



Rewarding Learning

ADVANCED  
General Certificate of Education  
2011

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**GCE Applied Business**

Assessment Unit A2 12

*assessing*

The Global Market

[A6B61]

MONDAY 20 JUNE, AFTERNOON

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**MARK  
SCHEME**

1 (a) Explain what is meant by the term “licensing”. Using the case study information, discuss two ways in which this would enable Snow Patrol to enter overseas markets.

- Licensing: a legal agreement between two or more parties allowing business assets/products such as intellectual property, trademarks, copyright, or related items of value to a business to be made available to another party, which may increase its value. Alternatively, a particular business may benefit if it has permission to use intellectual property from another business.
- Examples:
- Snow Patrol entered a licensing agreement with Apple Inc. (USA) to allow Apple to use the band’s music on their products such as iPhone/iPod enabling customers/fans to download music legally. This enables Snow Patrol access to a global market from users of Apple Inc., Products;
- Snow Patrol might have entered into a licensing agreement with U2 to promote their music/memorabilia during their Vertigo Concert tour in 2005;
- Polydor Records might have entered into licensing agreements on behalf of Snow Patrol, enabling third parties access/use of the band’s music and memorabilia;

	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>
Level 2	<b>2–4 marks</b> Candidate demonstrates a good understanding of the term licensing.	<b>2 marks</b> Candidate applies knowledge effectively in context of the stimulus material.
Level 1	<b>1 mark</b> Candidate demonstrates some understanding of the term licensing.	<b>1 mark</b> Candidate applies limited knowledge in context of stimulus material.
Level 0	<b>0 marks</b> Candidate demonstrates no understanding of the term licensing.	<b>0 marks</b> Candidate does not attempt to apply knowledge to stimulus material.

[6]

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- 2 Explain **two** ways in which the global trading activities of Snow Patrol might affect the local economy.
- Employment levels: the staging of concerts at local venues would secure employment for staff at the venues, ranging from roles as varied as security, event management, catering, selling the band's merchandise and other related activities; in addition, employment is secured at Polydor through management of the band's global affairs.
  - Economic Growth: the staging of concerts at local venues creates a multiplier effect, with customers attending the event, who in turn are likely to require the services of businesses operating in the local economy, for example, car parking, catering, bars/clubs, public transport to/from concert venues – the additional wealth is in theory “ploughed” back into the local economy, securing livelihoods; this scenario can also be applied within an internet context – global customers/fans can acquire the band's merchandise using the internet;
  - Exchange rates: the staging of concerts locally, would imply that customers/fans from the Republic of Ireland and other Eurozone countries are likely to require foreign currency translation services (between sterling/euro) and this secures employment and contributes to the local tourism industry revenues.
  - Inflation.

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>
Level 2	<p><b>2–3 marks</b> Candidate demonstrates adequate understanding of the ways in which Snow Patrol’s activities affect the local economy. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>2–3 marks</b> Candidate attempts to apply reasonable knowledge.</p>
Level 1	<p><b>1 mark</b> Candidate demonstrates some understanding of the ways in which Snow Patrol’s activities affect the local economy. Candidate makes some use of vocabulary when it is appropriate.</p>	<p><b>1 mark</b> Candidate attempts to apply some knowledge.</p>
Level 0	<p><b>0 marks</b> Candidate demonstrates no understanding of the ways in which Snow Patrol’s activities affect the local economy. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge.</p>

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3 Prepare a SWOT Analysis for Snow Patrol as they continue to participate in the global music market.

- Strengths:
- Good reputation: Music appeals to their increasing fan base, up from 6,000 (1990s) to 3.7 m in 2006; Music used in various television programmes, e.g. Gray’s Anatomy, Spider-man 3 etc.;
- Global product availability – concert gigs/albums/memorabilia;
- Support acts – band supported U2 Vertigo Tour;
  
- Weaknesses:
- Seen as an “alternative” band – music not to everyone’s taste;
- Weak management in earlier times (1990s) – enjoyed limited profile until major chart success in 2003;
  
- Opportunities:
- Licensing agreement with Apple Inc. (USA) providing global access to band music/albums using interactive media on iPhone/iPod devices;
- Profile: Oh Yeah! Company provides networking opportunities for new/ local artists, sponsorship might increase profile of band globally;
  
- Threats:
- Piracy – like many other artists in the industry, band’s music is subject to piracy in various forms via internet, illegal downloading/copying etc.;
- Emergence of rival bands – the re-emergence of established bands such as Take That and the emergence of new bands such as The Killers and Arctic Monkeys might lead to significant challenges to the band as they compete within the music industry.

