



*Rewarding Learning*

**ADVANCED  
General Certificate of Education  
2013**

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**GCE Applied Business**

Assessment Unit A2 12

*assessing*

The Global Market

**[A6B61]**

**MONDAY 21 JANUARY, MORNING**

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**MARK  
SCHEME**

1 Using an example from the case study, explain what is meant by the term ‘global trading’.

The conduct of trading activities in a global/international market. Examples:

- Armagh Planetarium attracts domestic/international visitors to its premises in Armagh (43,556);
- Armagh Planetarium participates in astronomical/science activities with other countries;
- Armagh Planetarium utilises a website which would be worldwide in nature;
- Shop and mail order business operations serve global astronomy market yield £77,661 income.

	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>
<b>Level 2</b>	<b>2 marks</b> Candidate demonstrates a satisfactory understanding of the term global trading.	<b>2 marks</b> Candidate applies a satisfactory level of knowledge in context of stimulus material.
<b>Level 1</b>	<b>1 mark</b> Candidate demonstrates a limited understanding of the term global trading.	<b>1 mark</b> Candidate applies limited knowledge in context of stimulus material.
<b>Level 0</b>	<b>0 marks</b> Candidate demonstrates no understanding of the term global trading.	<b>0 marks</b> Candidate does not attempt to apply knowledge to stimulus material.

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2 Explain **one** health and safety regulation which governs global trade, and show how it could be applied to Armagh Planetarium.

- Rules which any organisation must comply with in respect of health/safety issues related to staff, visitors and other stakeholders;
- Health and Safety – Armagh Planetarium reports that it has upgraded its buildings, including Library and Museum, which would meet health/safety regulations;
- Examples: fire exits/extinguishers/disabled facilities/lighting/crowd control measures/space regulations/signage.

	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>
<b>Level 2</b>	<b>2 marks</b> Candidate demonstrates satisfactory knowledge/ understanding of health/safety regulations.	<b>2 marks</b> Candidate applies a satisfactory level of knowledge fully in context of stimulus material.
<b>Level 1</b>	<b>1 mark</b> Candidate demonstrates limited knowledge/understanding of health/safety regulations.	<b>1 mark</b> Candidate applies limited knowledge in context of stimulus material.
<b>Level 0</b>	<b>0 marks</b> Candidate demonstrates no understanding of health/safety regulations.	<b>0 marks</b> Candidate does not attempt to apply knowledge to stimulus material.

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- 3 Analyse **three** ways by which Armagh Planetarium could have benefited from opportunities created by globalisation of the tourism market.

Globalisation creates the following opportunities:

- Economies of Scale – achieved from increased visitor numbers – data quotes costs of £12.60, below the £13 budget, therefore it is likely that this has been achieved with a greater throughput of visitors at the Planetarium to spread costs across a greater customer base; total income (Observatory) is £1.35m in 2010.
- Job creation/security (Observatory) – for staff (20) – staff required to manage the Planetarium and improve visitor experience for local/foreign tourists/visitors;
- Multiplier Effect – visitor spending in local economy will lead to multiplier effect insofar as money is likely to be spent in local shops/cafes/attractions, thus securing jobs/revenues/incomes in local community;
- Global recognition/e-commerce:
  - Comparable Google site ranking – 7 out of possible 10 and similar to comparable organisations – improved reputation; Website hits totalling 355 103 – enhanced global exposure;
  - Research – world class research/scientific facility – good reputation;
- Profitability:
  - Increased shop and mail order income, in excess of budget (£77,661) – improved revenues;
  - Lower cost per visitor at £12.60, compared to budget due to increased numbers;
  - Net loss reported is £825,306 (Observatory).
- Diversification:
  - Increased visitor/outreach numbers in excess of budget (43 556) – popular visitor attraction in tourism industry;
  - Diverse range of activities – promote knowledge/technical equipment upgrades/conferences and shows/museum/e-commerce and trade activities.
- Growth

Alternative answers accepted (if valid).

	<b>AO1 Knowledge and understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>
<b>Level 2</b>	<b>3–6 marks</b> Candidate demonstrates satisfactory understanding of the ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium. Candidate makes adequate use of specialist vocabulary when it is appropriate.	<b>3 marks</b> Candidate makes a satisfactory attempt to apply knowledge.	<b>3 marks</b> Candidate makes a satisfactory attempt to analyse the ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium.
<b>Level 1</b>	<b>2 marks</b> Candidate demonstrates limited understanding of ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium. Candidate makes some use of specialist vocabulary when it is appropriate.	<b>1 mark</b> Candidate attempts to apply limited knowledge.	<b>1 mark</b> Candidate shows a limited attempt to analyse the ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium.
<b>Level 0</b>	<b>0 marks</b> Candidate demonstrates no understanding of the ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium. Candidate makes no use of specialist vocabulary when it is appropriate.	<b>0 marks</b> Candidate does not attempt to apply knowledge.	<b>0 marks</b> Candidate shows no attempt to analyse the ways in which global trading activities have affected the performance of Armagh Observatory and Planetarium.

