GCE

New Business

H431/03: The global business environment

A Level

Mark Scheme for June 2024

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This mark scheme is published as an aid to teachers and students, to indicate the requirements of the examination. It shows the basis on which marks were awarded by examiners. It does not indicate the details of the discussions which took place at an examiners' meeting before marking commenced.

All examiners are instructed that alternative correct answers and unexpected approaches in candidates' scripts must be given marks that fairly reflect the relevant knowledge and skills demonstrated.

Mark schemes should be read in conjunction with the published question papers and the report on the examination.

MARKING INSTRUCTIONS

PREPARATION FOR MARKING
RM ASSESSOR

1. Make sure that you have accessed and completed the relevant training packages for on-screen marking: *RM Assessor Assessor Online Training*; *OCR Essential Guide to Marking*.

2. Make sure that you have read and understood the mark scheme and the question paper for this unit. These are posted on the RM Cambridge Assessment Support Portal http://www.rm.com/support/ca

3. Log-in to RM Assessor and mark the **required number** of practice responses ("scripts") and the **number of required** standardisation responses.

   YOU MUST MARK 6 PRACTICE AND 10 STANDARDISATION RESPONSES BEFORE YOU CAN BE APPROVED TO MARK LIVE SCRIPTS.

MARKING

1. Mark strictly to the mark scheme.

2. Marks awarded must relate directly to the marking criteria.

3. The schedule of dates is very important. It is essential that you meet the RM Assessor 50% and 100% (traditional 40% Batch 1 and 100% Batch 2) deadlines. If you experience problems, you must contact your Team Leader (Supervisor) without delay.

4. If you are in any doubt about applying the mark scheme, consult your Team Leader by telephone or the RM Assessor messaging system, or by email.

5. **Crossed Out Responses**
   Where a candidate has crossed out a response and provided a clear alternative then the crossed out response is not marked. Where no alternative response has been provided, examiners may give candidates the benefit of the doubt and mark the crossed out response where legible.

   Contradictory Responses
   When a candidate provides contradictory responses, then no mark should be awarded, even if one of the answers is correct.

Short Answer Questions (requiring only a list by way of a response, usually worth only **one mark per response**)
Where candidates are required to provide a set number of short answer responses then only the set number of responses should be marked. The response space should be marked from left to right on each line and then line by line until the required number of responses have been considered. The remaining responses should not then be marked. Examiners will have to apply judgement as to whether a 'second response' on a line is a development of the 'first response', rather than a separate, discrete response. *(The underlying assumption is that the candidate is attempting to hedge their bets and therefore getting undue benefit rather than engaging with the question and giving the most relevant/correct responses.)*

Short Answer Questions (requiring a more developed response, worth **two or more marks**)
If the candidates are required to provide a description of, say, three items or factors and four items or factors are provided, then mark on a similar basis – that is downwards (as it is unlikely in this situation that a candidate will provide more than one response in each section of the response space.)

Longer Answer Questions (requiring a developed response)
Where candidates have provided two (or more) responses to a medium or high tariff question which only required a single (developed) response and not crossed out the first response, then only the first response should be marked. Examiners will need to apply professional judgement as to whether the second (or a subsequent) response is a 'new start' or simply a poorly expressed continuation of the first response.

6. Always check the pages (and additional objects if present) at the end of the response in case any answers have been continued there. If the candidate has continued an answer there, then add a tick to confirm that the work has been seen.

7. Award No Response (NR) if:
   - there is nothing written in the answer space

   Award Zero '0' if:
   - anything is written in the answer space and is not worthy of credit (this includes text and symbols).

   Team Leaders must confirm the correct use of the NR button with their markers before live marking commences and should check this when reviewing scripts.

8. The RM Assessor **comments box** is used by your team leader to explain the marking of the practice responses. Please refer to these comments when checking your practice responses. **Do not use the comments box for any other reason.**
   If you have any questions or comments for your team leader, use the phone, the RM Assessor messaging system, or e-mail.

9. Assistant Examiners will send a brief report on the performance of candidates to their Team Leader (Supervisor) via email by the end of the marking period. The report should contain notes on particular strengths displayed as well as common errors or weaknesses. Constructive criticism of the question paper/mark scheme is also appreciated.

