



Rewarding Learning

**ADVANCED
General Certificate of Education
2015**

GCE Applied Business

Assessment Unit A2 12

assessing

The Global Market

[A6B61]

WEDNESDAY 24 JUNE, AFTERNOON

**MARK
SCHEME**

General Marking Instructions

Introduction

Mark schemes are published to assist teachers and students in their preparation for examinations. Through the mark schemes teachers and students will be able to see what examiners are looking for in response to questions and exactly where the marks have been awarded. The publishing of the mark schemes may help to show that examiners are not concerned about finding out what a student does not know but rather with rewarding students for what they do know.

The Purpose of Mark Schemes

Examination papers are set and revised by teams of examiners and revisers appointed by the Council. The teams of examiners and revisers include experienced teachers who are familiar with the level and standards expected of students in schools and colleges.

The job of the examiners is to set the questions and the mark schemes; and the job of the revisers is to review the questions and mark schemes commenting on a large range of issues about which they must be satisfied before the question papers and mark schemes are finalised.

The questions and the mark schemes are developed in association with each other so that the issues of differentiation and positive achievement can be addressed right from the start. Mark schemes, therefore, are regarded as part of an integral process which begins with the setting of questions and ends with the marking of the examination.

The main purpose of the mark scheme is to provide a uniform basis for the marking process so that all the markers are following exactly the same instructions and making the same judgements in so far as this is possible. Before marking begins a standardising meeting is held where all the markers are briefed using the mark scheme and samples of the students' work in the form of scripts. Consideration is also given at this stage to any comments on the operational papers received from teachers and their organisations. During this meeting, and up to and including the end of the marking, there is provision for amendments to be made to the mark scheme. What is published represents this final form of the mark scheme.

It is important to recognise that in some cases there may well be other correct responses which are equally acceptable to those published: the mark scheme can only cover those responses which emerged in the examination. There may also be instances where certain judgements may have to be left to the experience of the examiner, for example, where there is no absolute correct response – all teachers will be familiar with making such judgements.

1 Explain two reasons why Ulster Carpets trade globally.

The search for new markets globally has different features for each product and location. The major underlying reasons will have its roots in:

- The desire to expand the business, increased market share
- Make maximised profits through increased market share
- Economies of scale from enlarging business
- Home Market Saturation
- Market Penetration
- Extending the Product Life Cycle
- Spread the risks
- New Markets with better economies

The Carpet home market is in recession and so Ulster Carpets are looking to markets whose economies are expanding such as Dubai.

The home market is possibly saturated and again Ulster Carpets look to outside the UK for new markets such as cruise ships, hotels and casinos worldwide.

	AO1 Knowledge and Understanding	AO2 Application
Level 2	[3]–[4] Candidate demonstrates satisfactory understanding of two reasons why Ulster Carpets trade globally	[2] Candidate applies satisfactory knowledge fully in context of stimulus material
Level 1	[1]–[2] Candidate demonstrates limited understanding of two reasons why Ulster Carpets trade globally	[1] Candidate applies limited knowledge in context of stimulus material
Level 0	[0] Candidate demonstrates no understanding of the reasons why Ulster Carpets trade globally	[0] Candidate does not attempt to apply knowledge to stimulus material.

[6]

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2 Explain two types of non-financial assistance available to Ulster Carpets when trading globally.

Non-financial

Invest NI can assist Ulster Carpets to investigate markets and help them to export their products to countries worldwide through the following methods:

- Offer advice and consultancy to develop exporting skills and enables more experienced exporters to refresh and update their knowledge of best practice in their area of expertise.
- Export Skills and Knowledge workshops.
- Export Advice Strategy
- Access to Comprehensive worldwide business directories
- Advice on worldwide legislative issues
- Advice on European Funding
- Practical advice on how to break into new markets
- Access to Trade Development Missions.

Ulster Carpets have visited The United Arab Emirates on a trade development mission at the invitation of INI.

Ulster Carpets have made extensive use of Invest NI Trade Missions to develop contacts in key export markets.

