained</b>.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>	<p>Answers ALL of:</p> <ul style="list-style-type: none"> <li>• A strategic response for PTNZ to counter negative publicity is <b>explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• The impacts of the strategic response are <b>fully explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• A conclusion on the likely success of the strategic response is given.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>
(b)	<p><u>Benefits</u></p> <ul style="list-style-type: none"> <li>• Multinational companies (MNCs) can create competition in host nations. This encourages local business to be more efficient (Explain); this will reduce costs and allow them to be more profitable in the longer term (Fully explain).</li> <li>• Multinationals can bring new infrastructure / production processes / HR strategies. Local businesses may learn from multinationals (Explain) and they may reduce costs as productivity improves (Fully explain).</li> <li>• MNCs create employment opportunities for locals, which</li> </ul>			

	<p>increases disposable incomes and leads to an increase in purchasing power for locals, which can benefit businesses in the host nation.</p> <p><u>Harm</u></p> <ul style="list-style-type: none"> <li>• Multinationals can reduce market share for local businesses, decreasing revenue and profitability.</li> <li>• Multinationals can dominate suppliers. This will allow them to force up prices of raw materials. This will increase costs for local businesses, reducing profitability.</li> </ul>			
(c)	<p>A strategic response may include:</p> <ul style="list-style-type: none"> <li>• The production department might modify recipes to include Australian influences and names; these would be promoted by the marketing department.</li> <li>• The marketing department might start using Australian celebrities/sports stars as spokespersons.</li> <li>• Senior management at <i>PTNZ</i> could look to recruit Australian employees and use Australian sources of raw materials. This will mean that the <i>PTNZ</i> will have a strong Australian component and will be seen as being Australian rather than NZ.</li> <li>• <i>PTNZ</i>'s marketing department could look at changing the brand name so that it does not reference NZ and could hire Australian management to manage and operate the business in Australia, as this will give the perception that the business is Australian-owned and operated and will therefore not alienate patriotic Australians.</li> </ul> <p>The <u>positive impacts</u> of these strategies will be to encourage consumers to feel that the brand is more local, improving brand loyalty which should increase sales and profitability.</p> <p><u>Negative impacts</u> would be increased marketing expenses and falling profits. This may reduce opportunities for growth in the future.</p>			

	<p>Justification:</p> <p>Overall, the response will be successful. Customers at fast-food chains come from a younger demographic who tend to be highly patriotic. Therefore the strategy targets the right people.</p>			
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	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>TWO: Changes in the global marketplace ...</b>				
(a)	<p>The target market for fast food is generally the same group who use social media sites such as Facebook. Therefore it is important for these businesses to have a social media marketing strategy to attract these customers, or use traditional media, such as TV, a great deal less.</p> <p>The fast food market is very competitive and businesses need to have an edge over the competition, so need to use all the social media available to ensure that they maintain or increase their market share.</p>	<p>Answers THREE of:</p> <ul style="list-style-type: none"> <li>The reason why it is important to have a social media marketing strategy is <b>explained</b>.</li> <li>Effect of the “bricks &amp; clicks” strategy is <b>explained</b>.</li> <li>The statement by the marketing expert is <b>explained</b>.</li> <li>ONE way in which the statement by the marketing expert applies to <i>PTNZ</i> as a franchise pizza retailer is <b>explained</b>.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>Effects of the “bricks &amp; clicks” strategy are <b>fully explained</b>.</li> <li>ONE way in which the statement by the marketing expert applies to <i>PTNZ</i> as a franchise pizza retailer is <b>fully explained</b>.</li> <li>ONE way in which the statement by the marketing expert does not apply to <i>PTNZ</i> as a franchise pizza retailer is <b>fully explained</b>.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>	<p>Answers ALL of:</p> <ul style="list-style-type: none"> <li>The statement by the marketing expert is <b>explained</b>.</li> <li>How the statement does apply to <i>PTNZ</i>’s global strategy is <b>fully explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>How the statement does not apply to <i>PTNZ</i>’s global strategy is <b>fully explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>A justified conclusion on the relevance of the statement to <i>PTNZ</i>’s global strategy is given.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>
(b)	<p>Possible <u>positive effects</u> of the “bricks and clicks” (B&amp;C) strategy:</p> <ul style="list-style-type: none"> <li>Because customers order online, staff will not have to physically deal with each customer in the shop (Explain). This will reduce outlet staff expenses and increase profitability (Fully explain).</li> <li><i>PTNZ</i> will not have to provide as much space in their shops for waiting customers (Explain), thus allowing smaller premises, reducing rental/lease expenses (Fully explain).</li> <li>Customers have more options on where to purchase their products from, either online or in store (Explain). This increases potential sales, as <i>PTNZ</i> is now more accessible to customers who may not be able to visit a physical location (Fully explain).</li> </ul> <p>Possible <u>negative effects</u> of the B&amp;C strategy:</p> <ul style="list-style-type: none"> <li>Increased training expenses for</li> </ul>	<p>ONE way in which the statement by the marketing expert does not apply to <i>PTNZ</i> as a franchise pizza retailer is <b>explained</b>.</p>		

