GCSE MARKING SCHEME

SUMMER 2025

GCSE
BUSINESS - UNIT 2
3510U20-1

About this marking scheme

The purpose of this marking scheme is to provide teachers, learners, and other interested parties, with an understanding of the assessment criteria used to assess this specific assessment.

This marking scheme reflects the criteria by which this assessment was marked in a live series and was finalised following detailed discussion at an examiners' conference. A team of qualified examiners were trained specifically in the application of this marking scheme. The aim of the conference was to ensure that the marking scheme was interpreted and applied in the same way by all examiners. It may not be possible, or appropriate, to capture every variation that a candidate may present in their responses within this marking scheme. However, during the training conference, examiners were guided in using their professional judgement to credit alternative valid responses as instructed by the document, and through reviewing exemplar responses.

Without the benefit of participation in the examiners' conference, teachers, learners and other users, may have different views on certain matters of detail or interpretation. Therefore, it is strongly recommended that this marking scheme is used alongside other guidance, such as published exemplar materials or Guidance for Teaching. This marking scheme is final and will not be changed, unless in the event that a clear error is identified, as it reflects the criteria used to assess candidate responses during the live series.

WJEC GCSE BUSINESS – UNIT 2

SUMMER 2025 MARK SCHEME

Question	Answer	Marks
1. (a)	**Describe what is meant by the term product portfolio.** AO1: 2 marks Award **1** mark for a limited description Describes all the different products/ the range of products that a business sells. Award **2** marks for a detailed description **Indicative content:** It includes the product mix – the different types of products sold by a business - it attracts a number of different customers (market segments). The product range – slightly different versions of the same product – gives an example of a range of products - it attracts a number of different customers (market segments). NB: Give credit if there is direct reference to SKC / info from case study.	2
(b)	**State the formula for net profit margin (NPM). Use the formula to calculate Sports Kit & Clothing's net profit margin in 2024.** AO1: 1 mark Award **1** mark for correct formula $\text{NPM} = \frac{\text{Net profit}}{\text{Sales revenue}} \times 100$ Accept SALES Accept: $\frac{\text{NP}}{\text{SR (T)}} \times 100$ AO2: 1 mark Award **1** mark for correct NPM $\frac{18\ 153\ 000}{65\ 400\ 000} \times 100 = 27.76\%$ or 27.8% or 28% NB: Award 1 mark for an answer that is 27.7568807339 rounded correctly.	2

Question	Answer	Marks
(c)	**Analyse the financial performance of SKC for 2023 and 2024** AO2: 2 marks Award **1** mark for a limited use of the data in the profit and loss account Award **2** marks for detailed use of the data in the profit and loss account **Indicative content:** Limited use of the data: Stating one correct piece of information such as: NB: Must be accurate about gross or net profit. Accept revenue. In 2024 SKC made a bigger gross profit / State the figures showing the increase. In 2024 SKC made a bigger net profit/ State the figures showing the increase. SKC sales revenue (turnover) was bigger in 2024 / sales revenue was lower in 2023 / State the figures showing the increase. SKC had lower rent in 2023 / SKC saw an increase in rent in 2024 / £500 000 increase in 2024 / State the figures showing the increase. Total Expenses in 2024 were more than in 2023. State the figures showing the increase. Wages are the largest cost. £500 000 spent on new stores. Detailed use of the data: Stating at least two correct pieces of information above or correctly completing a calculation such as: The candidate compares 2023 and 2024 by calculating the increase in sales revenue (+ 7,150,000) cost of sales (+ 4,464,500) total (GP (+ 2,685,500) expenses (2,345,000) NP (+340,500) Calculating a new GPM or NPM. 2023 GPM = 65% 2022 GPM= 62% 2023 NPM = 31% 2022 NPM = 28% (already calculated NPM for 2024 OFR if incorrect in part b) Wages are around 22% of the sales revenue made by SKC/ wages are nearly 63% of the total expenses. Credit any other valid calculation e.g. percentage increase in profit. Credit use of the data in the analysis. AO3: 2 marks Award **1** mark for a limited analysis Award **2** marks for detailed analysis	4

Question	Answer	Marks
	Limited analysis of the financial performance: Stating one reason for the change in performance. (Net / Gross profit was higher in 2024) because of the higher sales revenue. (Cost of sales higher) because more stock was bought in 2024. (Revenue increased) because of opening new stores. Credit any other valid limited analysis. Detailed analysis of the financial performance: Stating at least two reason for the change in performance from above or developed analysis. Sales revenue increased in 2024 but cost of sales increased at a faster rate - suppliers may have increased prices/lower prices charged by SKC to gain sales – this reduces the profit margin per sale. (Net profit margin decreased) as wages, rents and rates costs increased - as 5 new stores were opened. (Wages are the highest cost) due to the 55 shops, head office and distribution centre – National living wage paid to workers – yearly increase in rate of NLW (Wages increased in 2024) - more staff were needed – as more stores opened. (Expenses increased) costs of running the new stores– more staff/more premises. (Revenue increased/GP/NP) because of opening new stores – lead to greater a greater number of sales. Credit any other valid detailed analysis.	