	AO1 Knowledge and Understanding	AO2 Application
Level 2	[3]–[4] Candidate demonstrates a satisfactory understanding of two types of non-financial assistance available to Ulster Carpets when trading globally.	[2] Candidate applies satisfactory knowledge fully in context of stimulus material.
Level 1	[1]–[2] Candidate demonstrates a limited understanding of two types of non-financial assistance available to Ulster Carpets when trading globally.	[1] Candidate applies limited knowledge effectively in context of stimulus material
Level 0	[0] Candidate demonstrates no understanding of the types of non-financial assistance available to Ulster Carpets when trading globally.	[0] Candidate does not attempt to apply knowledge to stimulus material.

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3 Analyse the current trading position of Ulster Carpets, using a SWOT Analysis.

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Strengths:

- Size of Ulster Carpets with 500 employees, local employment
- Size of specialist skilled workforce involved in carpet manufacturing
- Competitive edge through quality
- Repeat business, customer loyalty from Dubai
- New and innovative technology to weave 25 colours in a single carpet
- Size of export market to United Arab Emirates, Saudi Arabia, America, Europe
- Invest NI who will assist with exports

Weaknesses:

- Increasing operating costs especially transport to export markets.
- Labour costs compared to low cost competitors
- Cost of Research and Development of carpet designs
- Exchange rates worldwide

Opportunities:

- Emerging countries like China and India could increase demand from cruise ships, casinos and new hotels.
- Additional Joint Ventures worldwide with interior design consultants
- New cheaper innovative fashions through new technology/ICT
- New carpet designs
- New offices in Dubai

Threats:

- European cash crisis with many European countries facing long term debts including Ireland, Portugal, Spain and Greece.
- Severe competition from low cost labour countries in Asia.
- Premium Pricing strategy
- Oil prices on the increase
- Demand from limited developed countries decreasing due to the economic downturn and competition will increase for those markets.
- Changing legislation, Health & Safety Issues
- Excessive regulation and bureaucracy on Ulster Carpets

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis
Level 3	[4] Candidate demonstrates a competent understanding of the current trading position of Ulster Carpets using a SWOT Analysis. Candidate makes good use of specialist vocabulary when it is appropriate.	[4] Candidate competently applies knowledge.	[4] Candidate competently analyses the current trading position of Ulster Carpets using a SWOT Analysis.
Level 2	[2]–[3] Candidate demonstrates a satisfactory understanding of the current trading position of Ulster Carpets using a SWOT Analysis. Candidate makes satisfactory use of specialist vocabulary when appropriate.	[2]–[3] Candidate demonstrates a satisfactory attempt to apply knowledge.	[2]–[3] Candidate demonstrates a satisfactory attempt to analyse the current trading position of Ulster Carpets using a SWOT Analysis.
Level 1	[1] Candidate demonstrates a limited understanding of current trading position of Ulster Carpets using a SWOT Analysis. Candidate makes use of specialist vocabulary when it is appropriate.	[1] Candidate demonstrates a limited attempt to apply knowledge.	[1] Candidate demonstrates a limited attempt to analyse the current trading position of Ulster Carpets using a SWOT Analysis.
Level 0	[0] Candidate demonstrates no understanding of the current trading position of Ulster Carpets using a SWOT Analysis. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate demonstrates no attempt to analyse the current trading position of Ulster Carpets using a SWOT Analysis.

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4 Discuss one advantage and one disadvantage which each of the following methods of distribution might have for Ulster Carpets.

- E-Commerce
- Direct Selling

E-Commerce

Advantages

- Reduces costs, no offices and office expenses in major export countries.
- Product Carpet Information graphically of Carpet Product Reviews, available globally.
- Promotion of products through website.
- Business Information on Ulster Carpets, contact details with help and support.
- Accessible 24/7.

