NOTES

Examiner Comments

This is a Level 3 response, worth 8 marks, as at least 2 advantages and 2 disadvantages have been explained, and the impact on the business has been analysed, with a short conclusion.

In contrast, An answer that lists/ gives only basic advantages and/ or disadvantages, with no explanation would be a Level 1 response, and would only be given 1-2 marks.

An answer that gives both advantages and disadvantages that have been explained would be a Level 2 response and would be awarded 3-5 marks.

Selling their products abroad, outside of their home country, allows businesses such as Dyson Ltd to access bigger markets and more potential customers. This should lead to higher sales and potentially greater profits for the owners/ shareholders of the company. It also means that the business could achieve Economies of scale. If they are selling more products they will be able to bulk buy raw materials and therefore reduce their unit costs. Having a wider range of customers from various market segments also means that the business could be spreading its risks. If the sales from one market begin to fall, hopefully the business will be able to continue to make sales in other markets.

On the other hand, selling abroad brings with it some disadvantages. The company will have to make sure it carries out market research into the new market to identify what the local demands and tastes are if it is to be successful. This would be expensive and may not be easy given that there could also be language barriers and cultural differences. The fact that there could be trade barriers, such as quotas and tariffs, in place could also make products too expensive to sell. Exchange rate fluctuations may also make products too expensive to sell or mean extra costs to the company.

A business such as Dyson, which sells a range of products, could make a lot more money if it decides to sell them abroad to new markets. It will, however, have to invest time and money in making sure it identifies the right market.

***QUESTION***

*Dyson Ltd is a British technology company founded in 1993 by James Dyson. The business designs and manufactures vacuum cleaners, hand dryers and other electrical products.*

*Dyson Ltd sells products in over 50 countries.*

*Consider the advantages* ***and*** *disadvantages to businesses which want to* ***sell*** *their products abroad. [8 marks]*

***(June 14 Q8e)***

WAGOLL (What a Good One Looks Like)……

**AO3 Analysis & Evaluation**

Analysis - Explain the impact on a business and its stakeholders (so what? why?)

Evaluation – Make a judgement

**AO2 Application**

Using your knowledge of a topic and applying it to a certain scenario

**AO1 Knowledge & Understanding**

What you know about a given business concept or issue

Answering8 / 10 Mark Questions