10. For answers marked by levels of response:
   a. **To determine the level** – start at the highest level and work down until you reach the level that matches the answer
   b. **To determine the mark within the level**, consider the following

Descriptor	Award mark
On the borderline of this level and the one below	At bottom of level
Just enough achievement on balance for this level	Above bottom and either below middle or at middle of level (depending on number of marks available)
Meets the criteria but with some slight inconsistency	Above middle and either below top of level or at middle of level (depending on number of marks available)
Consistently meets the criteria for this level	At top of level

11. **Annotations**

Annotation	Meaning	Annotation	Meaning
BP	Blank page (this MUST be used rather than SEEN)	**K**	Knowledge
✔	Tick	**APP**	Application of knowledge and understanding
✖	Cross	**AN**	Analysis
(highlighting tool)	Highlighting tool	**DEV**	Developed Analysis
NAQ	Not answered question (candidate writes irrelevant material)	**EVAL**	Evaluation
OFR	Own Figure Rule	**EE**	Effective evaluation
BOD	Benefit of Doubt (replaces tick in short answer questions)	**?**	Unclear
REP	Repeat (material already rewarded)	**TV**	Too vague/No use of context
SEEN	Noted but no credit given (use where no other annotation is appropriate)		

EVERY PAGE, INCLUDING BLANK PAGES (use the BP annotation), MUST HAVE SOME ANNOTATION

Please ensure that, wherever possible, annotations are placed in the margins and not over the candidate's answer. This makes it very difficult to read if the paper is printed out in black & white.

[Questions 2, 3, 5, 7, 8(a) & 8(b) should be annotated with ticks, crosses, BOD, REP, TV, OFR, NAQ or ?. The number of ticks plus OFR MUST match the final mark awarded for that question. Ticks MUST NOT be used in Questions 1, 4, 6, 8(c) & 9.]

IT IS VITAL THAT YOU SHOW AS MUCH ANNOTATION ON EACH PAGE AS POSSIBLE. IN PARTICULAR, WHERE AOs ARE REACHED, SO THAT YOUR TEAM LEADER CAN LOOK TO AGREE WITH YOUR FINAL MARK.

12. **Subject Specific Marking Instructions**

Candidates will be awarded marks for the demonstration of each skill (Knowledge and Understanding/Application/Analysis/ Evaluation) according to the level (Strong/Good/Reasonable/Limited) seen. Their overall mark for Levels of Response questions will comprise the total of these marks.

The descriptions in each level of response question in this mark scheme describe a typical response at the top of that level.

This Mark Scheme is a working document; it is not exhaustive; it does not provide 'correct' answers. The Mark Scheme can only provide 'best guesses' about how the question will work out.

The Examiners' Standardisation Meeting will ensure that the Mark Scheme covers the range of candidates' responses to the questions, and that all examiners understand and apply the Mark Scheme in the same way. The Mark Scheme will be discussed and amended at the meeting, and administrative procedures will be confirmed. Practice scripts will be issued at the meeting to exemplify aspects of candidates' responses and achievements; the practice scripts then become part of this Mark Scheme.

In your marking, you will encounter valid responses which are not covered by the Mark Scheme: these responses must be credited.

Please read carefully all the scripts in your allocation and make every effort to look positively for achievement throughout the ability range. Always be prepared to use the full range of marks.

Question		Answer	Mark	Guidance

1		**People are becoming more health conscious (line 16).**
		Analyse the impact of this trend on demand and supply in Tropicana's market.
		
		Level 2 (4–6)
		Candidate shows **reasonable** knowledge and understanding **(K)** and **good** analysis **(AN/DEV)** of demand and/or supply impacts – this would involve correct use of the supply and demand graph IF used (there is no requirement to).
		
		Level 1 (1–3)
		Candidate shows **limited** knowledge and understanding **(K)** with **limited or no** analysis **(AN)** of demand impacts.
		
		NB – award **maximum** of one mark for non–contextualised answer.
		
		0 marks no response or no response worthy of credit.
			6
			(AO1 1)
			(AO2 1)
			(AO3 4)
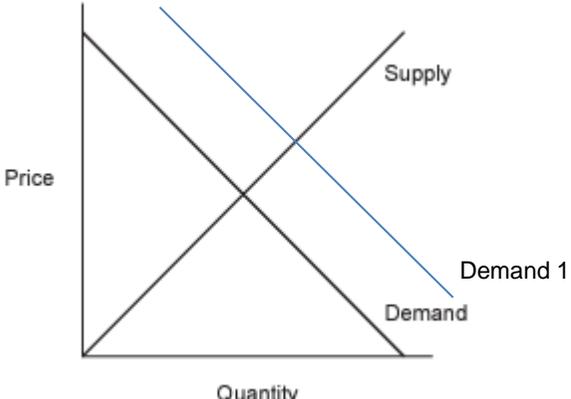				
				Knowledge of the determinants of supply and demand, include:
				   • Increase/decrease in demand
				Accept an increase/decrease in (market) supply
				NB candidates may use the graph (see example above), but it is not necessary to achieve full marks.
				
