

Write the two digit question number *inside* the boxes next to the first line of your answer

Answer

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1 a

contingency planning is when a business makes a plan to avoid possible accidents happening or to reduce their impact on business activity. One way businesses ^{like Toyota} can use contingency planning would be to ~~test~~ test run cars on a small sample to make sure there were ^{no} problems before selling it to the greater population. For example the fact that their air bags malfunctioned shows that there was a problem with the car that wasn't noticed before selling to the wider population. Test marketing will reduce the risk of creating a bad reputation from products like cars machinery. In addition to this Toyota could train employees in event of an accident. This could be on how they should respond to make sure everyone still works efficiently and the business can get back to normal working practices. Employees must also be reassured that their jobs are safe so motivation will continue and workers won't leave which will lead to greater problems.

Another way to contingency plan would be to set up effective marketing schemes and new advertising to try and reverse the effect of the damage. For example, the "dieselgate" scandal would need a significant amount of recovery to gain back trust in customers and to allow sales to increase again.

Finally a public apology and recognition of what they've done may be a good plan to get customers back on their side. Toyota may have done this through new discounts of up to £6000 of new vehicles that are less polluting. This will help their reputation to get better.

A01 = 2
A03 = 3

5



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1 b

The US Government will benefit from the relocation as the tariffs on cars build in Mexico won't have to be paid. So money is saved in the economy and there will be more manufacturing and employment for car workers in the US. This will allow the US economy to boost meaning the government will also benefit from the profits. However the Mexican government will miss out on the tariffs that the US would have to pay on their cars. This would be disadvantageous as well because the US is such a large ~~country~~ ^{country}.

In addition to this the relocation will affect Toyota positively as it will gain a 5% share in Mazda. This will allow them to have a share in Mazda's profits which will allow them to become more successful and grow and to be more productive.

Unemployed people looking for jobs will benefit as now there are 4000 job spaces available. This will reduce unemployment and will boost the economy and average household incomes. This in turn will ultimately benefit car companies like Toyota and Mazda because more people will have more money to buy cars. This will lead to increased sales and profits for Toyota and Mazda.

Customers in the US will benefit from the relocation because it means the cost savings of the cars not being built in Mexico will allow the savings to be passed onto them in the form of the cars being cheaper. They will not have to pay towards the tariffs that ~~they~~ ^{will} have had to be paid if they were made in Mexico. However, customers in Mexico may not benefit from the



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Change in location as it may mean that their cars will be more expensive for them to buy as the US may place large tariffs on cars built in the US and selling to Mexico. This may mean that ^{MEXICAN} customers will have to pay more and not benefit from the relocation.

Overall, I believe America ~~is~~ ^{benefits} more from the relocation than Mexico.

A01=2

A03=2

A02=2

A04=2

8

1 c

A benefit of Toyota implementing their environmentally friendly policies would be that it will strengthen their reputation as an ethical company. This is beneficial to them as it is likely that shareholders and investors are more willing to invest in an ethical company than an unethical company due to their moral code. Having more investors and shareholders will benefit Toyota as it will allow them to finance more research into environmental methods of production and business practice. The increased money from investors will allow them to grow and create more profits which will allow shareholders to receive large dividends and investors will receive substantial amounts back which will allow Toyota's relationship with them to be positive leading to continued funding.

Another benefit would be that customers are becoming more aware of the environment and are looking for eco friendly options. Implementing these policies, by selling less polluting cars and electric cars, will attract customers. This will ultimately increase sales and profits for Toyota. In addition to this the cost of developing these cars should not be too



great due to the government's grants to assist them in the switch from polluting cars to less polluting cars. This will allow profits to increase even further and show that enforcing environmentally friendly policies can actually benefit businesses.

However implementing these policies may lead to Toyota having to invest more money in research and design and innovation which will be a massive expense on the business. This may be a problem due to their bad reputation of the "accel gate" scandal where they lost consumer trust and when car sales fell in 2008, the recall of products and the air bag problems will have costed Toyota valuable profits and money.

The cost of implementing these policies may be very high and will lead to cash flow problems for Toyota ^{and reduced profits and higher costs.} This is bad in even a competitive industry like the car one as all businesses are striving to be the most competitive and gain as much market share as possible.

In addition to this old customers may not react well to the change in product. The new policies may result in Toyota having to change their product or production processes which may affect quality of overall product. This may lead to reduced sales as customers do not like the new product as much. This suggests that Toyota would not benefit from reduced sales / less customer and reduced profits.

