

Cambridge IGCSE · Business Studies 0450 · Notes

Marketing strategy

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Read first: [Marketing, competition and the customer](#), [Market research](#), [Marketing mix](#)

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What you need to know

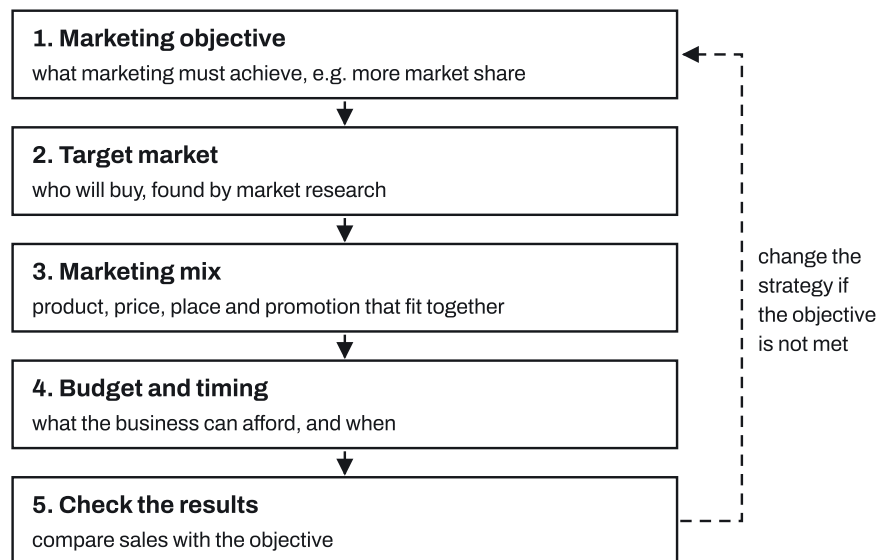
By the end of this topic you should be able to:

1. **Justify a marketing strategy for a given situation.** Explain why some parts of the marketing mix (product, price, place, promotion) matter more than others to customers in particular circumstances, and recommend a marketing strategy for a business described in a case, with reasons drawn from that case.
2. **Legal controls over marketing.** Explain how laws that protect consumers affect a business's marketing strategy: for example the bans on misleading promotion and on selling faulty or dangerous goods.
3. **Entering new markets in other countries.** Explain why foreign markets can offer more growth than the home market; the problems of entering them, such as cultural differences and lack of knowledge of the market; and the benefits and limitations of the ways a business can reduce those problems, such as joint ventures and licensing.

Understand it

What a marketing strategy is

A **marketing strategy** is a plan that sets out how a business will reach a marketing objective: who it will sell to (the target market) and the marketing mix it will use to reach them. It joins up decisions that could otherwise be made one at a time.



1. **Set the marketing objective:** what marketing must achieve, such as raising market share, launching a new product successfully, or entering a new market.
2. **Choose the target market:** the group of customers most likely to buy, found through market research (their age, income, where they live, what they value).
3. **Decide the marketing mix:** a product, price, place and promotion that suit that target market **and fit each other**.
4. **Set the budget and timing:** what the business can afford to spend, and when each action happens.
5. **Check the results:** compare sales or market share with the objective, and change the strategy if it is not working.

The same product can need very different strategies in different places or at different times.

Which part of the mix matters most?

All four parts matter, but in a given situation one or two usually influence customers' decisions more than the others. Ask what the customer cares about most when choosing.

Situation	Usually the most important part	Why customers decide on it
A luxury or high-status product (designer clothes, premium watches)	Product (quality, design, brand image) and promotion that builds the image	buyers pay for quality and status; a low price could even put them off
An everyday product with many similar rivals (rice, petrol, bottled water)	Price	products look the same, so customers choose the cheapest or the best value
A product bought on impulse or when needed at once (snacks, drinks, umbrellas)	Place	customers buy what is in front of them; if it is not in the shop they buy a rival's

Situation	Usually the most important part	Why customers decide on it
A new product nobody has heard of	Promotion	customers cannot buy something they do not know exists
A new, unique product with a strong advantage (the first device of its kind)	Product	its features are the reason to buy; price matters less while rivals are few
A niche market with specific needs	Product that meets those needs, and place that reaches the few buyers (specialist shops, the internet)	a small group wants something mass-market products do not offer
Selling to other businesses (machinery, raw materials)	Product quality and reliability, then price and delivery	a fault stops the buyer's own production

Other circumstances shift the balance: the **stage of the product life cycle** (promotion matters most at launch; price matters more in maturity, when rivals are many), the **level of competition**, the **size of the business and its budget** (a small firm cannot afford television adverts), and the **objective** (winning market share fast points to a low price and heavy promotion; a premium image points to a high price and careful choice of outlets).

