



ADVANCED
General Certificate of Education
2011

GCE Applied Business

Assessment Unit A2 12

assessing

The Global Market

[A6B61]

MONDAY 24 JANUARY, AFTERNOON

**MARK
SCHEME**

1 Define the term “globalisation”, using an example from the case study.

- Globalisation is taken to mean the conduct of business activities across national and international boundaries, or outside of the domestic market.
- With reference to the case study, Riverside Gallery has indicated that 20% of the artwork sold is destined for the international art market.
- With reference to the case study, Riverside Gallery has indicated that the theme of certain artwork appeals to international customers (e.g. Titanic paintings).

	AO1 Knowledge and Understanding	AO2 Application
Level 1	[1]–[2] Candidate demonstrates a good understanding of the term “globalisation”.	[1]–[2] Candidate applied knowledge effectively in context of stimulus material.
Level 0	[0] marks Candidate demonstrates no understanding of the term globalisation.	[0] marks Candidate does not attempt to apply knowledge to stimulus material

[4]

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- 2 The Riverside Gallery might be considered as an art dealer. Analyse four ways in which a “dealer network” might be used to distribute works of art.
- Locally based artists will benefit from local knowledge and cultures more effectively, since local staff are likely to run such a dealer network/network of art galleries, including the Riverside Gallery—this might be of benefit to local artists;
 - Locally based artists might experience an increase in market share due to increased demand for their products, since the dealer network can be easily contacted—Riverside Gallery have access to emails/internet/face-to-face contacts which will benefit local artists;
 - Locally based artists can increase their profits using this method of distribution, since if the dealer (Riverside Gallery) can facilitate overseas contacts using networking facilities, such artists can promote their works, e.g. attend art exhibitions hosted by the Riverside Gallery, which are likely to attract global customers;
 - Locally based artists may have to share their revenues with the dealer (Riverside Gallery) since the management team is likely to charge a commission for use of its facilities—this might be an issue for some artists;
 - Locally based artists are dependent upon the knowledge of the staff/management team within Riverside Gallery on securing sales/commissions for their artwork and the network of contacts that can be established with overseas art dealers—if this knowledge is limited, then revenues are likely to be limited which might be an issue for some artists;
 - Riverside Art Gallery might increase revenues/market share.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[3]–[4] Candidate demonstrates a good understanding of a dealer network as a method of distribution (of which Riverside Gallery is part). Candidate makes good use of specialist vocabulary when it is appropriate.	[3]–[4] Candidate applies knowledge effectively.	[3]–[4] Candidate thoroughly analyses the use of a dealer network as a method of distribution (of which Riverside Gallery is part).
Level 2	[2] Candidate demonstrates adequate understanding of a dealer network as a method of distribution (of which Riverside Gallery is part). Candidate makes adequate use of specialist vocabulary when it is appropriate.	[2] Candidate attempts to apply reasonable knowledge	[2] Candidate shows some attempt to analyse the use of a dealer network as a method of distribution (of which Riverside Gallery is part).
Level 1	[1] Candidate demonstrates some understanding of a dealer network as a method of distribution (of which Riverside Gallery is part). Candidate makes some use of specialist vocabulary when it is appropriate.	[1] Candidate attempts to apply some knowledge.	[1] Candidate shows little attempt to analyse the use of a dealer network as a method of distribution (of which Riverside Gallery is part).