Overall I think having environmentally friendly policies implemented will benefit Toyota in the long run as



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more people are becoming aware of the environment and will want to switch to less emission cars in the future.

A01=1 A02=1 A03=3 A04=2 (7)

1 d

Technological developments have influenced Toyota's marketing strategy because they're now paying off the fact that they're trying to help the environment. They're using ethics as a strategy. They're now investing in innovative technology like hydrogen fuel cells to increase battery capability and reduce harm to the environment. This is strategic as they're making a new product in an existing market. They're using product development to gain more market share and try and persuade more people to come and buy their cars based on the fact that they're environmentally friendly and differentiated and new. This will benefit Toyota, despite being slightly risky, by the increased sales and profits that could be made here.

In addition to this they're adapting to changes in the way consumers want to buy their products or services. E-commerce has become a massive thing in recent years with less people shopping in high-street shops and buying what they need to online. Toyota may have changed their strategy to respond to this by allowing customers to use their website to select car colors, engine sizes and other options while buying their cars. This allows products to be more personalised and also gives them a way to attract more customers and increase profits.

Also, Toyota and Mazda plan to work together to develop in-car information technologies like wifi and driver assist. This is a good strategy as in



Competitive
a ~~competitive~~ market like the car industry they will need to constantly be updating and bringing out new exciting things for customers to persuade them to buy Toyota and Mazda over all the other competitors. This is a good strategy as they are responding to consumer needs and wants and are giving them new products that will excite them. This will also lead to increased sales and profits.

Technological advances may have affected Toyota's strategy by meaning that more money has to be invested in IT, R&D and innovation than other sectors of the business. This change in strategy may affect workers and overall profits may be lower and previous strategies will have to be changed and updated which may be ^{time} consuming.

~~They~~ Their marketing strategy will change because the changes in technology will allow them to use it as part of their advertising to try and persuade people to choose them over other car companies. For example ~~they~~ the new flying car design will bring attention to Toyota which will ultimately encourage more customers to buy from them as they can see their a tech focused and innovative company. This will benefit them because customers who want the latest car with the latest technology may choose to go to them which will raise profits and sales and allow them to grow.

Overall I believe that technological developments have influenced Toyota's marketing strategy positively as they can use it as a USP which is essential in a dynamic and competitive industry.



line the car one.

A01=2 A02=2 A03=3 A04=2 **9**

1 e

The impact of the business cycle shows how GDP changes and fluctuates across time and how factors such as the economic environment can affect it. It includes stages such as upturn, Boom, downturn ^{and recovery}, recession. It is likely that Toyota was affected positively before the recession in 2008. Toyota had a luxury brand, Lexus, and had mass produced hybrid vehicles and operates in multiple sites in the world. They experienced "significant growth" this suggests that when interest rates were lower people would most likely want to spend more as it's cheaper to borrow. This would have led to increased sales and high profits for Toyota.

However, as interest rates increase people will borrow less and the economy will slow down. In the recession of 2008 the sales of new cars fell sharply. This would be a problem for Toyota as they would miss out on a significant level of profit and, capital wasted, have too much stock that they can't sell and increased costs from ~~the~~ most possibly having to buy storage space for old stock.

In 2017 profits fell, despite the higher sales, Toyota experienced higher costs and "unfavorable exchange rates". As Toyota is a multinational company they will most likely source their raw materials from different countries. If exchange rates are high it will cost them more to source from other countries or to supply due to tariffs. In addition to this at that point the strength of the pound was probably weak which led to the unfavorable exchange rates. This led to profits falling ^{but} ~~rising~~.



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217. From 2016-17 which is an incredibly large amount for a business in from a competitive market. However, it may not have been too bad to ~~lose~~ lose out on profits at this time due to exchange rates as ^{most} ~~at~~ other companies will be affected as well in the car market, so competitiveness may not be too damaged.

In the recovery stage of the business cycle growth began to increase once again in manufacturing. As interest rates have increased this shows that average household incomes and disposable incomes are rising again which suggests people have more confidence in buying again and Toyota will see an increase in sales, profits and can once again become competitive. However, if interest rates get too high the economy will slow down and sales may reduce leading to reduced profits.