Recommending a marketing strategy

To recommend a strategy for a business in a case:

1. **State the target market** from the case (who buys, their incomes, where they are).
2. **Pick each part of the mix and give a reason from the case**, for example "a skimming price, because the product is new and has no direct rivals".
3. **Check the parts fit together**: a high price needs a quality product, outlets that suit it and promotion that supports the image.
4. **Check it is affordable** for the business and meets its objective.
5. **Say which part matters most** and why, and why another plausible choice was rejected.

For example, a small bakery opening near a university, with students as its target market: a low competitive price (students have little money), a shop on the walk between the student halls and the lecture rooms (convenience), social media promotion with a student discount (cheap, and students use it), and a product range of quick, filling snacks. Price and place matter most here, because students buy often, on the way to somewhere, and compare prices.

Legal controls over marketing

Governments pass laws to **protect consumers**, because a business knows far more about its products than its customers do and could take advantage of that. Every business in a country has to obey the same rules, so the laws also make competition fairer. The main controls over marketing are:

- **No misleading promotion.** Adverts, labels and websites must not make false claims about what a product does, what it contains or what it costs. A price shown as "reduced" must really have been charged at the higher price before. Hidden extra charges are not allowed.
- **No faulty or dangerous goods.** Products must be safe to use, work as they should (be fit for purpose) and match their description. If a product is faulty, customers are entitled to a repair, a replacement or a refund. Dangerous products may have to be recalled.
- **Accurate weights and measures.** A pack must hold the quantity printed on it; selling underweight goods is illegal.
- **Labelling and packaging rules.** Some products must list ingredients, allergy warnings or safety instructions; some countries restrict the type of packaging allowed (for example, single-use plastic).
- **Limits on advertising some products:** for example, rules on when, where or to whom alcohol, tobacco or sugary foods may be advertised (often not to children).
- **No price fixing.** Competitors must not agree together to set high prices.

How they affect a business's marketing strategy:

Part of the strategy	Effect of the laws
Product	must be tested for safety before launch; design or ingredients may have to change; faulty items must be repaired, replaced or refunded, and dangerous ones recalled
Price	sale prices must be genuine reductions; no agreeing prices with rivals
Place	some products can only be sold in certain outlets or to adults
Promotion	every claim must be true and checkable; adverts may be limited by time, place or audience; labels and packaging may have to be redesigned

The effects on the business:

- **Higher costs:** testing products, checking claims, reprinting labels, menus or packaging, taking legal advice, switching to more expensive packaging materials. Higher costs either reduce the profit on each item or push the price up.
- **Less freedom:** some promotion methods or claims can no longer be used, so the business may need new, possibly less effective, ways to reach its target market.
- **Time:** claims and products have to be checked before anything is launched, which can delay launches.
- **Penalties if the law is broken:** fines, being taken to court and paying damages, being forced to withdraw adverts or recall products, and the bad publicity that follows, which loses customers.
- **Possible benefits:** customers trust products more when they know claims are checked, and better information (such as an ingredients list) can attract customers who need it, such as people with allergies.

Why sell in other countries?

A business that has done well at home may look abroad for:

- **Growth potential.** Some countries have fast-growing populations and rising incomes, so more people every year can afford the product. The home market may be **saturated** (most people who want the product already have it) or growing slowly, so sales there have little room to rise.
- **Higher sales, revenue and profit,** as long as the extra costs of selling abroad (transport, adapting the product, promotion) do not swallow the extra revenue.
- **Spreading risk.** A business that sells in several countries is less dependent on one market: if sales fall at home (a recession, a new rival), sales elsewhere can make up for it.
- **Economies of scale.** Producing more units for more markets can lower the cost of each unit, for example through bulk buying.
- **Easier to reach customers than before.** The internet, social media and e-commerce let even small businesses advertise and sell abroad.