Disadvantages

- Competition, E-commerce visitors may also look to competitors of Ulster Carpets, especially low cost countries
- Cost and Time requirements of setting up and maintaining E-commerce facilities require regular financing to ensure that the information is informative, up to date and enhances the customer's experience which can only be done with experienced specialist staff.
- Accessibility/Downloading Time, not all customers have access to the Internet and if the site has large graphics it may increase the downloading time.
- Systems Issue especially security of payment methods

Direct Selling

Advantages:

- NI-based Ulster Carpets can maximise their revenues/profits since no third party/agent is involved in transactions linked to the Saudi Arabian/ Gulf Regions/Cruise Ships and Casinos.
- This approach enables Ulster carpets to maintain a direct relationship with the customer, and enhance the professional approach to business dealings and improve relationships.

Disadvantages:

- NI-based Ulster Carpets may not have a full working knowledge of the working business culture in specific markets, building relationships within each market takes time and much effort.
- Might be an expensive and time consuming approach to doing business globally and require support from local government agencies, such as Invest NI.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	[3]–[4] Candidate demonstrates a competent understanding of one advantage and one disadvantage of the two distribution methods, E- Commerce and Direct Selling, to Ulster Carpets. Candidate makes good use of specialist vocabulary when appropriate.	[3]–[4] Candidate applies knowledge competently.	[3]–[4] Candidate demonstrates a competent analysis of one advantage and one disadvantage of the two distribution methods, E- Commerce and Direct Selling, to Ulster Carpets.	[3]–[4] Candidate demonstrates a competent evaluation of one advantage and one disadvantage of the two distribution methods, E- Commerce and Direct Selling. 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.
Level 2	[2] Candidate demonstrates a satisfactory understanding of one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets. Candidate makes satisfactory use of specialist vocabulary when appropriate.	[2] Candidate attempts to apply satisfactory knowledge.	[2] Candidate demonstrates a satisfactory attempt of analysing one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets.	[2] Candidate demonstrates a satisfactory evaluation of one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets. 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 of writing appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	[1] Candidate demonstrates a limited understanding of one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets. Candidate makes use of specialist vocabulary when appropriate.	[1] Candidate attempts to apply limited knowledge.	[1] Candidate demonstrates a limited attempt to analyse one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets.	[1] Candidate demonstrates a limited evaluation of one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets. Candidate makes little 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 question. The organisation of the answer is limited.
Level 0	[0] Candidate demonstrates no understanding of one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate demonstrates no attempt to analyse the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets.	[0] Candidate demonstrates no attempt to evaluate one advantage and one disadvantage of the two distribution methods, E-Commerce and Direct Selling to Ulster Carpets.

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5 Evaluate the following impacts of global trading on customers of Ulster Carpets

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- Price
- Quality
- Choice
- Availability

Price:

- Ulster Carpets product range is premium priced which means that they believe their product range is superior to its low cost competitors in quality and design and can charge higher prices.
- Ulster Carpets worldwide trading activities are likely to be affected by inflation as the product has variable factors which affect price. This increase in costs/price will be borne ultimately by the final consumer in his export market.
- Increased inflation costs can increase costs of products and can affect demand and possibly decrease the demand for the Ulster Carpets product range.

Quality

- Ulster Carpets investment in new and innovative technology means it now has the capability to weave up to 25 colours in a single carpet which gives it a competitive edge.
- Ulster Carpets brand name is synonymous with high quality craftsmanship and this has led to repeat purchases, Dubai's Burj-Al-Arabs.
- Invest NI Trade Fairs/exhibitions allow export customers to experience the quality displays of the range of carpets with viewings experienced at the point of attendance, rather than the point of purchase.

Choice

- The effect of providing an element of choice from a wide product range is that it is likely to benefit customers and increase the profile of the Ulster Carpet brand, leading to a much larger customer world/consumer/market base and increased revenues.
- The introduction of the new technology weaving up to 25 colours and the use of interior designers will give the consumer an increased range of carpets.
- Ulster Carpets endeavour to exceed customers' expectations by pushing the design and embrace new innovative technology.
- Ulster Carpets continually drive to improve productivity and quality of its product range.