				Application to the context of Tropicana must follow on from the knowledge shown and explain, in context, why this is a determinant of demand/supply for Tropicana.
				
				Analysis of the impact on:
				   • (equilibrium) price (initial impact may be shown/annotated on graph)
				   • (equilibrium) quantity (initial impact may be shown/annotated on graph)
				
				Exemplar response:

Question		Answer	Mark	Guidance
				The trend to becoming more health conscious would likely lead to a right shift in demand (AO1) as more Tropicana juice would be demanded at all prices, assuming people generally view fruit juice as a healthy option (AO2). This would lead to an increase in quantity demanded and supplied (L1AO3) and an increase in Tropicana's sales revenue (L2AO3). It would also increase the equilibrium price (L1AO3) which may increase Tropicana's profitability (L2AO3) **ARA**

| 2 | | **Using the information in Extract C, calculate the price elasticity of demand for orange juice in 2017.**

1 mark for correct formula or correct use of numbers to show correct formula.

2 marks for correct answer. | **2**
(AO1 1)
(AO2 1) | PED = % change in demand
          % change in price   (1)

OR with numbers put straight into formula

$\frac{-7.6}{+10}$ (1)

PED = -0.76 (2) allow 0.76 (no minus sign) as a correct answer

An inverted formula (or use of numbers) with a correct OFR answer can gain one mark as long as working is present.

$\frac{+10}{-7.6}$ = -1.316 (1 OFR)
Must be correctly rounded. Allow 1.316 (correctly rounded) |
| 3 | | **State two factors that need to be addressed when using the McKinsey 7-S change management model.**

1 mark for each correct factor.
Do not allow descriptions of the factors. | **2**
(AO1 2) | Any two from:
• Shared value
• Skill
• Staff
• Strategy
• Structure
• Style
• System |

| 4* | **Discuss problems Tropicana might face when managing its global logistics.**

 Level 4 (16–20)
 Candidate shows **strong** knowledge, understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of logistical problems facing Tropicana.
 There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.

 Level 3 (11–15)
 Candidate shows **good** knowledge and understanding, **(K)** analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of logistical problems facing Tropicana.
 There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.

 Level 2 (6–10)
 Candidate shows **reasonable** knowledge and understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of logistical problems facing Tropicana.
 The information has some relevance and is presented with limited structure. The information is supported by limited evidence.

 Level 1 (1–5)
 Candidate shows **limited** knowledge and understanding **(K)** of globalisation with **limited or no** analysis **(AN)** and | **20**
 (AO1 2)
 (AO2 4)
 (AO3 6)
 (AO4 8) | Knowledge of logistics:
 Logistics is about speed & efficiency of supply, reliability, storage, anticipation, including:
 • Procurement of supplies
 • Production systems – where? How? When?
 • Warehousing – where? How much? What?
 • Transportation – how? To where?
 • Customer requirements
 • Information systems
 • Outsourcing as a solution
 • Subcontracting
 • Offshoring/reshoring
 • Importing/exporting

 Problems may include:

 Many possible answers that look at both sourcing raw materials (i.e., oranges) as well as the actual movement of them (i.e., supply chains), including:
 • Climate/weather – dependent on orange growing in USA, Brazil and other countries – potential supply chain disruption
 • Supply chain intermediary's actions, e.g., their own problems with any SLEEPT factors
 • Political problems, e.g., Brazil! Actions government takes could disrupt exports and supply. Also tariffs.
 • Environment and law – changes in different countries regarding approaches to production and distribution
 • Transport/shipping – many potential problems if outsourced e.g., fuel prices, global issues that disrupt logistics of movement
 • Economic issues – e.g., exchange rates – have to source from other countries with different logistical issues
 • Labour market issues across all countries in supply chain – potential disruption. |

| | | evaluation **(EVAL)** of logistical problems facing Tropicana.
The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear. | | • Technological issues –a global supply chain can be disrupted by software, hacking, internet problems, poor IT.
• Demand for orange juice – dictates supply and therefore can exacerbate supply problems if not predicted/planned for.