Overall, the impact of the ~~best~~ business cycle, interest rates and exchange rates affect Toyota massively and is much better to be out of a recession, have low exchange rates rates and steady interest rates to allow sales and profits to continue.

$$A_{01} = 2$$

$$A_{02} = 2$$

$$A_{03} = 3$$

$$A_{04} = 3$$

10



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3 a

It is more likely for cinemas to become ~~oligopolies~~ ^{oligopolies} as there tends to be few large companies competing in the same market. There are ~~often~~ ^{high} barriers to entry as well which may deter others from entering the market. There are many big cinema brands like ~~the~~ ^{the} VUE and Odeon. and many farms and cities will want to use different ones. ~~It is very rare~~ However, there are only a few to choose from from the large brands and this may not be possible for some smaller farms and cities so they may set up their own cinemas. As more cinemas are added to it reduced the large cinema's market share and creates an oligopoly.

A butchers shop is more likely to be a monopolistic competition because there tends to only be one in towns. and people will not want to set up another butchers in a town that already has one as the competition and risk would be too high.

In addition to this a butchers shop would be ~~no~~ a monopoly as there is not much differentiation that other butchers could do. They all sell all kinds of meat. Customers will most likely go to the butchers they know and trust rather than a new one in their local town.

Cinemas are more likely to be oligopolies as there is more chance of differentiation due to ~~all~~ ~~prices~~ prices, they may have to be price takers or use competitive pricing to gain customers. It is easier to differentiate by size of screen, seating, food choices, choice of film which allows more cinemas to be set up.

A01 = 1
A02 = 2

A03 = 1
~~A04 =~~

(4)



Write the two digit question number *inside* the boxes next to the first line of your answer

Answer

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3 b

- + they could charge whatever price they want
- + they could use misadvertising
- + could sell harmful products.
- legislation & law like consumer protection allows customers to be protected
- weights and measurement
- correct labeling
- right to returns
- fair price for quality.

Government intervention includes protection by laws such as the Consumer Rights Act.

Without government intervention customers would be exploited because companies would be allowed to price their products at whatever price they want. This would be unfair as customers will be paying for products that may not be worth the price and they would have been exploited and taken advantage of. However the businesses and their owners will not be exploited as they would receive higher profits that would go back into their business and given to staff. They could argue that they're not exploiting customers as the higher price points allow their service to be better and allows the company to continue going.

~~customers~~ with older customers who may get easily confused may be exploited by being sold something with the use of misadvertising and incorrect information. They will have been misled and possibly misled and deceived into buying things they did not want. This will negatively affect



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businesses and their owners as they would develop a bad reputation and may lead to customers going elsewhere if there was a ~~substance~~ ^{substance}. This will lead to fall in profits and sales.

An example of this would be Volkswagen's emission scandal. They were selling cars with dangerously high levels of emissions that were managed to be hidden during the tests and sold to consumers. This is misleading information or hidden information that can damage reputation and run relationships with customers leading to a reduction in profits.

In addition to this without government intervention with laws such as consumer law. Companies who sell harmful products like cigarettes will be able to promote and advertise their products without having to mention the negative side effects. This would affect the environment negatively due to increase in pollution and would affect the ~~na~~ health of people all over the world. There would most likely be an increase in ~~the~~ ~~same~~ lung cancer rates and ~~emphasising~~.

Shareholders ~~shareholders~~ would be affected if there was no government intervention positively as it is likely that with businesses being able to charge market prices that they would receive higher dividends which would also benefit the companies from continued investment. However companies may see shareholders and investors pulling out as they may not agree with the exploitation of vulnerable customers which will make the company lose out.

~~Shareholders~~ and ~~investors~~ Employees may benefit from larger wages due to higher prices ~~and~~ ~~price~~ ~~in~~ however, they may not feel comfortable



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to work in an unethical company and may choose to leave which will put them at a disadvantage and will affect the productivity of the business for the company.

Not having government intervention doesn't necessarily mean shareholders will be exploited. Companies that are ethical will not want to charge unfair prices, give misleading information and not accept bribes. They will continue to practice as normal. This will benefit customers as they're buying from somewhere that still protects their consumer rights even though they don't have to which will boost their confidence and will most likely shop there and avoid other companies which exploit customers.

Companies may feel like they need to still comply to consumer law without government intervention will most likely prosper and become much more successful as all shareholders will benefit, employees will be working somewhere ethical, customers will have their rights, shareholders will continue to be paid and will share to the company, suppliers will continue getting paid to ~~supply~~ supply to the business as people want to shop with a company that protects their rights.

Overall, I believe that government intervention the likelihood of companies being exploited is greater but most companies should choose not to as it will benefit them positively over time due to better reputation.

A01 = 4
A03 = 6

A04 = 4

14