Problems of entering foreign markets

Problem	What it means	Effect on the business
Cultural differences	different customs, tastes, beliefs, religions and habits	the product, its name, packaging or adverts may need changing; an advert that is normal at home may offend people; local customers may stay loyal to local brands they know; adapting means extra costs and fewer economies of scale
Language differences	customers speak a different language	labels, instructions, packaging and adverts must be translated; a brand name may mean something unfortunate
Lack of knowledge of the market	the business does not know the customers, competitors or how things are done there	it may not know competitors' brands and prices, so it sets the wrong price; unaware of where customers like to buy, it may choose outlets they don't use, and shops there may not want an unknown supplier; market research costs money and time
Different laws	rules on products, labelling and advertising differ	the product or its marketing may have to change; a slip can lead to fines
Import restrictions	a tariff is a tax on imported goods; a quota is a limit on the quantity of a good that can be imported	a tariff raises the cost of the product, so either the price rises (less competitive against local firms) or the business earns less on each sale; a quota caps the number it can sell
Exchange rates	the value of one currency against another changes	the price in the foreign currency, or the money the business gets back in its own currency, keeps changing, so prices are hard to set and profit is uncertain
Distance and transport	goods travel further	higher transport costs and longer delivery times

Problem	What it means	Effect on the business
Economic and social differences	different average incomes, age structure or stage of the business cycle	customers may not be able to afford the product, or the target group may be small
Being unknown	customers do not recognise the brand	heavy promotion is needed to build awareness

In an answer, **always say how the problem affects the business**: on its costs, prices, sales or profit. "There are cultural differences" alone is just a name.

Ways to reduce the problems

Businesses use a range of methods. The three the exams use most are licensing, joint ventures and franchising.

Licensing: a business gives another business permission to make or sell its branded products in return for a fee. The foreign business (the licensee) usually pays a share of each sale, called a royalty.

Benefits	Limitations
very little money needed: the licensee pays for factories, staff and distribution	the business earns only the fee, not the full profit
the licensee already knows the local market, language and culture	less control over the quality of the products made under its name; poor quality damages its brand
quick way to enter many countries	the licensee learns the product's design or recipe and could become a competitor when the agreement ends
avoids tariffs and transport costs, since the goods are made in the foreign country	the foreign business may not market the product as well as the owner would

Joint venture: two or more businesses agree to work together on a project, often by setting up a new business they own together, sharing its costs, risks and profits. A business entering a foreign market often forms one with a local business.

Benefits	Limitations
costs are shared, so less money has to be raised or borrowed	profits are shared too
risk is shared, so a failure costs each partner less	partners can clash over how to run the business, and arguments delay decisions
the local partner's knowledge of customers, competitors, laws and suppliers, so less market research is needed	one partner may end up doing more of the work or putting in more resources
the partner's contacts and existing outlets give quicker access to customers; a rival may become a partner instead	a mistake by one partner harms the reputation of both

Benefits

some countries only allow foreign firms in through a joint venture with a local business

Limitations

finding a partner that can be trusted is slow, so entry may be delayed

Franchising: a business (the franchisor) sells another business (the franchisee) the right to trade under its name and use its methods, in return for a fee and usually a share of revenue. The franchisee pays for and runs the outlet.

Benefits to the franchisor

fast expansion, because franchisees provide the money for each outlet

little capital needed, so no large loans or new shares

local franchisees know the area and are motivated, since it is their own business