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4 Discuss **two** possible impacts that the global trading activities of Armagh Planetarium have on *each* of the following:

- (a) Consumers (national and international visitors)  
(b) Northern Ireland economy.

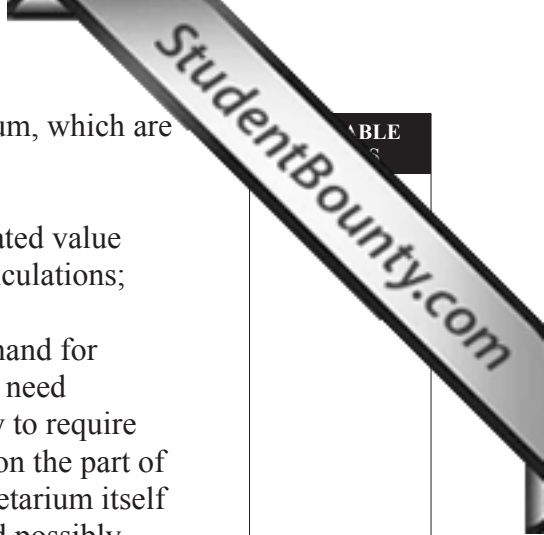
(a) Consumers:

- Price:
  - Armagh Planetarium customers are able to acquire services/products at a competitive price compared to other tourist facilities;
  - the price appears to have been kept at under £13, which might attract greater volume of customers; customers benefit from cheaper prices;
- Quality:
  - Armagh Planetarium customers may be able to acquire products of high quality, specifically tailored to meet the needs of customers and facilitate their academic development/subject knowledge;
  - high customer satisfaction ratings in relation to Star Shows/overall experience (80%+);
- Choice:
  - customers may prefer to download materials from the Armagh Planetarium website in order to facilitate speed of acquisition of (mail order) products;
  - customers benefit from greater level of choice as it is unique compared to other tourist attractions;
  - conferences/workshops available for customers;
  - library/museum facilities are available for customers;
- Availability:
  - customers of Armagh Planetarium are able to acquire/access product range in a variety of formats, to suit their needs – website visits/physical visits to premises/attendance at Star Shows/conferences, etc.;
  - although it is the only such facility locally which is restrictive;

(b) Northern Ireland economy:

- Employment Levels:
  - Assumed that Armagh Planetarium and Observatory can provide employment for locally based staff in terms of staff employed directly and subcontract related work (indirectly) in provision of the services and product ranges;
- Economic Growth:
  - Assumed that Armagh Planetarium and observatory can generate increased revenues and consequently increased levels of spending power (potential multiplier effect) in the local economy (in the county) and secure greater number of jobs/livelihoods in local economy,  
e.g. shop sales, foreign currency transactions;
  - Visitors to the local area may well increase trade locally and thus increase growth by staying in local hotels/B&Bs/local airports/travel to/from the premises (taxis etc) – particularly in the context of its location with the border of the Republic of Ireland;
- Inflation:
  - Armagh Planetarium's activities are subject to inflation – rising prices/costs of consumables;

- Inflation may affect the prices levied by the Planetarium, which are likely to increase to cover costs;
- In a wider scenario, the volume of transactions and associated value is not likely to be directly included in national inflation calculations;
- Exchange Rates:
  - Armagh Planetarium activities will likely encourage a demand for foreign currencies, since international visitors are likely to need sterling (£) to pay for goods/services locally – this is likely to require currency exchange transactions (sterling/euro/dollars etc) on the part of suppliers, customers, staff, management, the Armagh Planetarium itself and other stakeholders which will increase the demand and possibly impact the exchange rates between sterling and the respective national currencies.



	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
<b>Level 3</b>	<b>4 marks</b> Candidate demonstrates a competent understanding of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate makes good use of specialist vocabulary when it is appropriate.	<b>4 marks</b> Candidate competently applies knowledge.	<b>4 marks</b> Candidate competently analyses the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy.	<b>4 marks</b> Candidate gives a competent discussion of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.
<b>Level 2</b>	<b>3 marks</b> Candidate demonstrates a satisfactory understanding of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate makes adequate use of specialist vocabulary when it is appropriate.	<b>3 marks</b> Candidate makes a satisfactory attempt to apply knowledge.	<b>3 marks</b> Candidate makes a satisfactory attempt to analyse the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy.	<b>3 marks</b> Candidate gives a satisfactory discussion of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.
<b>Level 1</b>	<b>1–2 marks</b> Candidate demonstrates a limited understanding of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate makes some use of specialist vocabulary when it is appropriate.	<b>1–2 marks</b> Candidate attempts to apply limited knowledge.	<b>1–2 marks</b> Candidate shows a limited attempt to analyse the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy.	<b>1–2 marks</b> Candidate attempts a limited discussion of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. Organisation of the answer is limited.
<b>Level 0</b>	<b>0 marks</b> Candidate demonstrates no understanding of the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy. Candidate makes no use of specialist vocabulary when it is appropriate.	<b>0 marks</b> Candidate does not attempt to apply knowledge	<b>0 marks</b> Candidate shows no attempt to analyse the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy.	<b>0 marks</b> Candidate makes no attempt to discuss the impact of Armagh Planetarium’s global trading activities on both consumers and the local economy.