Level 0	[0] Candidate demonstrates no understanding of a dealer network as a method of distribution (of which Riverside Gallery is part). Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the use of a dealer network as a method of distribution (of which Riverside Gallery is part).
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- 3 Discuss **four** reasons why the management team at the Riverside Gallery would want to achieve growth by trading globally.
- Free market:
 - It is assumed that a free market operates and that no restrictions are placed on the purchase/sale of art in a global context;
 - This enables Riverside Gallery to participate in the market by buying/selling works of art on behalf of artists/customers;
 - The operation of the free market in this context would enable Riverside Gallery to increase market share or sales revenues both for itself and local artists;
 - Competitive Advantage:
 - The management team at Riverside Gallery may feel that they can secure Competitive Advantage since the pieces of artwork bought/sold are usually unique to specific artists—thus might appeal to certain groups of customers;
 - Customers may only choose to source artwork related to specific themes, e.g. horses, industrial scenes, thus Riverside Gallery may promote itself on the basis that it can source such artwork;
 - Riverside Gallery also offer a variety of other facilities for the convenience and benefit of customers, e.g. restorations, valuations, which may be unique within the local area, thus enabling it to secure competitive advantage.
 - Owner/Investor Pressure:
 - The management team at Riverside Gallery may wish to ensure that by trading globally, they secure additional revenues/profits since exposure to the global market should lead to increased numbers of customers;
 - The management team at Riverside Gallery have indicated that 20% of their existing business has been secured for international customers—their stated objective is to increase this share of the global market over time. This should enable them to meet investor requirements related to profitability;
 - Security:
 - Exposure to the global market will lead to increased security in that it might fend off predators in a takeover scenario, since global trading usually leads to a more valuable business in terms of goodwill—if a business is too expensive to take over, it might prevent an unwelcome takeover for the benefit of the existing owners;
 - Increased exposure within the global market might lead to increased revenues/market share which will secure/stimulate growth in the existing investment for the benefit of the current owners.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	<p>[2] Candidate demonstrates a good understanding of the reasons for achieving growth (by Riverside Gallery) in a global context. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate applies knowledge effectively.</p>	<p>[8] Candidate thoroughly analyses the reasons for achieving growth (by Riverside Gallery) in a global context.</p>
Level 2	<p>[2] Candidate demonstrates adequate understanding of the reasons for achieving growth (by Riverside Gallery) in a global context. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate attempts to apply reasonable knowledge.</p>	<p>[6] Candidate shows some attempt to analyse the reasons for achieving growth (by Riverside Gallery) in a global context.</p>
Level 1	<p>[1] Candidate demonstrates some understanding of the reasons for achieving growth (by Riverside Gallery) in a global context. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to apply some knowledge.</p>	<p>[1] Candidate shows little attempt to analyse the reasons for achieving growth (by Riverside Gallery) in a global context.</p>

Level 0	[0] Candidate demonstrates no understanding of the reasons for achieving growth (by Riverside Gallery) in a global context. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the reasons for achieving growth (by Riverside Gallery) in a global context.
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4. Evaluate three ways in which global trade impacts on the Riverside Gallery's customers.
- Price:
 - It is assumed that the Riverside Gallery's merchandise/paintings/artwork prices are available at competitive prices enabling customers to access such material;
 - It is assumed that the management team have negotiated appropriate prices for access to artist's material which can be exhibited and distributed to customers;
 - The effect of the pricing has been to allow customers to benefit from access to various artist's products/product range;
 - Quality:
 - It is assumed that the Riverside Gallery's merchandise/products/artwork are of sufficient quality for the benefit of customers;
 - Art exhibitions allow customers to experience quality displays with viewings experienced at the point of attendance, rather than the point of purchase. This is an important aspect of the nature of the artist's work as their reputation is important in this respect;
 - The effect of appropriate standards of quality in relation to artwork means that customers will benefit from their experiences;
 - Choice:
 - It is assumed that the artwork will successfully meet the needs of customers through increasing the choice of product provided, e.g. Irish artwork, artwork featuring horses, industrial scenes and/or Titanic;
 - The effect of providing an element of choice is that it is likely to benefit customers and increase the profile of the Riverside Gallery, leading to a larger customer base;
 - Availability:
 - It is assumed that the Riverside Gallery's art products are available to customers on a global basis, through various formats, including displays in the gallery and interactive formats – some of which are available for customers to access 24/7;
 - It is assumed that the technology based formats (web) would be available globally, facilitating global access for customers;
 - The effect of increased availability of the Riverside Gallery's product range will make it easier for customers to access their material in a format that suits them best, thus increasing their loyalty to the gallery.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	<p>[3] Candidate demonstrates a good understanding of the impact of global trading on Riverside Gallery customers. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[3] Candidate applies knowledge effectively.</p>	<p>[3] Candidate thoroughly analyses the impact of global trading on Riverside Gallery customers.</p>	<p>[3] Candidate gives a full evaluation of the impact of global trading on Riverside Gallery customers. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>

<p>Level 2</p>	<p>[2] Candidate demonstrates adequate understanding of the impact of global trading on Riverside Gallery customers. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate attempts to apply reasonable knowledge.</p>	<p>[2] Candidate shows some attempt to analyse the impact of global trading on Riverside Gallery customers.</p>	<p>[2] Candidate shows a satisfactory evaluation of the impact of global trading on Riverside Gallery customers. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
<p>Level 1</p>	<p>[1] Candidate demonstrates some understanding of the impact of global trading on Riverside Gallery customers. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to apply some knowledge.</p>	<p>[1] Candidate shows little attempt to analyse the impact of global trading on Riverside Gallery customers.</p>	<p>[1] Candidate attempts some evaluation of the impact of global trading on Riverside Gallery customers. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>