Availability

- It is assumed that the range of Ulster Carpets products are available to customers through various formats, including advertising campaigns, photographs on website, videos on website, in hotels, attendance at trade shows, new cruise ships, refits on cruise ships, new casinos and refits for casinos.
- For the larger contracts with hotels, cruise ships and casinos the availability of the carpets will be important.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	[3]–[4] Candidate demonstrates a competent understanding of the impact of price, quality, choice and availability on the customers of Ulster Carpets. Candidate makes good use of specialist vocabulary when appropriate.	[3]–[4] Candidate applies knowledge competently.	[3]–[4] Candidate demonstrates a competent analysis of the impact of price, quality, choice and availability on the customers of Ulster Carpets.	[3]–[4] Candidate demonstrates a competent evaluation of the impact of price, quality, choice and availability on the customers of Ulster Carpets. 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.
Level 2	[2] Candidate demonstrates a satisfactory understanding of the impact of price, quality, choice and availability on the customers of Ulster Carpets. Candidate makes satisfactory use of specialist vocabulary when appropriate.	[2] Candidate attempts to apply satisfactory knowledge.	[2] Candidate demonstrates a satisfactory attempt to analyse the impact of price, quality, choice and availability on the customers of Ulster Carpets.	[2] Candidate demonstrates a satisfactory evaluation of the impact of price, quality, choice and availability on the customers of Ulster Carpets. 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 of writing appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	[1] Candidate demonstrates a limited understanding of the impact of price, quality, choice and availability on the customers of Ulster Carpets. Candidate makes use of specialist vocabulary when appropriate.	[1] Candidate attempts to apply limited knowledge.	[1] Candidate demonstrates a limited attempt to analyse the impact of price, quality, choice and availability on the customers of Ulster Carpets.	[1] Candidate demonstrates a limited evaluation of the impact of price, quality, choice and availability on the customers of Ulster Carpets. Candidate makes little 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 question. The organisation of the answer is limited.
Level 0	[0] Candidate demonstrates no understanding of the impact of price, quality, choice and availability on the customers of Ulster Carpets. Candidate makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate demonstrates no attempt to analyse the impact of price, quality, choice and availability on the customers of Ulster Carpets.	[0] Candidate demonstrates no attempt to evaluate the impact of price, quality, choice and availability on the customers of Ulster Carpets.

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6 Evaluate each of the following factors that Ulster Carpets should consider when taking part in global trade:

- Language
- Product Promotion
- Fashion/Trends
- Culture
- Business Practices
- Technical Standards

Language

- English is the official language, thus translations of shows/facilities may be offered to international visitors and this will improve the visitor experience to the website.
- All promotional material, videos and graphics of carpets for the export market must be in the consumer's own language. Invest NI will assist Ulster Carpets in this regard.
- Offices in each of the export countries will be able to communicate effectively the requirements of the customer to whom Ulster Carpets will wish to exceed their expectations.

Product Promotion

An action taken by a company's marketing staff with the intention of encouraging the sale of a product or service to their target market. For example, product promotion performed by a typical business might take the form of advertising the product in question via print or Internet advertising, direct mail or e-mail letters, trade shows, telephone and personal sales calls, TV and radio advertising, billboards, posters and flyers.

- Ulster Carpets can promote their range of carpets by using various formats, including: national radio/television appearances while this has the effect of increasing global profits/revenues.
- Ulster Carpets can promote their carpet range using a common Internet website, or videos showing how their carpet designs look in various situations.
- Ulster Carpets can promote their carpets by encouraging film producers to use them in their film production sets as in Ocean Eleven.
- Product promotion is an expensive and time consuming activity which the companies must engage in and it is important for Ulster Carpets to actively promote their range of carpets and participate in the global carpet market successfully.