- 5 Discuss the following factors which Armagh Planetarium should consider when trading globally:
- Language
    - English is the official language, thus translations of shows/facilities may be offered to international visitors;
    - improves the visitor experience to the Planetarium;
  - Currency
    - Sterling (£) is the national currency in Northern Ireland; visitors/customers are likely to be required to exchange currency from Euro and/or Dollar into sterling in order to acquire goods/services;
    - most retail facilities currently accept automated payment systems which incorporate foreign currency transactions;
  - Product promotion
    - Visitor numbers and income levels are consistent with budget which may suggest that products/services are well promoted;
    - E-Commerce activities are crucial and may be used to promote the Planetarium's products/services given the significance placed on them by management, e.g. Google ranks/website hits etc.
  - Technical standards
    - key objectives of the Planetarium as stated are: (i) technical equipment upgrades (improvement of Internet speeds and redesign of website);
    - hosting of conferences, workshops and scientific meetings (increase availability of 'supercomputing' facilities for astronomy and other disciplines of study; increase visitor numbers;
  - Increased cost
    - Armagh Planetarium are likely to incur increased costs as a result of global trade activities;
    - Examples: health/safety regulations/foreign currency transactions/upgrade to facilities/marketing and promotion;
    - Net Loss (Observatory) reported (£825,306) which suggests that increased costs are larger than revenues.

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
<b>Level 3</b>	<p><b>4–5 marks</b> Candidate demonstrates a competent understanding of the importance of various factors related to global trade. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p><b>4–5 marks</b> Candidate competently applies knowledge.</p>	<p><b>4–5 marks</b> Candidate competently analyses the importance of various factors related to global trade to Armagh Planetarium.</p>	<p><b>4–5 marks</b> Candidate gives a competent discussion of the importance of various factors related to global trade to Armagh Planetarium, and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>
<b>Level 2</b>	<p><b>3 marks</b> Candidate demonstrates a satisfactory understanding of the importance of various factors related to global trade to Armagh Planetarium. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>3 marks</b> Candidate makes a satisfactory attempt to apply knowledge.</p>	<p><b>3 marks</b> Candidate shows a satisfactory attempt to analyse the importance of various factors related to global trade.</p>	<p><b>3 marks</b> Candidate gives a satisfactory discussion of the importance of various factors related to global trade to Armagh Planetarium, and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate demonstrates a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
<b>Level 1</b>	<p><b>1–2 marks</b> Candidate demonstrates a limited understanding of the importance of various factors related to global trade to Armagh Planetarium. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p><b>1–2 marks</b> Candidate attempts to apply limited knowledge.</p>	<p><b>1–2 marks</b> Candidate shows a limited attempt to analyse the importance of various factors related to global trade to Armagh Planetarium.</p>	<p><b>1–2 marks</b> Candidate attempts a limited discussion of the importance of various factors related to global trade to Armagh Planetarium. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>
<b>Level 0</b>	<p><b>0 marks</b> Candidate demonstrates no understanding of the importance of various factors related to global trade. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge</p>	<p><b>0 marks</b> Candidate shows no attempt to analyse the importance of various factors related to global trade.</p>	<p><b>0 marks</b> Candidate makes no attempt to discuss the importance of various factors related to global trade.</p>

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6 Evaluate **three** ways in which each of the following methods of distribution might impact Armagh Planetarium:

- (a) E-Commerce
- (b) Direct Selling.

(a) E-Commerce

Advantages:

- Reduce costs:
  - Armagh Planetarium management team can link directly with national/international customers/visitors/museums via the website (bypass intermediaries, reduce staff costs)/ reduce IT costs; reduce distribution costs (allow users online access to facilitate mail orders);
- Shorten Supply Chain:
  - use of IT resources enables direct contact with suppliers of merchandise and enables direct contact with customers;
- Promotion:
  - Armagh Planetarium management team can promote/market products/services using the website and other portable communication devices in domestic and overseas markets;
- Customer information:
  - Armagh Planetarium management can use E-Commerce facilities to enable customer details to be stored in order to maintain contact for various reasons, e.g. special orders, special offers/discounts;
- Others:
  - Provide 24/7 access; shop from anywhere; compare prices; cheaper product prices; help and support; product reviews; personal offers; lower transaction costs.

