

## Chapter 29: Worksheet mark scheme (19 marks)

- 1 Give **three** reasons why businesses choose to sell their products in other countries. (3)
- saturated home market
  - poor trading conditions in home market
  - potential to increase sales and profits
  - spread risk between different markets
- 2 List **four** possible differences when goods are sold in international market, as opposed to a local market. (4)
- political differences
  - economic and social differences
  - legal differences
  - cultural differences
  - differences in business practices
- 3 What is the difference between pan-global and globally localised marketing? (2)
- Pan-global marketing is when the same product is sold everywhere, whereas globally localised marketing is the development and sale of specially adapted products for each global market.
- 4 List **four** ways of breaking into foreign markets. (4)
- exporting
  - setting up a new local subsidiary or office in each place
  - international franchising
  - joint ventures
  - licensing
- 5 List **three** benefits and **three** disadvantages of e-commerce from the point of view of a business. (6)
- Benefits:
- can sell worldwide, so potential market is huge
  - cuts the distribution chain, so products may be offered more cheaply and/or more profit may be made
  - lowers fixed costs such as expensive shops: just need a warehouse
  - more information can be given for the customer to study
  - customers leave data which is useful for marketing
  - success of different marketing strategies can be found from clicks or visits
- Disadvantages:
- price competition is high versus similar sites; profit margins low
  - customers may be wary of buying due to internet fraud
  - lacks the personal contact appreciated by many customers
  - not best suited to all products
  - different promotion strategies needed



- customers cannot touch/feel/smell product, so this may put them off buying
- cost/reliability of postal services may not be good in all countries
- percentage of product returns may be high
- good websites need a lot of updating and so can be expensive
- internet is not globally available