Fashion/Trends

This is likely to represent an important element since Ulster carpets will benefit from the sale of carpets which meets current fashion trends, tastes and themes. They have the technology, the skilled specialists and the interior designers to produce a range of carpets to suit all their market segments. The carpets are divided into residential and contract customers:

- Hotel lobbies, suites and corridors
- Casinos, lobbies and gaming rooms
- Cruise suites and corridors and dining rooms
- Residential homes
- Interior Designers' portfolios
- Colours that suit the customer's logo, brand colours.

Culture

- Customers from different countries with differing cultures are likely to purchase a different range of carpets representing their specific needs.
- Casinos with bright colours to attract their customers
- A wide range of stylish carpets suitable for all customers.

Business Practices

- Social and cultural differences can be very significant especially between businesses in different countries when trading globally. Corporate culture include an expectation that all businesses’ aims and objectives are the same. Unfamiliar national and local cultures can confound their expectations about the markets in which they propose to operate. They may have unfamiliar habits and conventions. Ulster Carpets must respect local patterns of behaviour and adapt if they wish to succeed in limited export countries.
- Ulster Carpets should adapt to the various business practices undertaken in global markets and respond to them, in order to secure business. They must participate in Invest NI Trade Missions to build up trust with potential customers.
- Use of direct contact with customers through the offices in each of the export countries to discuss quality measures incorporated throughout the production processes of the carpets and agreement of delivery deadlines with customers. A professional approach must be adopted at all times.
- Asians expect to spend time building trust between business partners. So the early stages of negotiating in Asia require a number of meetings, lengthy meals in restaurants to establish trust.
- The use of the website might be a common approach to securing future orders, since the website provides information about Ulster Carpets product range, existing customers, and contact details about the business.

Technical Standards

- Ulster Carpets must manufacture their product range of carpets to meet various regulations in force within the global market, especially fire retardant material.
- The manufacture of carpets must also comply with the technical standards of each and every export country as each country may have different standards.
- The finished carpets are subject to rigorous testing to ensure highest quality and performance.
- Hotels that require long wear especially considering the footfall annually.

	AO1 Knowledge and Understanding	AO2 Application	AO3 Analysis	AO4 Evaluation
Level 3	[5]–[6] Candidate demonstrates a competent understanding of language, product promotion, fashion/ trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade. Candidate makes good use of specialist vocabulary when appropriate.	[5]–[6] Candidate demonstrates a competent attempt to apply knowledge.	[5]–[6] Candidate demonstrates a competent attempt to analyse language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade.	[5]–[6] Candidate demonstrates a competent evaluation of language, product promotion, fashion/ trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade and comes to a final judgment. 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.
Level 2	[3]–[4] Candidate demonstrates satisfactory understanding of language, product promotion, fashion/ trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade. Candidate makes satisfactory use of specialist vocabulary when appropriate.	[3]–[4] Candidate demonstrates a satisfactory attempt to apply knowledge.	[3]–[4] Candidate demonstrates a satisfactory attempt to analyse language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade.	[3]–[4] Candidate demonstrates a satisfactory evaluation of language, product promotion, fashion/ trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade and comes to a final judgment. 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 of writing appropriate to the purpose of the question. Answer is organised in a satisfactory manner.

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Level 1	[1]–[2] Candidate demonstrates limited understanding of language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade. Candidate makes use of specialist vocabulary when appropriate.	[1]–[2] Candidate demonstrates a limited attempt to apply knowledge.	[1]–[2] Candidate demonstrates a limited analysis of language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade.	[1]–[2] Candidate demonstrates a limited evaluation of language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade. Candidate makes little 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 question. The organisation of the answer is limited.
Level 0	[0] Candidate demonstrates no understanding of language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade. and makes no use of specialist vocabulary when it is appropriate.	[0] Candidate does not attempt to apply knowledge.	[0] Candidate demonstrates no attempt to analyse, language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade.	[0] Candidate demonstrates no attempt to evaluate language, product promotion, fashion/trends, culture, business practices, technical standards that Ulster Carpets should consider when taking part in global trade.

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Total

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