Disadvantages:

- Competition:
  - Armagh Planetarium must ensure that E-Commerce facilities need to be informative and attractive in order to enhance the customer experience in a highly competitive market, otherwise visitors may go elsewhere;
- Cost/Time requirements:
  - setting up/maintaining E-Commerce facilities requires time and money, which may be limited; this could also extend to staff training - Armagh Planetarium management team needs to ensure that staff training is undertaken so that staff are fully aware of the contents of the website and how to use it to meet the needs of customers;
- Accessibility:
  - not all customers of Armagh Planetarium have access to online resources, thus may not be able to appreciate the facilities available online or accessible through the use of portable communication devices;
- Systems Issues:
  - availability of website.

(b) Direct Selling:

Advantages:

- NI-based organisations such as Armagh Planetarium can maximise their revenues/profits since no third party/agent is involved in transactions linked to Star Shows/Mail Orders/visits to premises;
- This approach enables Armagh Planetarium to maintain a direct relationship with the customer, and enhance the professional approach to business dealings and improve relationships;
- Increases shop revenues/income – £77,661 actual revenues greater than budget (£65,000).

Disadvantages:

- NI-based organisations such as Armagh Planetarium may not have a full working knowledge of the retail industry in specific markets, and as such, building relationships such as this takes time and much effort;
- Might be an expensive and time consuming approach to doing business globally and require support from local government agencies, such as Invest NI or Dept of Culture, Arts and Leisure (DCAL).

Final Judgement: candidate likely to conclude that the advantages of using E-Commerce facilities are greater than Direct Selling techniques by Armagh Planetarium outweigh the disadvantages, or that both methods benefit the Planetarium for the reasons noted above.

Alternative answers accepted (if valid).

	<b>AO1 Knowledge and Understanding</b>	<b>AO2 Application</b>	<b>AO3 Analysis</b>	<b>AO4 Evaluation</b>
<b>Level 3</b>	<p><b>5–6 marks</b> Candidate demonstrates a competent understanding of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium. Candidate makes good use of specialist vocabulary when it is appropriate.</p>	<p><b>5–6 marks</b> Candidate competently applies knowledge.</p>	<p><b>5–6 marks</b> Candidate competently analyses the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium.</p>	<p><b>5–6 marks</b> Candidate gives a competent evaluation of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium, and comes to a final judgement. Candidate demonstrates good spelling, punctuation and grammar. The meaning of the text is clear. The candidate has consistently used a form and style of writing appropriate to the purpose of the question. Answer is organised in a clear and coherent manner.</p>
<b>Level 2</b>	<p><b>3–4 marks</b> Candidate demonstrates a satisfactory understanding of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium. Candidate makes adequate use of specialist vocabulary when it is appropriate.</p>	<p><b>3–4 marks</b> Candidate satisfactorily attempts to apply knowledge.</p>	<p><b>3–4 marks</b> Candidate shows a satisfactory attempt to analyse the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium.</p>	<p><b>3–4 marks</b> Candidate gives a satisfactory evaluation of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium and comes to a final judgement. Candidate demonstrates satisfactory spelling, punctuation and grammar. The meaning of the text is clear most of the time. The candidate has demonstrated a satisfactory level of writing, form and style appropriate to the purpose of the question. Answer is organised in a satisfactory manner.</p>
<b>Level 1</b>	<p><b>1–2 marks</b> Candidate demonstrates limited understanding of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium. Candidate makes some use of specialist vocabulary when it is appropriate.</p>	<p><b>1–2 marks</b> Candidate attempts to apply limited knowledge.</p>	<p><b>1–2 marks</b> Candidate shows a limited attempt to analyse the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium.</p>	<p><b>1–2 marks</b> Candidate attempts a limited evaluation of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium. Candidate makes limited use of spelling, punctuation and grammar. The meaning of the text is not always clear. The candidate demonstrates a limited form and style appropriate to the purpose of the question. The organisation of the answer is limited.</p>
<b>Level 0</b>	<p><b>0 marks</b> Candidate demonstrates no understanding of the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium. Candidate makes no use of specialist vocabulary when it is appropriate.</p>	<p><b>0 marks</b> Candidate does not attempt to apply knowledge</p>	<p><b>0 marks</b> Candidate shows no attempt to analyse the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium.</p>	<p><b>0 marks</b> Candidate makes no attempt to evaluate the impact of Direct Selling and E-Commerce facilities by Armagh Observatory and Planetarium.</p>

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**Total**

**AVAILABLE MARKS**

24

**80**