

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCE

**Business Studies/Economics and Business
Advanced
Unit 3: International Business**

Thursday 26 January 2012 – Morning
Time: 1 hour 30 minutes

Paper Reference
6BS03/01
6EB03/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions in Section A and Section B.
- Answer the questions in the spaces provided – *there may be more space than you need.*
- You may use a calculator.

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Quality of written communication will be taken into account in the marking of your response in Section A, Question 4, and Section B, Question 9. These questions are indicated with an asterisk* – *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SECTION A

Answer ALL the questions in this section.

Evidence A

Lucozade finds the energy to take on powerful American rivals

GlaxoSmithKline (GSK) is launching Lucozade in the United States, challenging the might of PepsiCo's Gatorade and Coca-Cola's Powerade sports drinks. GSK is eager to push Lucozade, which made £376 million in sales last year, into more markets. It recently launched the drink in China and is also considering launches in Mexico and Brazil.

But while GSK is already the dominant player in the sports drinks market in Britain, with about a 50 per cent share, the dominance of PepsiCo and Coca-Cola in the US presents a huge challenge. Gatorade is by far the biggest sports drink in America, with \$2.6 billion in sales last year. In comparison, Powerade made \$654 million. Moreover, both the leading brands are already fighting to protect their market share in America, which has been threatened by the downturn in consumer spending.

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John Clarke, president of consumer healthcare at GSK, said "[the United States] is the biggest nutritional healthcare market in the world; if you are globalising, you have to have it in your portfolio".

(Source: adapted from; <http://www.thetimes.co.uk/tto/business/industries/consumer/article2571045.ece>)

Evidence B

PepsiCo launches Gatorade Sports Mix; plans niche advertising to reach its TG (Target Group)

Pepsico has launched Gatorade Sports Mix in powder form into the Indian market. Gatorade the brand is seen as a premium, niche product. Gatorade Sports Mix will be available in easy to use sachets, in Lemon and Orange flavours and will initially be launched in Delhi, Mumbai, Bangalore, Chennai, Hyderabad and Pune.

The marketing activities planned around it are also niche oriented and targeted at specific consumers. As well as carefully placed advertising, potential consumers will be targeted at Health clubs, Gyms and joggers' parks and given free samples and information about the nutritional benefits of the drink.

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(Source: adapted from; http://www.exchange4media.com/e4m/news/fullstory.asp?section_id=1&news_id=37531&tag=2930)



***4** Evaluate the benefits of operating in a global niche market for a brand such as Gatorade.

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(Total for Question 4 = 12 marks)

TOTAL FOR SECTION A = 35 MARKS



SECTION B

Answer ALL the questions in this section.

Evidence A

China and the other BRICs will rebuild a new world economic order

While many economists have grown used to the idea that the USA is the engine of the global economy, it is China, which is roaring ahead and helping to drag the rest of Asia and countries such as Germany, which exports a lot of machine tools to China, out of recession too. China is one of the key reasons the world did not experience an even worse 2009 than it actually did.

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China is not alone; other Asian countries that are booming include Thailand, South Korea, Malaysia and Taiwan. But in terms of sheer size and importance, key emerging economies now include Brazil, Russia and India which along with China are known as the BRICs. These countries have proved to be an attractive proposition for international brands such as Kentucky Fried Chicken, McDonald's, Starbucks, Louis Vuitton, Gucci and Chanel. America's Wal-Mart, France's Carrefour, Britain's Tesco and Japan's Ito Yokado are expanding in China faster than in any other country.

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The BRICs now account for 15% of the global economy, more than half of the size of the US. China has overtaken Germany to become the world's third-largest economy and is likely to move into second place, ahead of Japan, over the next year or so. By 2030 it is likely to have eclipsed the US as the world's top economy. Brazil will overtake France and Britain to become the world's fifth-largest economy by 2025 at the latest. Along with India and Russia, it has overtaken or is about to overtake Canada, a member of the G7 leading economies. No wonder the G20, which includes the BRICs, has been recognised as the primary forum for global economic discussions.

