Solutions

Marking: **K** = knowledge, **App** = applying it to the business in the case, **An** = analysis (explaining causes and effects step by step), **Ev** = evaluation (a judgement with reasons, for this business). In calculations, **M1** is for the method and **A1** for the answer. Longer answers are marked in levels: the top level needs analysis applied to the business **and** a justified judgement.

Each answer shows the steps, then the **result**.

2.1

- $12\,000\,000 \times 0.05$
- $\$\mathbf{600\,000}$

2.2

- extra contribution $4000 \times 6 = \$24\,000$
- return $4000/20\,000 \times 100 = \mathbf{20}\%$

2.3

Any two (1 mark each):

- different tastes or culture (K)
- different laws or safety standards (K)
- different language on packaging (K)
- different incomes, so a smaller or cheaper version is needed (K)

3.1

- adverts can be shown only to people of a chosen age, location or interest (K)
- this costs less than TV or print, which suits a small budget (An)
- customers can share and comment, so the message spreads, and the business learns what customers think (An)

3.2

(a) $25\,000 \times 9 = \$225\,000$; $75\,000/150\,000 \times 100 = \mathbf{50}\%$

(b) any two, each analysed (2 marks each):

- FreshFit may not understand local tastes, so products may not sell (K, An)
- exchange-rate changes can cut profit on each sale (K, An)
- strong local rivals may cut prices (K, An)
- different laws and import taxes raise costs (K, An)

(c) points to include:

- standardised: one brand, one design and one campaign cost less and build a global image (An)
- sportswear is fairly similar worldwide, and young customers follow global brands (App)
- adapted: sizes, colours and prices can fit each country; incomes vary widely across Southeast Asia (App)
- local languages, sports and festivals make adapted promotion more effective (An)
- adapting costs more and may reduce the expected 50% return (App)
- judgement: keep the product and brand standard, but adapt price and promotion for each country, a "glocal" approach (Ev)

Levels: **top** (9–12) analysis applied to this business, and a justified judgement that answers the question; **middle** (5–8) some analysis applied to the business; judgement weak or missing; **bottom** (1–4) relevant points, little explanation or application.