a steady income from fees

Limitations to the franchisor

only a fee and a share of revenue, not the full profit of each outlet

less day-to-day control over how outlets are run

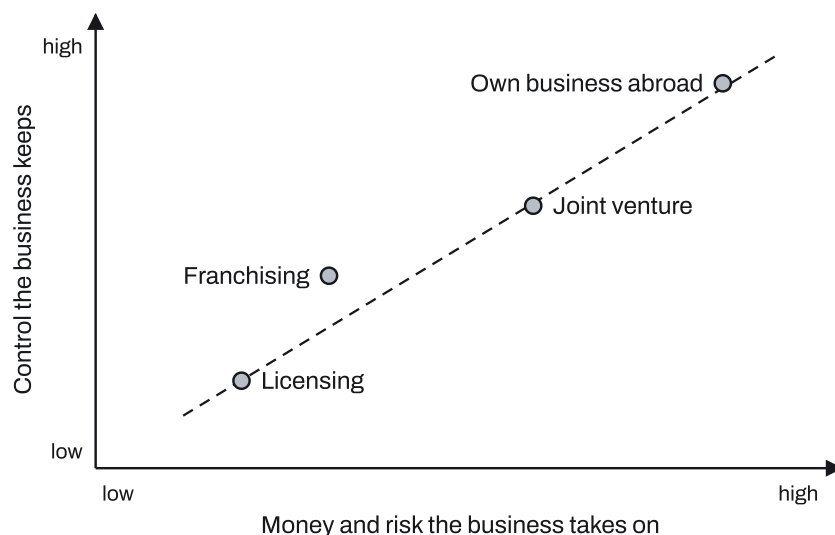
one poorly run outlet damages the whole brand

a franchisee learns the methods and could set up a rival business later

Keep the roles straight: in franchising and licensing, the business **entering** the foreign market is the franchisor or licensor; the local business is the franchisee or licensee.

Other ways to reduce the problems: carry out **market research** in the new country before entering (for example, test the product in one city first); **adapt the product**, packaging or adverts to local tastes and language; **hire local managers or sales staff**, or use a **local agent** who finds buyers for a commission; or **make the product in the foreign country** to avoid tariffs and transport costs.

Each method is a trade-off. The more control a business keeps, the more money it usually puts in and the more risk it carries.



Key facts and formulas

This topic has no formula list in the exam. "Learn it" means you must remember it.

Fact	Status
Marketing strategy: a plan that sets out how a business will reach a marketing objective, through its choice of target market and marketing mix	Learn it
The most important part of the mix depends on the product, the target market, the competition, the life cycle stage, the budget and the objective	Learn it
Legal controls over marketing: no misleading promotion; no faulty or dangerous goods; accurate weights and measures; labelling and packaging rules; limits on advertising some products; no price fixing	Learn it
Effects of legal controls: higher costs, less freedom in promotion, time to check, fines or court action if broken, possibly more customer trust	Learn it
Reasons to enter foreign markets: growth potential (rising population and incomes), saturated or slow home market, more sales and profit, spreading risk, economies of scale	Learn it
Problems of foreign markets: cultural and language differences, lack of market knowledge, different laws, import restrictions, exchange rates, transport costs, being unknown	Learn it
Tariff: a tax on imported goods; quota: a limit on the quantity of a good that can be imported	Learn it
Licensing: a business gives another business permission to make or sell its branded products in return for a fee	Learn it
Joint venture: two or more businesses agree to work together on a project, often by setting up a new business they own together, sharing its costs, risks and profits	Learn it
Franchising: a business (the franchisor) sells another business (the franchisee) the right to trade under its name and use its methods, in return for a fee and usually a share of revenue	Learn it
Cost after a tariff = cost before + cost before $\times$ tariff %	Learn it

How to do it

We have tagged 10 questions on this topic (2021–2025), on Paper 1 and Paper 2. 1 of them has parts of more than one type, so the counts add to 11.

Question type	Questions
Explain or weigh up problems of entering a foreign market	3
Explain and weigh up how specific legal controls affect a business	2
Identify impacts of legal controls on marketing	2

Question type	Questions
Weigh up methods of entering a foreign market	2
Explain reasons for selling in new foreign markets	1
Define a foreign-market term	1

Questions that ask for the most important part of the marketing mix, or a whole strategy for a business, are tagged under the Marketing mix topic; use "Recommending a marketing strategy" above for them.

The mark scheme codes are **k** (knowledge: a correct point), **app** (application: a detail from the case), **an** (analysis: a developed consequence) and **eval** (evaluation: a justified judgement).