Exemplar response:
A potential problem for Tropicana's logistics is procuring supplies (AO1) despite weather and climate change which may affect orange harvests (AO2). Tropicana is dependent on a regular, predictable supply of oranges and sources them primarily from USA but also Brazil. (AO2) Weather patterns are increasingly unpredictable which could mean Tropicana does not have enough raw materials to produce orange juice, reducing sales revenue and profit (AO3).
This is an especially important problem for Tropicana because all of its products are made using fruit, some of which cannot be economically grown in their home country of the US (AO4).
Another problem facing Tropicana's logistics could be international transportation (AO1) of their concentrate in refrigerated trucks and tankers (AO2). Tropicana will be facing rising fuel costs which may lead to it having to increase prices and lose customers who can no longer afford their products (AO3).
The extent of this problem will depend upon the stability of fuel process in the future and whether the haulage industry can switch to more renewable fuel sources in an economical way (AO4).
The procurement of raw materials is likely to be the biggest problem Tropicana will face with its logistics because of the nature of its products: fruit juice requires fresh, natural ingredients which, by their nature rely on sourcing the best produce from the most suitable climate. As these climates change, this is going require flexibility and change for Tropicana, both of which can be difficult for a business the size of Tropicana which was worth \$3.3 billion (AO2/AO4).. |

	ARA

| 5 | | **Refer to Extract E.** **Explain two ways Tropicana could further improve its corporate social responsibility (CSR) profile.** One mark for each correct point up to a maximum of 2 marks. One further mark for each explanation in context, up to a maximum of 2 marks. | **4** (AO1 2) (AO2 2) | Can include any of the following: Accountability. Transparency. Ethical behaviour. Respect for stakeholder interests. Respect for the rule of law. Respect for the international norms of behaviour. Respect for human rights. ARA that improves Tropicana's CSR image The explanation **must** be in the context of Tropicana. Exemplar response: Tropicana could take action on human rights (AO1) by investigating labour practices on the orange farms further down the supply chain (AO2). |
| | **ARA** | | | **ARA** |

| 6 | | **Refer to Extract G.**
Evaluate <u>one</u> way Tropicana may have used Ansoff's Matrix in its decision to launch Tropicana Crunch.

Level 3 (7–10)
Candidate shows **strong** knowledge and understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of how Tropicana might have used Ansoff's Matrix in the launch.

Level 2 (4–6)
Candidate shows **reasonable** knowledge and understanding**(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of how Tropicana might have used Ansoff's Matrix in the launch.

Level 1 (1–3)
Candidate shows **limited** knowledge and understanding **(K)** with **limited or no** analysis **(AN)** and evaluation **(EVAL)** of how Tropicana might have used Ansoff's Matrix in the launch.

NB – award maximum of **two marks** for non–contextualised use of Ansoff's Matrix.

0 marks no response or no response worthy of credit. | **10**
(AO1 2)
(AO2 2)
(AO3 3)
(AO4 3) | Knowledge of Ansoff's matrix include:
• Knowledge of the axis:
   o Existing/new markets
   o Existing/new products
• Quadrants in the Ansoff matrix:
   o Market penetration (existing market – existing product)
   o Market development (new market - existing product)
   o Product development (existing market – new product)
   o Diversification (new market – new product).
      ▪ Related diversification (a familiar, but still new market)
      ▪ Unrelated diversification (an unfamiliar market)
• That Ansoff's matrix can be used to measure/assess risk
• The Ansoff matric can be used to assess growth option
• Level of risk:
   o Low risk – market penetration
   o Medium risk – market development and product development
   o High risk – diversification.

Answers are most likely to be about **assessing risk** – the main point of Ansoff's Matrix. However, candidates could analyse:
• the actual suggested strategies that are implied in the relative quadrant of Ansoff's – e.g., 'product development' has associated strands such as research & development and assessing new customer needs.
• the use of it as a means of looking across the whole product portfolio and getting a balance (rather than the risk involved in this single product launch)

NB – the question is not asking to place Tropicana Crunch in Ansoff's. Whilst it is most likely in 'product development' it could be argued that there is a degree of diversification if, by definition, it |

brings in new customers who do not like milk. Somewhere between the two, that better candidates will discuss in their evaluation in terms of assessing degrees of risk.