	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>
Level 3	<b>4 marks</b> Candidate demonstrates a good understanding of a SWOT analysis in relation to Snow Patrol. Candidate makes good use of specialist vocabulary when it is appropriate.	<b>4 marks</b> Candidate applies knowledge effectively.	<b>4 marks</b> Candidate thoroughly analyses the issues related to a SWOT analysis in relation to Snow Patrol.

Level 2	<b>2–3 marks</b> Candidate demonstrates adequate understanding of a SWOT analysis in relation to Snow Patrol. Candidate makes adequate use of specialist vocabulary when it is appropriate.	<b>2–3 marks</b> Candidate attempts to apply reasonable knowledge.	<b>2–3 marks</b> Candidate shows some attempt to analyse the issues related to a SWOT analysis in relation to Snow Patrol.
Level 1	<b>1 mark</b> Candidate demonstrates some understanding of a SWOT analysis in relation to Snow Patrol. Candidate makes some use of specialist vocabulary when it is appropriate.	<b>1 mark</b> Candidate attempts to apply some knowledge.	<b>1 mark</b> Candidate shows little attempt to analyse the issues related to a SWOT analysis in relation to Snow Patrol.
Level 0	<b>0 marks</b> Candidate demonstrates no understanding of a SWOT analysis in relation to Snow Patrol. Candidate makes no use of specialist vocabulary when it is appropriate.	<b>0 marks</b> Candidate does not attempt to apply knowledge.	<b>0 marks</b> Candidate shows no attempt to analyse the issues related to a SWOT analysis in relation to Snow Patrol.

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- 4 Snow Patrol employ Polydor (a management/record company) as an agent. Discuss 2 advantages and 2 disadvantages of this method of distribution by Snow Patrol.

Agent – Advantages:

- an agent can act independently in some foreign markets – this can be important in securing increased sales of the band's merchandise/product range;
- an agent can secure exports of the band's product range/music – e.g. negotiate licensing agreements on behalf of the band as with Apple Inc., for the use of their music/creation of interactive content;
- an agent can have good market expertise – Polydor might have experience of working within the global music industry and identify potential markets for Snow Patrol to host concerts;
- an agent's fees can be negotiated in advance of the sales, hence Snow Patrol can be reasonably sure of obtaining value for money and incorporating their management fees within the prices charged to customers/fans;
- Snow Patrol can retain control over their brand name/music rights/royalty income and can influence promotion of their activities with the use of an agent;

Agent – Disadvantages:

- In relation to the band, an agent (Polydor) is not likely to share the costs of delivery of products to customers – the band are likely to have to meet such costs from revenues;
- An agent (Polydor) is not likely to hold significant stockholdings, thus the band might be reliant upon a third party to ensure efficient distribution of product range;
- An agent (Polydor) might limit itself to operating during business hours only, whilst some of the band's concerts might be held at unsociable hours, e.g. nights/weekends;
- An agent (Polydor) might not accept the credit risk associated with the band's activities – the band ultimately have to find the financial resources to fund their activities from production/recording to staging concerts, payment of sponsorship monies for Oh Yeah!
- Management disagreements between band and agent (Polydor) – negative impact.
- Agents' fees – decrease profits/revenues.

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
Level 3	<p><b>3–4 marks</b> Candidate demonstrates a good understanding of the use of an agent as a method of distributing Snow Patrol’s product range. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p><b>3–4 marks</b> Candidate applies knowledge effectively.</p>	<p><b>3–4 marks</b> Candidate thoroughly analyses the use of an agent as a method of distributing Snow Patrol’s product range.</p>	<p><b>3–4 marks</b> Candidate gives a full evaluation of the use of an agent in relation to Snow Patrol. 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><b>2 marks</b> Candidate demonstrates adequate understanding of the use of an agent as a method of distributing Snow Patrol's product range. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>2 marks</b> Candidate attempts to apply reasonable knowledge.</p>	<p><b>2 marks</b> Candidate shows some attempt to analyse the use of an agent as a method of distributing Snow Patrol's product range.</p>	<p><b>2 marks</b> Candidate shows a satisfactory evaluation of the use of an agent in relation to Snow Patrol. 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><b>1 mark</b> Candidate demonstrates some understanding of the use of an agent as a method of distributing Snow Patrol's product range. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p><b>1 mark</b> Candidate attempts to apply some knowledge.</p>	<p><b>1 mark</b> Candidate shows little attempt to analyse the use of an agent as a method of distributing Snow Patrol's product range.</p>	<p><b>1 mark</b> Candidate attempts some evaluation of the use of an agent in relation to Snow Patrol. 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>

<p>Level 0</p>	<p><b>0 marks</b> Candidate demonstrates no understanding of the use of an agent as a method of distributing Snow Patrol's product range. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge.</p>	<p><b>0 marks</b> Candidate shows no attempt to analyse the use of an agent as a method of distributing Snow Patrol's product range.</p>	<p><b>0 marks</b> Candidate attempt to evaluate the use of an agent in relation to Snow Patrol.</p>
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AVAILABLE MARKS
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5 Evaluate the impact of global trading on Snow Patrol's business interests.