Part	Marks	What earns them
Paper 1 "Define"	2	a full definition; half = 1
Paper 1 "Identify"	1 each	short points; only the first ones asked for are marked
Paper 1 "Outline"	4	each: k + app; no marks for analysis
Paper 1 "Explain" (d)	6	each: k + app + an
Paper 1 (e) "Do you think ...?" or "Which is best?"	6	2 k + 2 an + 2 eval; general, so no app
Paper 2 (a) "Explain two ..." or "one way each ..."	8	each: the point (1) + up to 3 for a chain of explanation, at least one of them a case detail
Paper 2 (b) "Consider ... Which ...? Justify"	12	levels: applied discussion of every option, then a choice that says why the others were rejected

1. Explain or weigh up problems of entering a foreign market (3 questions)

- Name the problem** (k): cultural differences, language, lack of knowledge, laws, tariffs or quotas, exchange rates, transport costs.
- Say how it affects this business** (app): the product, its customers, where it sells.
- Develop the consequence** (an): what the business must change, and what that does to its costs, price, sales or profit.

Variations you will meet:

- Paper 1 (d), two problems for a large toy maker (0450/11/O/N/25 Q4, part (d)):** k + app + an each, using a different case detail for each problem, for example lack of knowledge of rivals' toy prices, or packaging that must be translated.
- Paper 2 (a), one way each named problem affects the business (0450/22/M/J/25 Q1, part (a)):** cultural differences and lack of knowledge for a sports equipment maker. Each needs the way it affects the business plus a chain of three links: for example, local shoppers may already be loyal to sports brands

made in their own country, so the business must spend more on promotion to win them over, which raises costs and cuts profit in its first years there.

- **Paper 2 (b), which of three problems has the most effect (0450/21/O/N/21 Q1, part (b)):** cultural differences, lack of knowledge and import restrictions for a soap powder maker. Discuss all three in context, then judge which is hardest or costliest for this business to overcome, and which could be solved quickly (for example by research or a local partner). Any choice can win if the reasons come from the case.
- Answer the question asked: problems, not benefits. And read whether the business will **sell** abroad or **produce** abroad.

2. Explain and weigh up how specific legal controls affect a business (2 questions)

1. **For each named law, say what the business must do differently (k):** change adverts, reprint menus or labels, test products, change packaging materials.
2. **Apply it** to the business's products and situation (app).
3. **Develop the effect on the business (an):** costs, prices, sales, profit or reputation. Use a **different** effect for each law; "it could be fined" repeated three times earns little.
4. On a 12-mark question, **judge which law has the greatest effect** and say why the others matter less to this business.

Variations you will meet:

- **Paper 2 (b), three named laws for a toy shop (0450/22/M/J/21 Q4, part (b)):** no misleading promotion, all goods must be safe, and restrictions on the type of packaging. Misleading promotion means false adverts, not promoting employees; packaging restrictions mean the materials allowed, not the information printed on it. A good judgement uses the case: a shop selling branded toys may find that its suppliers have already tested them for safety.
- **Paper 2 (a), how two new laws affect a hotel (0450/22/F/M/22 Q4, part (a)):** menus must list all ingredients, and no single-use plastic bottles. Effects on the **hotel** (reprinting menus, buying glass bottles, more guests with allergies trusting the menu, a greener image), not on the customers or the planet.

3. Identify impacts of legal controls on marketing (2 questions)

Give two **different effects on the business's marketing**, in a few words each. No context is needed. Good answers: adverts must not mislead (claims may have to change); price reductions must be genuine; no faulty or dangerous goods may be sold; packs must not be underweight; labels may need changing; some adverts are restricted by age group or place; extra costs or time to meet the laws; fines if broken.

- Two ways legal controls over marketing affect a business (0450/11/M/J/24 Q4, part (b)).
- Two impacts of legal controls on marketing strategy (0450/13/O/N/22 Q4, part (b)).

Don't name employment or environmental laws, don't give tariffs or quotas (those are trade restrictions), and don't give the same effect twice in different words.

4. Weigh up methods of entering a foreign market (2 questions)

1. **Name the benefit or limitation** (k) from the tables in "Understand it".
2. **Apply** it to the business (app).
3. **Develop** (an): the effect on costs, borrowing, risk, profit, speed of entry or reputation.
4. For a choice, compare the methods **for this business**: how much money it has, how well it knows the country, how much it cares about control of its brand.