Question	Answer	Marks
(d)	**Explain how a rise in VAT, might impact a business.** AO1: 1 mark Award **1** mark for knowledge of VAT AO3: 1 mark Award **1** mark for explaining the impact. **Indicative content:** Answers could include: VAT is a tax on goods and services / an indirect tax- a rise in VAT means that most goods will be more expensive - this reduces the amount of products that customers can buy/ leading to a fall in sales. VAT is a tax on spending – it will reduce the profit margin per sale – rather than increase prices the business may pay the extra costs themselves/absorb the cost. Some products are exempt from VAT e.g. children's clothes – this may not affect businesses that sell these products. Credit any other valid explanation- including specific examples to sports/clothes shops.	2

Question	Answer	Marks
(e)	**Explain how a business might use the recruitment process to appoint a manager.**	6

Band	AO1	AO3
	3	3
3	**3 marks** Excellent knowledge and understanding of the stages of the recruitment process. Use of specialist vocabulary.	**3 marks** An excellent explanation of how the business uses the recruitment process for appointing a manager. There is clear explanation of how the recruitment process will ensure a suitable appointment. Answers will be well written with clear explanation of the recruitment process when filling a vacancy.
2	**2 marks** Good knowledge and understanding of the stages of the recruitment process. Some attempt to use specialist vocabulary.	**2 marks** A good explanation of how the business uses the recruitment process a manager. There is clear explanation of how the recruitment process will ensure a suitable appointment. Answers will be well written with clear explanation of the recruitment process when filling a vacancy.
1	**1 mark** Limited knowledge and/or understanding of the recruitment process. Limited or no use of specialist vocabulary.	**1 mark** A limited discussion of how the business uses the recruitment process. There is an attempt to discuss the recruitment process and how it will ensure a suitable appointment. There is limited explanation of using the recruitment process when filling a vacancy.
0	**0 marks** No valid knowledge.	**0 marks** No valid explanation.

Indicative content:

A job analysis/identifies a vacancy. The business will identify there is a management vacancy that needs filling. The business may consider why the vacancy exists and how many managers they need.

A job description would be written for the position of manager. There would be information such as the number of hours, the location of the job, salary. This ensures that only people that are interested in this type of job will apply. It gives the business a better chance of having suitable applicants.

A person specification would be written so there are specific details about how much experience, what skills, qualifications and personal qualities are needed for the job. Experience is likely to be very important for a manager as well the personal qualities needed. This ensures that only candidates with the necessary background will apply, reducing the need to discard inappropriate applications.

The business will advertise the job. As this job is likely to be targeting someone already in work and ideally in a management role then they may use a recruitment agency or newspaper adverts. The jobs could be at a variety of different sites so a national advert might be needed. The business might which to advertise internally and therefore put messages on a staff noticeboard or company website. This will ensure current workers might see it and can apply.

There will be an application form for the manager's role. It will require the applicants submitting details about them and detailing their experience, qualification, personal qualities and skills. The application for will need to be posted or e-mailed back to the business.

The business will shortlist the applications, so they only have to interview the best candidates for the job. This will speed up the process and highlight those that are most suitable. They might shortlist both internal and external candidates.

There would be a face-to-face interview to ask them questions and see who they feel is most suitable for the job. The interview may involve several people all asking different questions to the interviewee. There will need to be a consensus before a decision can be made. Part of the interview process may involve tests to try to establish the quality of each candidate.

The business will require references from current/previous employers for each candidate. This is important so the business can check and verify what the candidates have said in the interviews. Without references it is difficult to establish how suitable a candidate is to the role.

The business will select and appoint the preferred candidate. The candidate is likely to need to give their current employer notice that they wish to leave their job so will start once that notice has finished. The candidate will be selected by a group of people in the new business, one of which is likely to be their new boss (manager).

Credit any other valid explanation.