Level 0	<p>[0] Candidate demonstrates no understanding of the impact of global trading on Riverside Gallery customers. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>[0] Candidate does not attempt to apply knowledge.</p>	<p>[0] Candidate shows no attempt to analyse the impact of global trading on Riverside Gallery customers.</p>	<p>[0] Candidate does not attempt to evaluate the impact of global trading on Riverside Gallery customers.</p>
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AVAILABLE MARKS
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- 5 With reference to speed, cost, reliability and handling characteristics, evaluate the use of road transport by the Riverside Gallery, as a method of distributing its products to customers in Dublin.
- Speed:
 - Given the location of the Riverside Gallery, for sales within Ireland, it is likely to represent the most obvious form of distribution facilitating delivery of artwork to customers;
 - In relation to inland sales, it is likely to be practical as the journey will involve distribution by road, which will increase product cost in addition to time consumption since it will take slightly longer to deliver the product to the customer;
 - Time–road transport might be a slower method of delivery compared to other forms of transport depending on customer location, size/weight of artwork and other issues related to specific works of art;
 - Evaluation–this method of transport is more practical in terms of delivery of goods to customers on the island of Ireland;
 - Cost:
 - Delivery by this method of transport is likely to be the cheapest–since no overseas transport is required for customers located within the island. Courier or personal delivery are likely to be practical methods of delivery and are relatively cheap;
 - The cost is likely to decrease significantly since the artwork is likely to require insurance costs to ensure that the product reaches the customer at the value paid for it compared to overseas delivery;
 - Evaluation–cost will be a significant factor in relation to overseas delivery of artwork;
 - Reliability:
 - Road transport is likely to represent a reliable form of transport, particularly for customers based on the island of Ireland, since road infrastructure has improved in recent times;
 - Road transport/infrastructure is likely to be of a good standard in developed countries such as Ireland, and thus delivery by this method is likely to be reliable;
 - Evaluation–it is possible that deliveries to international customers are likely to take longer due to the combination of various forms of transport required to secure reliability in delivery;

- Handling Characteristics:
 - Handling characteristics will vary according to the size/weight of the individual pieces of artwork – small/portable artwork is easily handled/transported, however larger pieces of artwork are more bulky and are likely to require specialist handling, which will increase cost;
 - Valuable artwork will also need to be handled carefully, to ensure that delivery to customers is secure, reliable and retains the value invested in the artwork – insurance is likely to feature in the cost and this is dependent on the handling characteristics available;
 - Evaluation – this will influence the method/cost of transport used to deliver the artwork to customers.

Final Judgement: it is possible to conclude that the various issues will impact the use of road transport in respect of delivery of art products to customers on a global basis.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	<p>[2] Candidate demonstrates a good understanding of the issues related to road transport as a method of distribution used by Riverside Gallery. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate applies knowledge effectively.</p>	<p>[3]–[4] Candidate thoroughly analyses the issues related to road transport as a method of distribution used by Riverside Gallery.</p>	<p>[5]–[8] Candidate gives a full evaluation of the issues related to road transport as a method of distribution used by Riverside Gallery, and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>

<p>Level 2</p>	<p>[2] Candidate demonstrates an adequate understanding of the issues related to road transport as a method of distribution used by Riverside Gallery. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p>[2] Candidate attempts to apply reasonable knowledge.</p>	<p>[2] Candidate shows some attempt to analyse the issues related to road transport as a method of distribution used by Riverside Gallery.</p>	<p>[3]–[4] Candidate gives a satisfactory evaluation of the issues related to road transport as a method of distribution used by Riverside Gallery, and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
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Level 1	<p>[1] Candidate demonstrates some understanding of the issues related to road transport as a method of distribution used by Riverside Gallery. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p>[1] Candidate attempts to apply some knowledge.</p>	<p>[1] Candidate shows little attempt to analyse the issues related to road transport as a method of distribution used by Riverside Gallery.</p>	<p>[1]-[2] Candidate shows some evaluation of the issues related to road transport as a method of distribution used by Riverside Gallery. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>
Level 0	<p>[0] Candidate demonstrates no understanding of the issues related to road transport as a method of distribution used by Riverside Gallery. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p>[0] Candidate does not attempt to apply knowledge.</p>	<p>[0] Candidate shows no attempt to analyse the issues related to road transport as a method of distribution used by Riverside Gallery.</p>	<p>[0] Candidate makes no attempt to evaluate the issues related to road transport as a method of distribution used by Riverside Gallery.</p>