Variations you will meet:

- **Paper 1 (d), one advantage and one disadvantage of a joint venture** for a soft drinks maker ([0450/12/O/N/24 Q2](#), part (d)): for example, sharing the cost of entering the new market reduces borrowing, but a partner that cares less about acting ethically could clash with this ethical business and slow decisions.
- **Paper 2 (b), joint venture or franchising** for a vegetarian fast-food chain ([0450/21/M/J/23 Q3](#), part (b)): the chain would be the **franchisor**, selling franchises abroad, not buying one. Discuss both in context and say why the rejected one is worse for this chain.

5. Explain reasons for selling in new foreign markets (1 question)

Name the reason (1), then build a chain (up to 3) with one link from the case: for example, the home market is saturated, so sales there cannot grow much; a country with a young, growing population offers new customers every year, so revenue can keep rising. Other reasons: the home market is saturated or slow, spreading risk, economies of scale.

- Two reasons why a bike maker might sell in new markets abroad ([0450/22/O/N/24 Q4](#), part (a)).

6. Define a foreign-market term (1 question)

- Define "licensing" ([0450/12/O/N/24 Q2](#), part (a)). Both ideas are needed for 2 marks: one business gives another **permission** (the right) and **what for**: to make or sell its branded products. "Letting someone else sell your products" is only half. The definition does not have to mention another country.

Learn joint venture and franchising the same way; examiners report that candidates often mix up joint ventures with franchising or mergers.

Worked examples

Example 1

Brightwave makes sun cream in country X and sells it through pharmacies. Its adverts show families on the beach in swimwear. Brightwave plans to start selling in country Y, where people speak a different language and usually dress more modestly in public.

(a) Define "joint venture". [2]

(b) Identify two ways, other than a joint venture, a business could reduce the problems of entering a foreign market. [2]

(c) Outline one benefit and one problem for Brightwave of using the same advertisements in country Y as in country X. [4]

(a) Two or more businesses agree to work together on a project, often by setting up a new business they own together (1), sharing its costs, risks and profits (1).

(b) Licensing (1). Market research in the new country before entering (1).

(c) Benefit: it saves the cost of making new adverts (k), because the beach-family adverts already exist (app).

Problem: the adverts may offend people or be ignored because of cultural differences (k), since people in country Y dress more modestly than the swimwear shown (app).

Part (a) needs both halves for 2 marks; part (b) is 1 mark each, and franchising or hiring local staff would also score; part (c) is k + app for each, with a different case detail each time ($2 + 2 = 4$).

Example 2

Goldgrain makes sweetened breakfast cereals for children aged 5 to 10. Its boxes show cartoon characters, and almost all of its promotion is television adverts during children's programmes. The government has passed a new law: foods high in sugar must not be advertised on television before 9 pm.

Explain two ways Goldgrain might need to change its marketing strategy because of this law. [6]

Change its promotion methods (k): its adverts during children's programmes can no longer be shown (app), so it could use point-of-sale displays in supermarkets aimed at the parents who buy the cereal. These reach shoppers at the moment they choose, so sales need not fall, but the displays reach fewer families than television did and Goldgrain must pay shops for the space (an).

Change the product (k): it could reduce the sugar in its cereals so they are no longer covered by the law and the cartoon adverts can stay on television for its 5-to-10-year-old customers (app). Changing the recipe costs money for testing and may change the taste, so Goldgrain risks losing children who liked the old one (an).

Each way earns k + app + an ($3 + 3 = 6$).

Example 3

Amari makes bottled chilli sauces in country P, where it sells 2 million bottles a year. Sales at home have not grown for three years. Amari plans to sell in country Q, where food is usually less spicy and nobody has heard of Amari. It has never sold outside country P.

Explain two ways Amari could reduce the problems it might face when entering country Q. [8]

Form a joint venture with a food business already in country Q (1). The partner knows which shops people use and what rival sauces cost (1), so Amari can price its sauces correctly and get them stocked in the right shops, even though nobody in Q knows the Amari name (app). It also needs to spend less on market research, so entering costs less (1).

Make a milder version of its sauces for country Q (1). Food in Q is usually less spicy (app), so Amari's normal sauces might not sell there (1). A milder recipe matches local tastes, which should raise sales (1), although it adds development costs and means producing two recipes instead of one.