Question	Answer	Marks
(f)	**Explain the advantages and disadvantages to SKC of using multi-channel distribution.**	6

Band	AO2	AO3
	2	**4**
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	**4 marks** An excellent explanation of the advantages and disadvantages of selling through multi-channel distribution . Writing is very well structured using accurate grammar, punctuation and spelling. Well-reasoned and balanced explanation with a clear line of reasoning.
2	**2 marks** Good application to SKC or sports shops. There is a good attempt to use the data in the case study.	**2-3 marks** Good explanation of the advantages and/or disadvantages of selling through multi-channel distribution. Writing is generally well structured using reasonably accurate grammar, punctuation and spelling.
1	**1 mark** Limited application to SKC or sports shops. Limited use of the data in the case study.	**1 mark** Limited explanation of the advantages and/or disadvantages of selling through multi-channel distribution. Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling. The explanation lacks detail and superficial comments are made with little development.
0	**0 marks** No valid application.	**0 marks** No valid explanation.

Indicative content:

<u>Advantages</u>

SKC have no stores in the north of the UK – the website gives those customers, not near a store, an opportunity to buy the products – this will enable more sales across the whole of the UK – increasing profits.

Customers can choose the most convenient channel for them - There is more choice for the consumer, they can choose the channel that suits them best – many customers may like to see the clothing or try the sports equipment before buying – Those customers can try on instore then buy online or buy immediately – this is very popular - A mix of distribution channels could support and complement each other- increasing sales/profits.

Having both channels allows SKC to offer click and collect services – this is also very popular as products can be bought online but collected immediately, if in stock in the local store – this stops additional delivery costs for the business.

Customers are able to get the products immediately from the stores, unlike the website, - this may encourage customers needing sports equipment at short notice e.g. new football boots/trainers. – attracting more sales.

Online sales are important revenue stream (examples of internet only companies e.g. Amazon) suggesting that an online presence is essential to keep up with or ahead of the competition such as Sports Direct, JD Sports.

SKC can offer an even wider choice of goods and provide more information to the customer – this should increase customer satisfaction and customer loyalty whilst also appealing to a wider range of customers. The stores will hold limited stock of each item but the warehouse in Cardiff is likely to have buffer stock for online orders. Out of stock items might be able to be sourced for stores.

Growth can be achieved with lower costs- when opening 5 new stores it was an expensive process for SKC – £500,000 costs and £500,000 in rent increase and extra rates costs – this can increase sales at a fraction of the cost.

Disadvantages:

Selling online and in store can be expensive due to the constant need to update and maintain – may not be cost-effective because SKC must generate enough sales and profit to justify the expenditure on all the channels it offers – might take sales off itself rather than competitors – stores may be empty when people can buy online – waste of resources – better spent elsewhere.

Customers will always look for the best bargains, if the shops are too expensive, they will just buy online and the sales in the shops will fall. The shops are expensive to run - £500,000 costs and £500,000 in rent increase and extra rates costs.

A poorly constructed or out of date website can project a negative image of the business and sales may be lost to Sports Direct/JD Sports, can they have excellent customer service in both channels - particularly as they are relying on other business to provide excellent customer service.

Not all customers have the internet which means that it may be better for SKC to invest in physical stores in more locations in the North of the UK so they can buy its products.

Technical problems on the website can result in loss of reputation and sales.
Poor performance through one distribution channel could affect the others in a negative way – investment in an IT support team – in head office- increasing costs.

All stores and warehouse are located in the south of the UK. Long distances to many customers that order online - costs of delivery – some sports equipment may be bulky e.g. golf clubs – difficult to implement delivery options.

Well known and popular competition – likely to be sponsored ads on search engines – SKC may struggle to get noticed – particularly where they have no high street presence. Online sales may be in areas where they have stores, so sales not growing elsewhere. Investment in advertising might be needed to get noticed online. Large costs and hard to compete with the well-known sports businesses.

Credit any other valid answers and argument.