[16]

AVAILABLE MARKS

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- 6 Evaluate each of the following factors which the management team at the Riverside Gallery should consider when trading globally.
- Culture:
 - People from different cultures are likely to collect/purchase different works of art from various Irish artists, representing their specific needs – e.g. a corporate client may wish to purchase industrial scenes for display in an office/corporate environment, whereas a personal client with an interest in animals may purchase a painting featuring horses;
 - Currency:
 - Riverside Gallery is likely to require payment in advance or upon delivery of works of art to customers, particularly for international customers or customers located a considerable distance from the gallery;
 - Rates of exchange are likely to be a key factor in the eventual price paid by the customer for the individual work of art sold by the Riverside Gallery;
 - Fashion/Trends:
 - This is likely to represent an important element since the Riverside Gallery will benefit from the sale of art which meets current fashion/trends/tastes – for example, the anniversary of certain events – Titanic paintings celebrating the 100th anniversary of the sinking in 2012; a focus by customers in animal paintings or other fads which lose momentum with the passage of time;
 - Language:
 - Availability of artwork to suit customers, whose principal language is not English is important – this would ensure the appeal of the product range;
 - The website is in English which is adopted throughout the world, whilst it is not the most widely spoken language, the Riverside Gallery should be able to communicate with international customers easily;
 - It is assumed that the staff servicing the Riverside Gallery are fluent in language skills too;
 - Business practices:
 - This refers to the way in which a business such as Riverside Gallery is run – including the opening/working hours, location of premises, the manner in which art exhibitions are held, the accessibility of artwork in the gallery/on website (pictures), methods of arranging valuations and meeting deadlines for delivery of artwork;

- Increased Costs:
 - This refers to the notion that the Riverside Gallery are likely to incur in the costs of servicing the needs of internationally based customers, in terms of communicating/negotiating a deal generally, securing payment for artwork and ensuring delivery of the artwork to customers in an international context;
 - It is likely that large/bulky items will incur additional delivery charges and/or valuable works of art will incur additional costs in relation to insurance coverage, securing the asset and meeting customer requirements.

Final Judgement: The Riverside Gallery must consider the factors which will impact their global trading activities in order to benefit the business.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	<p>[4] Candidate demonstrates a good understanding of the various factors Riverside Gallery need to consider when trading globally. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p>[4] Candidate applies knowledge effectively.</p>	<p>[4] Candidate thoroughly analyses the various factors Riverside Gallery need to consider when trading globally.</p>	<p>[7]–[12] Candidate gives a full evaluation of the various factors Riverside Gallery need to consider when trading globally, and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>

<p>Level 2</p>	<p>[3] Candidate demonstrates an adequate understanding of the various factors Riverside Gallery need to consider when trading globally. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p>[3] Candidate attempts to apply reasonable knowledge.</p>	<p>[3] Candidate shows some attempt to analyse the various factors Riverside Gallery need to consider when trading globally.</p>	<p>[3]–[6] Candidate shows a satisfactory evaluation of the various factors Riverside Gallery need to consider when trading globally, and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
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Level 1	[1]–[2] Candidate demonstrates some understanding of the various factors Riverside Gallery need to consider when trading globally. Candidate makes some use of specialist vocabulary when it is appropriate.	[1]–[2] Candidate attempts to apply some knowledge.	[1]–[2] Candidate shows little attempt to analyse the various factors Riverside Gallery need to consider when trading globally.	[1]–[2] Candidate demonstrates some evaluation of the various factors Riverside Gallery need to consider when trading globally. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.
Level 0	[0] Candidate demonstrates no understanding of the various factors Riverside Gallery need to consider when trading globally. Candidates makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate shows no attempt to analyse the various factors Riverside Gallery need to consider when trading globally.	[0] Candidate makes no attempt to evaluate the various factors Riverside Gallery need to consider when trading globally.

	AVAILABLE MARKS
[24]	24
Total	80