Exports
Goods produced in Britain and sold abroad.

Imports
Goods produced abroad and sold in Britain

Factors that have led to a more 'global economy':
- Transportation improvements
  - faster
  - cheaper
  - more of them
  - increase containerisation
- Technology developments
  - internet transactions
  - data transfer
  - communication - quicker, easier, cheaper
- Deregulation of trade - e.g. EU
  - e.g. trade barriers
  - Increased levels of production

Multinationals
Firms operating in a number of countries

British firms operating in the global economy

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larger market - more people interested - brand awareness - larger amount of sales - increase market share - increase competitive advantage</td>
<td>Exchange rate fluctuations</td>
</tr>
<tr>
<td>Spreading risk - as operating in more than one economy if there is an economic downturn in one you can still rely on sales from another market to rely on</td>
<td>New markets means trading with different cultures and tastes</td>
</tr>
<tr>
<td>Economies of scale - As output increased to meet demands of new markets, unit cost should decrease</td>
<td>Distribution networks have to be established</td>
</tr>
<tr>
<td>New markets bring new sales opportunities</td>
<td>Competition may not be understood</td>
</tr>
<tr>
<td>Opportunities of tie-ups with overseas firms</td>
<td>Legislation differences</td>
</tr>
<tr>
<td>Access to new technologies and method of working</td>
<td>Increased costs - distribution/transportation, research, network, marketing cost</td>
</tr>
<tr>
<td>Cheap labour</td>
<td>Language barriers</td>
</tr>
</tbody>
</table>

Multinationals based in the UK

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide employment</td>
<td>May have negative environmental impacts, such as pollution and destruction of the environment</td>
</tr>
<tr>
<td>Investment leads to infrastructure development</td>
<td>They use and deplete natural resources</td>
</tr>
<tr>
<td>Pay taxes to the government</td>
<td>Jobs can be low skilled and low paid</td>
</tr>
<tr>
<td>Introduce new technology and working methods</td>
<td>Could send profits abroad</td>
</tr>
</tbody>
</table>
The marketing process
This is a continuous process because customer needs/wants change over time as well as development of technology.

Re-asses consumer reaction/sales level
Devise/analyse marketing strategy

Business Studies
Revision

Pack 10 - Product, Market and Asset-Led

Product Orientation
When the business focuses on the production process and the product itself.
- It puts most of its effort into developing and making products which it believes consumers want and which will sell well.
  e.g. Apple > strong brand name, unique, logo.
  e.g. Pharmaceuticals > new products
  e.g. Dyson > roller hoovers.

Advantages
- Firms can focus on internal quality > well researched & developed
- Technological investment can be applied to a wide range of products
- Economies of Scale can more easily occur > don’t have to wait for trends
- Allows outsourcing of production - the firm is essentially a design house > lower capital, employ specialists.

Disadvantages
- Changes in market structure will not be responded to
- Fashion and taste are not accounted for in product mix
- Technology applied can be left behind

Market Orientation - A business that continually identifies, reviews and analyses customer needs. It is led by the market.
  e.g. Topshop
  e.g. Walkers

To be market orientated firms should:
Consult the consumer consciously > by doing research
Design the product according to the wises of the consumer
Distribute the product according to the buying habits and delivery requirements of the consumer
Set the price of the product at a level that the consumer is prepared to pay > based on 4Ps.

Advantages
- Can respond more quickly to changes in the market > because anticipate needs before it changes.
- It will be in a stronger position to meet the challenge of new competition entering the market > because they know latest trend as they already have customer knowledge.
- It will be more able to anticipate market changes > because market research has been done.
- It will be more confident that the launch of a new product will be a success > because already knows needs of the market as market research has been done

Disadvantages
- Market is always changing > continuously researching > expensive
- Unpredictability of future trends
- Abandonment of early product investment

Asset-Led Marketing - Is responsive to the needs of the market but equally it takes into account its own strengths and weaknesses when producing a good or a service.

Factors to consider when deciding orientation approach:
- The nature of the product
- e.g. pharmaceutical products > if high levels of research, innovation & quality is needed > product is best