Each way earns the way (1) plus up to 3 more, one of them applied: $4 + 4 = 8$. Note that each way uses a **different** case detail.

Example 4

Haldor makes board games in country A and wants to sell them in country B, where people speak a different language. Haldor has \$800 000 in savings. It is considering three options:

- **Licensing:** a games company in country B would make and sell Haldor's games, paying Haldor 8% of the revenue. It expects revenue of \$2.5 million a year.
- **Joint venture** with a chain of toy shops in country B: Haldor would invest \$600 000 for half of a new business, which is expected to make a profit of \$500 000 a year, shared equally.
- **Exporting through a local agent:** Haldor would make the games at home and ship them. Expected revenue is \$1.6 million a year; production and shipping cost \$1.1 million, the agent takes 15% of revenue, and country B's tariff costs \$160 000 a year.

Consider the three options. Which should Haldor choose? Justify your answer with calculations. **[12]**

Licensing. Haldor would receive $2\,500\,000 \times 8\% = 200\,000$ dollars a year without investing anything, so its savings are not put at risk. The games company in country B already speaks the language and knows the shops, so translation and choosing outlets are handled for Haldor. But Haldor gets only 8% of the revenue and has little control over the quality of the games made under its name; if they are badly made, the brand suffers. The licensee also learns how Haldor's games are designed and could make rival games when the agreement ends.

Joint venture. Haldor's half of the profit is $500\,000 \div 2 = 250\,000$ dollars a year, the most of the three each year, and it keeps a say in how its games are made and sold. The toy shops give it outlets at once and local knowledge. But it would put \$600 000 of its \$800 000 savings at risk, and the investment takes $600\,000 \div 250\,000 = 2.4$ years to pay back. The partners might disagree, for example over prices.

Agent. Haldor keeps control of production, so quality stays high. But the agent's share is $1\,600\,000 \times 15\% = 240\,000$ dollars, so profit is $1\,600\,000 - 1\,100\,000 - 240\,000 - 160\,000 = 100\,000$ dollars a year, the lowest. Haldor would also have to translate its own boxes and rules, and the tariff could rise.

Recommendation. Over five years, licensing brings $5 \times 200\,000 = 1\,000\,000$ dollars, the joint venture $5 \times 250\,000 - 600\,000 = 650\,000$ dollars after the investment, and the agent $5 \times 100\,000 = 500\,000$ dollars. Haldor should choose licensing: it earns the most over five years, risks none of its savings, and the licensee

already solves the language problem. Haldor should write quality checks into the licence agreement to protect its brand. The joint venture is rejected because it ties up three-quarters of Haldor's savings in an unknown market for 2.4 years before it pays back; the agent is rejected because the commission and tariff leave only \$100 000 a year.

Each option is discussed in context with the case's figures, and the recommendation says why both alternatives were rejected: **Level 3** (9–12 marks). Choosing the joint venture can also reach Level 3, for example by arguing that the larger yearly profit and control of the brand are worth the risk.

Common mistakes

- **Giving the wrong kind of law.** When the question is about legal controls over **marketing**, minimum wages, health and safety at work or pollution laws earn nothing; nor do tariffs and quotas, which are trade restrictions. Examiners report this in several years.
- **Naming the law instead of its effect.** "Identify two impacts" wants what the law makes the business do or pay, such as changing its adverts or extra costs, not just the name of the law.
- **Repeating the same effect for every law**, usually "it could be sued". Give a different effect each time: the cost of redoing adverts, replacing faulty goods, higher packaging costs, lost reputation.
- **Misreading the law.** "No misleading promotion" is about adverts and claims, not promoting employees. "Restrictions on the type of packaging" are about the materials allowed, not the information printed on the pack.
- **Writing about the customers or the planet** when the question asks how a law affects the **business**. Turn every point into an effect on the business's costs, sales or reputation.
- **Giving benefits when problems are asked**, or reasons why the business should sell abroad when the question asks what will go wrong.
- **Assuming the business will build factories abroad** when the case says it will only sell there. Read the case for how it plans to enter.
- **Vague cultural differences.** Say exactly what is different (tastes, customs, the sports people play, the language) and how it changes the product or the marketing, and what that does to costs or sales.
- **Mixing up joint ventures, franchising and mergers**, or which side is which in franchising. A joint venture is two businesses working together and sharing; in a merger they become one business. The business expanding abroad by franchising is the **franchisor**.
- **Repeating the knowledge point instead of developing it.** "Share risk, so the risk is lower" adds nothing; "share risk, so a failure would cost each partner less" is analysis.
- **A conclusion that repeats the answer.** In a 12-mark question the conclusion must say why the chosen option is best **for this business** and why each other option was rejected.

