



ADVANCED
General Certificate of Education
2010

GCE Applied Business

Assessment Unit A2 12

assessing

The Global Market

[A6B61]



TUESDAY 22 JUNE, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number on the Answer Booklet provided.
Answer **all six** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.
Quality of written communication will be assessed in questions **3, 4, 5** and **6**.
Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each part question in allocating the available examination time.

Case Study

Study the information below and answer ALL the questions that follow.

Telestack International Limited Successfully Increases Global Sales Revenues by £300,000

Telestack International Limited (Telestack) is the specialist materials handling division of Loughside Engineering Company Limited. Based in County Tyrone, Northern Ireland, the company specialises in the complete in-house design, manufacture and commissioning of equipment that has been specifically designed for customers in several industries including quarrying, mining, construction and recycling. Ninety-five percent of Telestack's equipment is of a mobile nature, enabling clients to gain maximum flexibility in its use, with minimal investment risk.

One of Telestack's recent orders relates to the supply of mining equipment to an iron ore mining operation based in Goa, India. Telestack was awarded a sales contract worth £300,000 to supply its products to Fomento Industrial PVT (Fomento), one of Goa's largest mine operators. This is Telestack's first order in India and follows the company's participation in an Invest NI trade mission to India, during 2007.

This contract with Fomento Industrial PVT is only one of a series of export orders won by Telestack, who also have customers in Russia, Scandinavia, the Middle East and Australia.

Mr Philip Waddell, Telestack's International Sales Manager, who took part in the Invest NI trade mission stated:

“India has been a strategic target market for us and the trade mission was a great vehicle to develop distribution networks and contacts. It has a developing mining industry, which offers substantial scope for our range of machinery. Our ability to customise our equipment to suit the client's specific needs helped us gain the business. The Invest NI trade mission enabled us to visit Goa and other mining centres such as Orissa. In the first instance, we were helped by Invest NI's Asia Trade Team to identify a potential partner in India and then the trade mission introduced us to key contacts and set up meetings with them.

We subsequently followed up a number of contacts and Fomento were impressed by the solutions that we proposed. Further orders are in the pipeline. With the Fomento contract we now have a reference site in India to demonstrate the quality, flexibility and innovation of our machinery to other operators.”

Alan Kingston, Invest NI's Director of Trade, pointed out that:

“This is an extremely important contract for Telestack International which, I am confident, will lead to further success in India. We've been working closely for some time with our quarry screening and mining machinery companies to help them to exploit the huge opportunities in India's vast reserves of coal, iron ore, bauxite, manganese, limestone and other minerals. As a result of this focus, many of the companies have already secured significant business from mining operations and also from projects to improve India's infrastructure.

Furthermore, India is fast becoming a key market for Northern Ireland companies across a range of sectors including IT, biotechnology and consumer products. Initiatives which we are planning will provide additional support to companies to seize the massive business opportunities in what is now one of the world's most dynamic markets.”

The award of the contract would imply that Fomento Industrial PVT will pay Telestack the equivalent of £300,000 sterling. Assuming an average exchange (currency) rate of £1 = 82.3457 Indian Rupees (the national currency of India), this would mean that Fomento Industrial PVT would require approximately 24,703,704 Indian Rupees in order to meet the terms of the sales contract.

Adapted from: © Invest Northern Ireland and © Telestack International Ltd websites

- 1 With reference to the case study, explain what is meant by the term ‘**exports**’. [4]
- 2 Analyse **four** different factors which could lead to the growth of global sales revenues for Telestack International Limited. [12]
- 3 Evaluate **three** ways in which Telestack International Limited's decision to trade globally might impact on the Northern Ireland economy. [12]
- 4 Evaluate **three** different ways in which Invest NI could assist a firm such as Telestack International Limited to take advantage of trading opportunities within the global market. [12]

- 5 Telestack International Limited entered the overseas market following an Investment Promotion Commission. Evaluate **four** other methods by which they could have entered this market. [16]
- 6 Evaluate each of the following methods of distribution that Northern Ireland companies, including Telestack International Limited, could use in order to facilitate trading activities within the Indian subcontinent:
- (a) Direct Selling
 - (b) Dealer Networks
 - (c) E-Commerce
- [24]

THIS IS THE END OF THE QUESTION PAPER