Exemplar response:
Ansoff's Matrix (AM) assesses risk (AO1) and in the case of Tropicana Crunch the venture would be classified as 'product development' (AO1) because it is launching its new product (Tropicana crunch) into an existing market of OJ drinkers (AO2). In using AM Tropicana would be able to see that its new Crunch would be of medium risk being a new product to existing customers. This would help Tropicana to decide to what extent and how to launch it as AM has helped quantify the risk – i.e., Tropicana will have a gauge on just how many resources to commit and likelihood of a return, which will allow it to keep costs low and maintain their profitability. (AO3)

However, AM is not always the most appropriate way to assess the risk of an activity. Tropicana may want to aim its Crunch at their current customer base of people who drink their juices (AO2) but without adequate market research to see if this is viable this may not be correct and leave the business with the additional costs of launching Crunch, but few actual customers to purchase the product (AO3)

AM is a blunt tool and reliant on the market research data that it is based upon. If Tropicana assume that this launch is medium risk because they want it to be product development, then they may miss the actual new customers who end up being the market. This would most likely lead to a failure of the product and a loss profit and reputation for Tropicana (AO4).

ARA

7	**Refer to Extract H.** **Explain two possible methods Tropicana could use to select seasonal staff.** One mark for each correct method identified up to a maximum of 2 marks. One further mark for each explanation in context, up to a maximum of 2 marks.	**4** (AO1 2) (AO2 2)	This question is specifically asking about methods of selection (not recruitment). These are listed in the specification as: • Application forms • Curriculum Vitae (CV) • Testing (cognitive, ability, personality, task) • Interview (any method eg. online, phone, face to face) • Work trial • Reference • Letter of application • LinkedIn and similar Do *not* reward methods of recruitment: • Internal/external recruitment • Job description • Person specification • Job advertisement Exemplar response: References (AO1) would be a good method as the job is fruit picking which requires hard work and reliability – two aspects that could be sought via a reference. (AO2) The explanation **must** be in the context of Tropicana. **NB – this question is NOT asking for recruitment methods (e.g., online job advert) but SELECTION methods (i.e., once the candidate applies for the job).**

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8	a	Calculate the ARR for the new orange picker over its anticipated 4-year life.	3 (AO1 1) (AO2 1) (AO3 1)	Total revenue = 1 800 000 + 2 100 000 + 2 100 000 + 2 100 000 = 8,100,000
		1 mark for calculation of the net return/revenue. 1 mark for calculation of the average over 4 years (OFR). 1 mark for calculation of the ARR (OFR). 3 marks for correct answer (with or without working)		Net return = 8,100,000 – 5,850,000 = 2,250,000 (1) Over 4 years = 2,250,000/4 = 562,500 per year (1) ARR = $\frac{562,500}{5,850,000}$ x 100 = **9.62%** (9.615%) allow any correct rounding (10%, 9.6% etc) (1) Marks can be awarded for correctly calculated stages using the OFR rule.
	b	Calculate the variation for the high season in 2023.	3 (AO2 2) (AO3 1)	Variation is actual – trend (1)
		1 mark for correct calculation of the 3-point moving average ('Trend') for the high season in 2023. 1 mark for the process of finding the variation. 1 mark for calculation of the variation (OFR). 3 marks for correct answer		High season 2023 trend = 33,660/3 = 11,220 (1) High season 2023 variation = 14,750-11,220 = 3,530 (1) OFR applies Answer = 3,530 (3) **NB Award correct stages of the calculation**

	c	**Analyse <u>two</u> possible problems for EDS if it attempts to increase its high season capacity utilisation to 100%.** **Level 2 (4–6)** Candidate shows **reasonable** knowledge and understanding **(K)** and **good** analysis **(AN)** of problems with increasing capacity utilisation to 100%. **Level 1 (1–3)** Candidate shows **limited** knowledge and understanding **(K)** with **limited or no** analysis **(AN)** of problems with increasing capacity utilisation to 100%. **NB** – award **maximum** of **two** marks for non–contextualised answer. **0 marks** no response or no response worthy of credit.	**6** (AO1 2) (AO2 2) (AO3 2)	Problem of increasing capacity to 100% include: • Difficulty growing the business • May miss opportunities (opportunity cost0 • Costs involved in reaching 100% capacity • Chose/disorganisation/wrong focus • Stress/HRM issues surrounding operating at full capacity • HR and motivation, systems, training, possible recruitment etc • Technology and possible downsides of reduced maintenance time, over-use, impact of breakdown, non-deployment of excess technology during low seasons etc **NB The focus of this question is EDS - not Tropicana.** Exemplar response: EDS may experience human resource issues with motivation (AO1) as it moves towards 100% capacity utilisation as staff will now be required to work longer shifts than the current 8 hours (AO2) which they might not want to do. To get them to do this it might have to raise rates of pay which will increase costs and reduce profits (AO3) Increasing capacity utilisation may also reduce the amount of maintenance time available (AO1). If EDS has to operate an extra day each week, moving from a six day week to a seven day week (AO2), then this would mean that machines may break down more often, leading to lower production and reducing the quantity produced (AO3). **ARA**