	<p>retail staff who are not trained in internet use, which increases time and costs involved.</p> <ul style="list-style-type: none"> <li>Increased expenses maintaining the website and keeping it up to date. If the website fails, it will have a negative impact on <i>PTNZ</i>'s reputation and sales.</li> </ul>			
(c)	<p>The statement refers to the geographical freedom allowed to business via internet selling, as they are now able to reach millions of people throughout the world without having a physical presence in every country. Business can be located anywhere and can ship their product direct to customers.</p> <p>The statement <u>does apply to <i>PTNZ</i></u> because:</p> <ul style="list-style-type: none"> <li>As a multinational business with a global customer base, <i>PTNZ</i> is able to create its online community for all the customers from anywhere in the world, and its marketing material is available from anywhere with internet access.</li> <li>Potential franchisees are able to access information about <i>PTNZ</i> using their on-line presence, and from this, opportunities to extend the business into more remote areas of the world may eventuate.</li> </ul> <p>The statement <u>does not apply to <i>PTNZ</i></u> because:</p> <ul style="list-style-type: none"> <li>A pizza business has to be located quite close to its customers for delivery, so the internet is useful for marketing and taking orders, but does not allow the business to be located far away from its customers.</li> </ul> <p>Justification:</p> <p>In conclusion, the internet has some benefits for <i>PTNZ</i>'s global strategy in making their marketing available globally. By being online, <i>PTNZ</i> is able to have information sent out to all customers cheaply and quickly, helping strengthen their brand. It does not help <i>PTNZ</i> to extend the range of one outlet, as there are limits on the distance that a pizza can travel from store to customer.</p>			

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>THREE: Social and cultural sustainability</b>				
(a)	<p>Social and cultural sustainability ensures the things that are important to us now are still important for future generations. Some stakeholders will regard social and cultural sustainability as important because they believe it allows us to understand how we are both similar and distinct from one another/or that they value and wish to retain the customs that their community has developed.</p> <p>Social and cultural sustainability means that businesses take care of the community and their employees, and ensures that their values, beliefs and customs are respected and maintained for future generations.</p>	<p>Answers THREE of:</p> <ul style="list-style-type: none"> <li>• Why social and cultural sustainability are seen as important is <b>explained</b>.</li> <li>• Negative impact of global businesses on social and cultural sustainability in host countries is <b>explained</b>.</li> <li>• A social and/or cultural issue faced by a NZ global business and its strategic response is <b>explained</b>.</li> </ul>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>• Negative impact of global businesses on social and cultural sustainability in host countries is <b>fully explained</b>.</li> <li>• A positive impact of the strategic response is <b>fully explained</b>.</li> <li>• A negative impact of the strategic response is <b>fully explained</b>.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>	<p>Answers ALL of:</p> <ul style="list-style-type: none"> <li>• A strategic response of a NZ global business to a social and/or cultural issue is <b>explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• The impacts of the strategic response are <b>fully explained</b>.</li> </ul> <p>AND</p> <ul style="list-style-type: none"> <li>• A justified conclusion on the likely success of the strategic response is given.</li> </ul>
(b)	<ul style="list-style-type: none"> <li>• Global businesses market their brands at local communities. These brands tend to stem from home nations, and undermine brands/customs that some feel strongly about. The brands/customs may be in direct conflict with those in the host country's traditional culture.</li> <li>• Multinationals use promotional strategies that encourage the westernisation of consumers at the expense of the cultural and social sustainability of the host country. This can cause conflict between those who welcome change and those who fear the loss of their cultural and social identity.</li> <li>• Global businesses can be large-scale purchasers of raw materials in host nations. Suppliers may be forced into large-volume deals that may have major impacts on their way of working/producing.</li> <li>• Global businesses may set work patterns and practices that undermine traditional ways of living. Employees may be forced to work longer hours and/or further away from home.</li> </ul>	<ul style="list-style-type: none"> <li>• A positive impact of the strategy is <b>explained</b>.</li> <li>• A negative impact of the strategy is <b>explained</b>.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>		<p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, or Māori business concepts where relevant.)</p>
(c)	<p><i>Sample answer:</i> New Zealanders feel quite strongly about some food items.</p>			

<p>When Heinz took over Watties, it maintained its brands rather than sell under its own brand names, as it does elsewhere. This required maintaining production, marketing and sales functions in New Zealand.</p> <p>One <u>positive impact</u> is that it has maintained sales of its products, due to the brand loyalty shown by many consumers.</p> <p>One <u>negative impact</u> is that marketing economies of scale are lost. Heinz must market their Watties range separately from their international Heinz range of foodstuffs. This raises costs and makes them less profitable.</p> <p>The policy may be successful in the short term, however as New Zealanders become more aware of Heinz products the benefits of maintaining the Watties line of products may diminish.</p>			
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**Judgement Statement**

Achievement	Achievement with Merit	Achievement with Excellence
2 A	2 M	2 E
<p><b>Codes</b></p> <p><b>U</b> = Evidence of Achievement</p> <p><b>I</b> = Evidence of Merit</p> <p><b>C</b> = Evidence of Excellence</p>		