

Examiner's Initials

DD

Question No.	Mark
1a	6 ✓
1b	7 ✓
1c	7 ✓
1d	8 ✓
1e	1 ✓
4a	7 ✓
4b	6 ✓
Total	42 ✓

Centre number:
6 4 3 9 5

Candidate number:

Paper reference:
A 5 1 0 U 3 0 - 1
Shown on the front of the question paper

Date of Examination:
0 7 0 6 1 9

Subject/Unit title:
A Level Component 3 - Business

Surname:

A LEVEL COMP 3

Other names:

Student achieved an overall grade C

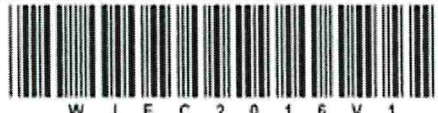
Candidate signature:
I declare this is my own work.

Write in the white box how many answer books you have used
PLEASE PUT YOUR PAPER REFERENCE, CENTRE NUMBER AND CANDIDATE NUMBER
ON EACH BOOK AND INSERT ALL ADDITIONAL BOOKS INSIDE THE FIRST BOOK

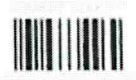
1

INSTRUCTIONS TO CANDIDATES

- Use black ink or black ball point pen only. Do not use pencil or gel pen. Do not use correction fluid.
- Write the information required in the spaces above and complete in BLOCK CAPITALS. Make sure you correctly copy the paper reference. This is provided on the question paper.
- Use both sides of the paper. Please only write within the white areas of the book.
- Write the question number in the two boxes provided in the left hand margin at the start of each answer, for example 0 1
- If you make an error when filling in the question number boxes, fill in both boxes completely and write the question number in the space immediately below the boxes you have filled in.
- Leave at least a space of two lines between each answer.
- Do all rough work in this answer book. Cross through any work that you do not want to be marked. Do not tear out any part of this book. All work must be handed in.
- Check that you have written the information required on each book used.
- DO NOT ANSWER MORE THAN ONE EXAMINATION IN THIS PINK BOOKLET.
- Write the numbers of the questions you answer, in the order attempted, in the boxes under 'Question No.' provided above.



AB 16



1 a

Businesses face significant challenges in attempting to manage and mitigate risks ~~to business~~ that they face. These challenges largely arise from uncertainty, as a result of external changes such as increased competition and new technology. Contingency planning involves consideration of factors which could go wrong or present a ~~threat~~ ^{threat} to the business, where a contingency plan is then drawn up in case any of the associated threats arise.

Businesses such as Toyota could first use contingency planning to identify their potential problems, such as those with brakes, and ensure they have the ~~technology~~ capability to replace the items that have gone wrong. By having enough capacity to produce more of the revised product, Toyota can then fix the problems faced and hand the cars back to their owners.

Toyota and VW can face significant reputational damage when problems with their products arise. This reputational damage is a potentially very harmful scenario to face and contingency planning can be used in an attempt to resolve concerns. In the event damage comes to the reputation, these brands can have promotional strategies in their contingency plan to counteract peoples new perceptions, for example VW ~~was~~ denounced their actions and invested heavily in TV advertisement to reinstate a reputation of reliability and eco friendly activity.

A final way businesses can use contingency planning to deal with risk is by having heavy investment in ~~R&D~~ Research and Development. By



1 b

ensuring this investment, the business can develop new technologies that can be installed to replace previous items.

A01=2 A03=4

6 ✓

As one of the world's largest and most successful Transnational Corporations (TNC), Toyota has a very large and wide-ranging group of stakeholders with vested interests in the business.

The first stakeholder which will be heavily affected by the decision of relocation is the employees. The new factory in the USA is set to ~~create 4000~~ employ 4000 people, many of those employed will likely be skilled local workers, and for those employed in the Mexico plant this may create doubt. Those employed in Mexico may then feel de-motivated if they see lacking investment from their employer, Toyota, as their job security could be threatened as safety needs aren't met.

Another stakeholder that will be impacted is the local, and national, governments. Investment in a \$1.6 bn car plant is going to provide a boost to any nation's economy, the significance is shown by the fact the US president called it "a great investment". The production will raise taxes for the American government and they will feel protectionist policies on imports are working if they can show creation of more jobs. The Mexican government will likely be disappointed at the development.

A final stakeholder which will be affected by the decision is the customers of Toyota. The customers could be impacted by increased car prices. This



1 c

could be the result of more costly staff wages in the USA than Mexico, and the large capital investment in a new factory may see some of the expense by passed onto the consumer. This could happen across Toyota's competitors as well if Mazda are also funding the factory, and other manufacturers are paying import tariffs from Mexico, having a negative impact on customers. $A_{01} = 2$ $A_{03} = 2$ $A_{02} = 2$ $A_{04} = 1$ ✓

Toyota has clearly been committed to the production of environmentally friendly vehicles for several decades, since they created the first mass produced electric vehicle in 1997. The large continued investment, shown by the commitment to fully electric cars by 2050, will gain both significant benefits and implications for the success of the business.

The development of a target for all vehicles to be zero emission by 2050 from one of the world's largest car manufacturers is significant. Climate change is currently an impending and topical issue, by Toyota firmly investing in zero emissions, they will attract large, likely mostly positive, media attention and draw further awareness to their brand. This could then in turn increase Toyota sales from customers who feel passionately about climate changes.