- Profitability:
  - Participating in global trading within the global market will enable Snow Patrol to increase profitability – this can be achieved in two ways: (i) increased revenues from the sale of music/memorabilia to international customers; (ii) increased profitability from economies of scale – music/memorabilia will be available to a global customer base and not limited to customers within the domestic market thus, for the same operating costs, Snow Patrol can gain exposure to a global market benefiting from such economies;
  - Operating in the global market will likely have a positive impact on Snow Patrol in this context;
- Market Size:
  - The management team have indicated that music/memorabilia can be bought cheaply, which would imply that the market is accessible to a range of customers on the basis of budget – this would benefit Snow Patrol since they would gain revenues on the sale of music/memorabilia and increase their market size since their customer base would be located both within the domestic and international markets;
  - The management label (Polydor) have indicated that much of the music/memorabilia is aimed at international customers. They have also indicated that they wish to increase market share – this can be achieved from the continued sale of music/memorabilia to international customers and by doing so, will increase market share;
  - The exposure of Snow Patrol to the international music market will likely be of benefit to the business;
- Competition:
  - Participation in the global music market by Snow Patrol is likely to lead to increased levels of competition – both from other bands and customers;
  - Increased levels of competition could affect Snow Patrol in a number of ways, for example, it could lead to greater levels of sales/revenue since Snow Patrol can compete more effectively from exposure to greater numbers of customers looking for music (e.g. themed music (ER etc.) or music at specific concerts); or alternatively, it could lead to a decline in sales/revenues, since customers might deem the music to be of insufficient quality and look elsewhere within the global market for music of better quality/taste;
  - Greater levels of competition could lead to sales based on global market segmentation, e.g. age/music genre, price/value of memorabilia, concert venues – this might benefit Snow Patrol since it could meet the needs of customers globally;
- Regulations:
  - the effect of regulations might affect the band, e.g. Snow Patrol might be required to act within health/safety legislation in relation to staging concerts, noise pollution, and other regulations;
  - Snow Patrol may benefit from anti-piracy regulations in order to prevent illegal downloading of their music and protect revenues in future which would benefit the band.
  - Taxes paid by band reduces revenues.

Final Judgement: it is possible to conclude that Snow Patrol will benefit from trading globally.

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
Level 3	<p><b>2 marks</b> Candidate demonstrates a good understanding of the impact of global trading on Snow Patrol's business interests. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p><b>2 marks</b> Candidate applies knowledge effectively.</p>	<p><b>5–6 marks</b> Candidate thoroughly analyses the impact of global trading on Snow Patrol's business interests.</p>	<p><b>5–6 marks</b> Candidate gives a full evaluation of the impact of global trading on Snow Patrol's business interests, 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>

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
Level 2	<p><b>2 marks</b> Candidate demonstrates an adequate understanding of the impact of global trading on Snow Patrol's business interests. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>2 marks</b> Candidate attempts to apply reasonable knowledge.</p>	<p><b>2–4 marks</b> Candidate shows some attempt to analyse the impact of global trading on Snow Patrol's business interests.</p>	<p><b>2–4 marks</b> Candidate gives a satisfactory evaluation of the impact of global trading on Snow Patrol's business interests, 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>

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
Level 1	<p><b>1 mark</b> Candidate demonstrates some understanding of the impact of global trading on Snow Patrol's business interests. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p><b>1 mark</b> Candidate attempts to apply some knowledge.</p>	<p><b>1 mark</b> Candidate shows little attempt to analyse the impact of global trading on Snow Patrol's business interests.</p>	<p><b>1 mark</b> Candidate attempts some evaluation of the impact of global trading on Snow Patrol's business interests. 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><b>0 marks</b> Candidate demonstrates no understanding of the impact of global trading on Snow Patrol's business interests. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge.</p>	<p><b>0 marks</b> Candidate shows no attempt to analyse the impact of global trading on Snow Patrol's business interests.</p>	<p><b>0 marks</b> Candidate makes no attempt to evaluate the impact of global trading on Snow Patrol's business interests.</p>

[16]

AVAILABLE MARKS

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6 Evaluate the ways in which each of the following factors might be considered by Snow Patrol (as a band) when trading within the global music market:

- (i) product promotion;
- (ii) increased competition;
- (iii) Design and Packaging

Product Promotion:

- Snow Patrol promote themselves as a band and their music physically through staging concerts/gigs or supporting other artists/bands such as U2 – this has the effect of promoting the band’s profile globally and increasing profits/revenues;
- Snow Patrol can promote their music using various formats, including: interactive albums (iPhone/iPod), cd’s, internet downloads, national radio/television appearances – this has the effect of increasing global profits/revenues for the band;
- Snow Patrol can promote their memorabilia using their internet website/concerts/gigs, e.g. t-shirts, mugs etc. – this has the effect of increasing global profits/revenues for the band;
- Snow Patrol can promote their music by encouraging television producers to use it in television programmes, e.g. Gray’s Anatomy, ER, Top of the Pops, Spider-man 3 – this has the effect of increasing the band’s profile globally;
- Their promotional activities must appeal to fans that support the band and obviously other industry contacts who adopt their music in the context of other television/radio productions;
- Product promotion is an expensive and time consuming activity which the band must engage in (either themselves or through their management team at Polydor), but it is important for the band in order to actively promote their products and participate in the global music market. This would have the effect of reducing revenues for the band.

### Increased competition:

- Increasing numbers/types of bands/artists within the industry creates increased levels of competition which Snow Patrol must deal with both within the domestic and international market (e.g. Take That, Arctic Monkeys) – their music and related products must appeal to fans globally in order to increase revenues;
- Supporting Acts: Snow Patrol providing support for larger bands such as U2 increases their global profile. Supporting an established band/artist would have the effect of a product “endorsement” and Snow Patrol have effectively achieved this despite increased competition – this would enable the band to increase revenues;
- Increased competition means that the band must successfully cater for the needs of global fans/customers, e.g. translating album covers/music into foreign languages to enable foreign fans/customers to hear it; creating technologically advanced formats/recordings to facilitate downloads via PDA’s/internet etc., all of which costs money and reduced revenues.

### Design and Packaging:

- The band must design their music and related material, providing customers with an excellent experience in terms of acquiring a concert experience or purchasing cd’s/lp’s in an appropriate format for customers to acquire in retail outlets/concerts – this also applies to the way in which music is downloaded – the website must appeal to fans/customers;
- The various ways in which the band’s music and related products are packaged (e.g. internet, iPhone/iPod, concerts, albums including cd’s/lp’s etc) mean that consumers are more demanding in their tastes/fashions thus the band must meet customer/fan requirements;
- The use of a “digital booklet” and such applications within the iPhone/iPod means that the band has to work closely with Apple Inc., in order to ensure success of the provision of music designed in a format that users/customers/fans can benefit from, thus increasing popularity of both the device and the music;

Final judgement: issues such as product promotion, increased competition and technical standards are likely to have positive effects on Snow Patrol and must be managed effectively to ensure success in the global market.



	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
Level 3	<p><b>4 marks</b> Candidate demonstrates a good understanding of product promotion, increased competition and design and packaging in relation to Snow Patrol. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p><b>4 marks</b> Candidate applies knowledge effectively.</p>	<p><b>4 marks</b> Candidate thoroughly analyses product promotion, increased competition and design and packaging in relation to Snow Patrol.</p>	<p><b>7–12 marks</b> Candidate gives a full evaluation of product promotion, increased competition and design and packaging in relation to Snow Patrol, 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><b>3 marks</b> Candidate demonstrates an adequate understanding of product promotion, increased competition and design and packaging in relation to Snow Patrol. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>3 marks</b> Candidate attempts to apply reasonable knowledge.</p>	<p><b>3 marks</b> Candidate shows some attempt to analyse product promotion, increased competition and design and packaging in relation to Snow Patrol.</p>	<p><b>3–6 marks</b> Candidate shows a satisfactory evaluation of product promotion, increased competition and design and packaging in relation to Snow Patrol, 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><b>1–2 marks</b> Candidate demonstrates some understanding of product promotion, increased competition and design and packaging in relation to Snow Patrol. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p><b>1–2 marks</b> Candidate attempts to apply some knowledge.</p>	<p><b>1–2 marks</b> Candidate shows little attempt to analyse product promotion, increased competition and design and packaging in relation to Snow Patrol.</p>	<p><b>1–2 marks</b> Candidate shows some evaluation of product promotion, increased competition and design and packaging in relation to Snow Patrol. 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><b>0 marks</b> Candidate demonstrates no understanding of product promotion, increased competition and design and packaging in relation to Snow Patrol. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge.</p>	<p><b>0 marks</b> Candidate shows no attempt to analyse product promotion, increased competition and design and packaging in relation to Snow Patrol.</p>	<p><b>0 marks</b> Candidate makes no attempt to evaluate product promotion, increased competition and design and packaging in relation to Snow Patrol.</p>

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**Total**

AVAILABLE MARKS
24
<b>80</b>