How to get the marks

- **Define:** one sentence with both key ideas (for licensing: **permission** given to another business, and **to make or sell its branded products**).

- **Identify** (1 mark each): two short, different points. Only the first two are marked, so don't list five.
- **Outline** (Paper 1 (c)): a point and a case detail for each. Analysis is not marked, so keep it short.
- **Explain** (Paper 1 (d)): point, case detail, consequence. The consequence should reach costs, revenue, profit, sales, risk or reputation.
- **Paper 1 (e)** (6 marks): general, so no marks for the case. Two developed points (often one each side), then a decision with a reason why it beats the other side.
- **Paper 2 (a)** (8 marks): two points, each with a chain of explanation of up to three steps, at least one step using the case. Use different case details for the two points.
- **Paper 2 (b)** (12 marks): discuss **every** option or problem in the case, with its figures; then choose one and say why each of the others matters less. Any choice can reach the top level if the reasons come from the case. A conclusion with no reasons stays in the lower levels.
- **Use the case's words** for application: the product, the country, the numbers. "Its products" is not application; "its sports equipment" is.
- **Calculations**: show the working and give units.

Quick check

1. Name the method in each case. (a) A sportswear brand lets a clothing factory in another country make and sell shirts with its logo, for 6% of every sale. (b) A mining company and a local construction company set up a new company together and share its costs and profits. (c) A burger chain sells local businesses abroad the right to open restaurants under its name, using its recipes, for a fee.
2. Name the problem. (a) An advert showing people eating with their left hand offends customers in the new country. (b) The new country charges a 20% tax on every imported bicycle. (c) A business does not know which shops customers in the new country prefer. (d) The new country does not allow toys with batteries to be sold to under-threes.
3. Which legal control does each break? (a) A shop advertises a "half price" sale on lamps that were never sold at the full price. (b) A heater overheats and causes burns. (c) A bag of rice labelled 2 kg holds 1.8 kg.
4. Mira imports handbags that cost her \$45 each. The government adds a 20% tariff on imported handbags. Calculate the new cost of each handbag, and give one way this could affect Mira's marketing strategy.
5. A new business sells healthy, low-priced lunch boxes to office workers in a city centre. Which two parts of the marketing mix matter most, and why? Suggest a suitable promotion method.

Answers

1. (a) Licensing. (b) Joint venture. (c) Franchising.
2. (a) Cultural differences. (b) An import restriction (a tariff). (c) Lack of knowledge of the market. (d) Different laws.
3. (a) Misleading promotion (the price reduction is not genuine). (b) Selling faulty or dangerous goods. (c) Weights and measures: the pack is underweight, so its description is misleading.
4. $45 + 45 \times 20\% = 54$ dollars. Mira could raise her prices, which makes the handbags less competitive against local ones and may lose sales; or keep the price the same and earn \$9 less on each bag; or look for a supplier in her own country.
5. **Place** and **price**. Office workers buy every working day in a short lunch break, so the business must be close to the offices or deliver quickly; and because they buy so often, they compare prices and will not pay much more than rivals charge. A suitable promotion method is leaflets handed out near office buildings or social media adverts targeted at people working in the area, since both are cheap and reach only the target market. (Product quality also matters: "healthy" is the reason to choose it over a sandwich shop.)

Past questions to try

- 0450/21/M/J/23 Q3: part (b), joint venture or franchising for a fast-food chain entering another country.
- 0450/22/M/J/21 Q4: part (b), which of three legal controls affects a toy shop the most.
- 0450/21/O/N/21 Q1: part (b), which of three problems affects a soap powder maker the most abroad.
- 0450/22/F/M/22 Q4: part (a), how two new laws affect a hotel and its restaurant.