However, there are vast costs to the production and ~~that~~ technology Toyota is aiming to produce. Research and Development (R+D) is very expensive, and time consuming. Whilst Toyota ~~has~~ likely has the funding to carry out this research (being the 2nd largest automobile manufacturer), they have also set a measurable



time target by which to implement their goal. Toyota could face significant risks and challenges in meeting their time goal, due to the fact it is unknown largely when exactly the developments in R+D will come about. If Toyota don't meet this target as a result of delayed R&D; they could face reputational damage.

A further benefit of Toyota's ~~plan~~ implementation of the environmental strategy is the sustainability the business is attempting to create into the future. Many environmental targets are being implemented into environmental policy, with the UK government announcing in 2018 that they plan to end the sale of petrol and diesel cars by the 2030's. By aiming to produce these zero emissions cars, Toyota won't lose relevance with the shift away from traditional fueling sources - which could end unprepared businesses.

Toyota could face risk as a result of the environmental plan, due to heavy competition for the best low emissions solution. Pioneering firms, such as Tesla, may get steal business from more traditional car companies, such as Toyota, with the introduction of new and cheaper zero-emission products - this poses a long-term threat to Toyota's market dominance.

1 d

A01=1 | A02=2 | A03=3 | A04=1

7 ✓

Technological advancements lead to new challenges faced by businesses. Technology is a rapidly changing, fast-paced market industry, and firms from across multiple industries must make attempts at regular adaptations to



to new changes and evolutions in Technology. Toyota have cited multiple new developments in technology, including e-commerce development; in-car ~~technology~~ ^{wifi} and driver-assistance.

The first clear link in how new technologies have influenced the marketing strategies for Toyota is in the customizability of Toyota products ~~on their website~~ ^{on their website}. These will enhance the product in Toyota's marketing mix. The developments in technological marketing of products will help to sell these cars to the customer, many other car firms offer customizable options such as these, and Toyota must stay competitive in every way that they can. Attracting new customers to the product in technology will help generate more sales. Their business is also appealing to a wider customer base here through the use of e-commerce. By allowing customers to design and order cars online, consumers who live far from a Toyota dealership, will have access to the range on products online.

The pioneering 'sky drive' flying car technology will aid in the marketing of the image and perception Toyota has. The marketing of this 'sky drive' technology on a site such as Youtube could help the brand appeal to a slightly younger demographic, who would stereotypically be more likely to use Youtube. This younger demographic will be the future customers and employees of Toyota, so they may well feel it's necessary to widen the brand appeal.

The promotion of companies pioneering and

most advanced technology at an event such as the Olympics, could attract significant attention for the brands innovation. The Olympics is one of the most widely anticipated events and marketing the products here would attract the international audience a TNC, such as Toyota, needs to seek. The new technology Toyota has developed would become an attraction and centre-piece as a result of marketing.

A01=2 A02=2 A03=3 A04=1 (18) ✓

1 2

As a multi-national corporation, Toyota faces a very wide range of exchange and interest rates in the retail of their products. Toyota cannot produce and sell cars in every country and market, it therefore experiences different interest rates and exchange rates when transporting products from one location to another. This impacts the ability to market and sell Toyota's products effectively and for a more competitive price than other firms operating in the market.

Toyota cites unfavourable exchange rates as a factor in why, although volume of sales grew in 2016-2017, actual profits fell by over 20%. This would suggest that interest rates play a very large and important factor in Toyota's business.

A01=0

A02=1

A03=0

A04=0

(1) ✓



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

Answer

Leave blank

4

a

market share high	market share low	
stars	Problem Childs	market growth high
Cash Cows	Dogs	market growth low

The Boston Matrix allows a business to review its product portfolio and distinguish between various products. This categorisation is important for firms, as it allows them to spread risk over a multitude of products and assess when they need to introduce a new product and how their portfolio should be managed.

When a business is experiencing low sales growth, it is likely the result of a portfolio that consists of mostly cash cow and/or Dog products. By understanding which of these categories the firm's products fall into, they will be able to use promotional strategies to best position these products in the market. The business may want to significantly reduce the price of, or stop production of its dog products, which have likely also reached the end of their product life cycle.

The business can instead focus on the creation of new products which will become problem childs and have a high rate of market growth. The business should soon be able to view the performance of a new product and assess whether it has the high growth that the



business is looking for. Once the business has managed to create a problem child and the share of the market becomes significant, the business will likely have aided in the creation of a star; a highly successful product usually.

$$AO1 = 3$$

$$AO2 = 2$$

(7) ✓

$$AO3 = 2$$

4 6

Global brands usually have products which fall into a category of global standardisation or glocalisation to one specific region. Marketing mix is specific to all products and should be used appropriately to gain as much sales and interest in a product as possible. In some cases an identical marketing mix can be successful when retaining particular products in similar markets. However a standardised marketing mix for a product which has been adopted for a specific market can't be competitive.

Looking at a products price, businesses usually aim to retain a ~~fairly~~ fairly similar price across all of their markets, although this does depend on the specific product which is being sold. One example of a business which is standardised and does retain a fairly similar price regardless of location in the world is Coca Cola. The firm manages to retain a relatively similar price globally, and thus competes with the ~~big~~ other player in a competitive soft drinks market, in which it is the largest player. However, clearly not every brand should



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

Answer

Leave blank

retain the same sort of marketing mix when it comes to price. Several global brands target different segments of a market depending which local area they're operating in. McDonalds is well known for offering a cheap Big Mac experience in most of Europe and North America's markets, however, in Brazil, the Big Mac is far more expensive and McDonalds is widely treated as a different style of restaurant.

Looking at the products global brands are retailing in different markets, many face standardisation between all markets, yet others are globalised to suit specific regions.

$$A01 = 21$$

$$A03 = 3$$

$$A04 = 2$$

(6) ✓