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(Source: adapted from; <http://www.guardian.co.uk/business/2010/jan/03/china-brics-global-economy-america-europe>)

Evidence B

Ireland at forefront of Chinese plans to conquer Europe

Chinese businesses are taking advantage of cash-strapped Eurozone nations to gain a foothold in Europe. A group of Chinese manufacturers hope to get the green light to develop a €50m (£40m) plot in Athlone, central Ireland, and begin transforming it into what local papers have dubbed Beijing-on-Shannon. Similar plans are under way in Greece which along with Ireland has been the worst hit by the financial crisis.

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Greek officials have signed deals to allow Chinese shipbuilding and hotel construction with Chinese management and workers in the driving seat. Coscon, the ambitious and powerful Chinese shipping group, has a \$3.5bn (£2.3bn) plan to build a massive container-handling facility at the port of Piraeus and turn it into a regional hub. There is also talk of Coscon building a huge logistics centre there, from where trucks would be able to move containers around the rest of the continent.

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Chinese construction firm BCEGI has signed a €100m agreement to develop a hotel and shopping mall complex in Piraeus, while there is talk of Beijing money being injected into loss-making Greek railway operator OSE, the airports and even the postal service.

Britain is also a favoured destination for Chinese companies, with London ranking as the most popular destination for those expanding into Europe. Figures from Think London show that since 1997, London has attracted 34 Chinese foreign direct investment (FDI) projects, and 15% of all Chinese FDI into Europe since 2002.

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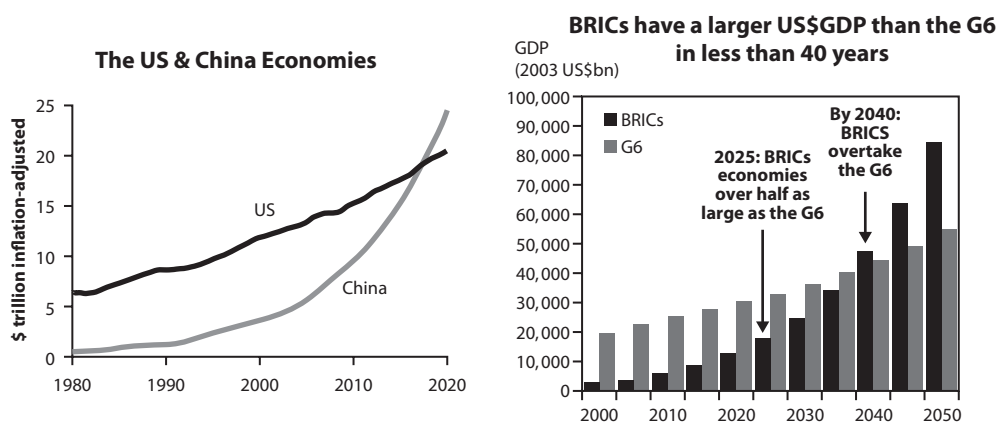
“London is seen by Chinese companies as a natural base for expanding into the wider European, African and Middle East markets,” said the report.

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CNOOC (China National Offshore Oil Corporation) has established a London office to co-ordinate its oil and gas exploration and foreign partnership activities in the Middle East and Africa, while medical equipment supplier Mindray has opened its European base in London, focusing on marketing and after-sales service.

(Source: adapted from; <http://www.guardian.co.uk/business/2010/jun/25/china-investment-ireland-eurozone>)

Evidence C



(Sources: http://businomics.typepad.com/businomics_blog/2010/01/when-will-china-be-larger-than-the-us-economy.html)

<http://www.thereformedbroker.com/2009/12/01/the-biggest-market-call-of-the-decade/>)



***9** Evaluate the possible effects of China's projected growth rates on UK businesses.

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