| 9* | | **Evaluate the extent to which the external environment is likely to affect the marketing activities of Tropicana?**

Level 4 (16–20)
Candidate shows **strong** knowledge, understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of how the external environment affects marketing activities.

There is a well-developed line of reasoning which is clear and logically structured. The information presented is relevant and substantiated.

Level 3 (11–15)
Candidate shows **good** knowledge and understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of how the external environment affects marketing activities.
There is a line of reasoning presented with some structure. The information presented is in the most-part relevant and supported by some evidence.

Level 2 (6–10)
Candidate shows **reasonable** knowledge and understanding **(K)**, analysis **(AN/DEV)** and evaluation **(EVAL/EE)** of how the external environment affects marketing activities.
The information has some relevance and is presented with limited structure. The information is supported by limited evidence.

Level 1 (1–5)
Candidate shows **limited** knowledge and understanding **(K)** of with **limited or no** analysis **(AN)** and evaluation **(EVAL)** of how marketing activities are affected by the external environment. | **20**
(AO1 2)
(AO2 4)
(AO3 6)
(AO4 8) | The external environment including:
• Economic factors – a recession in any given country Tropicana sell in might alter demand patterns, given its relative high-end status.
• Legal factors – could change marketing law and what Tropicana can do in terms of advertising, products ingredients etc – particularly given new, innovative range.
• Technological – new processes might give Tropicana new products to sell. Also, digital/social media.
• Political – global political situation might change where Tropicana can sell/how the sell.
• Competition – impacts all 4 Ps.
• Ethical/environmental factors – might affect supply of oranges which will affect what they can produce e.g., more reliance on concentrates.
• Social factors – healthy lifestyles.

Marketing activities that might be affected, include:
• Product – aim for high quality, healthy, fresh, orange juice main seller but also range and innovation.
• Price – expensive but not overly so – market leading brand positioning/price
• Place – Now far beyond USA – truly global. Available in small retailers to large supermarkets.
• Promotion – conventional and digital – TV, print media, social media, supermarket promotions, magazines, campaigns, PR etc |

| | | *The information is basic and communicated in an unstructured way. The information is supported by limited evidence and the relationship to the evidence may not be clear.*

NB – award **maximum** of **two** marks for non–contextualised impacts. | | Exemplar response:
Tropicana's placement in terms of outlets might be affected by social trends (AO1). For example, sections of society's desire for fitness might mean different outlets (AO2) such as retaining via gyms in vending machines. This might mean considerable extra investment in terms of setting up such 'outlets' which can reduce Tropicana's profitability (AO3).
However, it would be essential that any change to the place element of the marketing mix fits with the broader marketing strategy of Tropicana and that any new segment is properly explored in terms of risks versus reward in the medium and long term (AO4).
Tropicana will also have to face different legislation in different countries (AO1). With an edible product, (AO2) it is essential that the business meets all of the legal criteria for production and especially labelling of its packaging. If they do not do this, then the business can be fined which will increase tropicana's costs and lead to it having to spend more on bringing the labels up to international standards (AO3) for things like calorific intake (AO2).
However, Tropicana's home market is the US (AO2), which has higher hygiene standards than many countries. If Tropicana is labelling to US standards, then it is likely to meet the majority of international standards and this will be less of an issue (AO4).
Overall, the external environment is likely to have a have a major effect on Tropicana's marketing activities because the business is having to cope with many different social and legal influences, which change from country to country. However, the extent of this depends on where Tropicana's main customers live. If the majority of customers are in higher income countries, such as the US, then the additional cost of different routes to market, or different labelling rules may simply be absorbed by the premium prices charged and therefore have a much smaller effect (AO4). |

				ARA

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