Question	Answer	Marks
(g)	**Consider how ethical issues affect SKC.**	8

Band	**AO1**	**AO2**	**AO3**
	2	**3**	**3**
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	**3 marks** Excellent application of the data. There is clear, correct and direct reference to the ethical policies of SKC. Relevant data is used to support discussion.	**3 marks** Excellent evaluation of the impact that ethics might have on SKC. Well-reasoned and balanced discussion using the data with a good idea of the impacts of the ethical policies. The positive and negative impacts of ethics are considered. Information from the data is clearly used to support the discussion.
2	**2 marks** Good understanding of ethics. Some attempt to use specialist vocabulary.	**2 marks** Good application of the data. Reference is made to the Ethical policies of SKC. Some data is used to support discussion.	**2 marks** Good evaluation of the impact that the ethical policies might have on SKC. Unbalanced evaluation, only the advantages or disadvantages are discussed. An attempt is made to use the information and context to support the discussion.
1	**1 mark** Limited understanding of ethics. Limited or no use of specialist vocabulary.	**1 mark** Limited application of the data. The advice given is mostly generic with brief application SKC's ethical policies. There is limited use of data.	**1 mark** Limited evaluation of the impacts of the ethical policies. Discussion is limited and will only focus on the advantages and disadvantages of suggestions. Unsupported assumptions made with little reference to the data. Brief unsupported advice is given.
0	**0 marks** No valid knowledge.	**0 marks** No valid application.	**0 marks** No valid evaluation.

Indicative content:

SKC pays all of its staff the national living wage. This is higher than most workers in warehouse and shop worker jobs. This should motivate staff to work well and therefore keep their jobs with higher pay than competitors such as JD Sport. Motivated staff increase their productivity whether this is in store or in the warehouse. This may lead to needing less workers to complete the tasks so money can be saved on wages. However, the cost of wages is high (nearly £14 million in 2024) which has a negative effect on profits.

It stocks fairtrade products, where possible. This encourages customers with the same beliefs to use the store rather than competitors. Suppliers will get higher revenue from SKC, which should then be passed onto those business' staff. Often sports equipment and clothing is made in other countries that may not usually have good working conditions. People with the same beliefs might buy from SKC. This does add to costs and cost of sales have increased, this could be due to fairtrade products being bought.

It donates 10% of its profits to disability sports charities. This will give the business a good reputation. Customers may choose to shop at SKC as they no some of the money they spend will go to good causes. SKC will keep less of its profits as they are donating it to the charity but positive publicity might attract more customers to the store.

Using zero-hour contracts for staff means that workers have no minimum guaranteed hours. This can mean that staff may not get wages or reduced wages when the business is quiet or if other workers have increased hours instead. Customers may feel that staff are being exploited and therefore stop buying from SKC. This would reduce sales and profits. Costs can be lowered by not paying workers when they are not needed so this can lead to increased profits.

Animal cruelty in the manufacture of fabrics and materials for its own brand products means that animal activists will boycott the business. The issues will need to be addressed to minimise the damage to the reputation. Using different suppliers may increase costs and therefore prices. This might make competing with JD Sports more difficult and may reduce profit margins on products. Using suppliers that are not ethical may reduce costs and enable the business to be more competitive on prices.

Not checking to see if its suppliers use child/slave labour. Many manufactures of clothing and sports equipment have been accused of child labour and by buying from them SKC is condoning that type of behaviour. The businesses doing this, pay poor wages to their staff so by looking for a business that doesn't use child labour might be difficult and expensive. It can be difficult to monitor suppliers if they are based in other countries and without regular checks it can be hard to gather accurate information.

Any accusations on TV or radio will have a negative impact on the reputation of the business and may prevent some customers from shopping with SKC. Further coverage in the news could lead to irreparable damage to the business reputation.

Credit other valid answers and arguments.

Question	Answer	Marks
2. (a)	**Calculate the estimated percentage increase in the global value of the alloy wheel market between 2018 and 2025.** AO2: 2 marks Award **1** mark for calculating the value difference 10.4 – 6.9 = 3.5 or 3,500,000,000 or 3.5bn Award **1** mark for correct answer $\frac{3.5}{6.9}$ x 100 = 50.7% accept 51% or 50.72% Note: if only 50.7 appears then award 2 marks. If answer is not rounded still award 2 marks. The non-rounded answer is 50.72463768. Apply OFR if the difference is incorrect, but the candidate uses the correct formula to calculate the percentage. Award 1 mark if the answer is incorrect but the correct calculation is evident. $\frac{10.4 - 6.9}{6.9}$ x 100	2

Question	Answer	Marks
(b)	**Describe how Rimstyle might provide good customer service.** AO1: 2 marks Award **1** mark for identifying a valid way or stage of providing customer service (Max 2 marks) Greeting the customer Interacting with the customer Identifying customer needs and wants Encouraging feedback from the customer Responding to feedback AO2: 2 marks Award **1** mark for limited description relating to Rimstyle Award **2** marks for developed description relating to Rimstyle **Indicative content:** (Greeting) Rimstyle's website must be easy to use- have a welcoming home page and encourage the user to use the website – clearly show the range of products. (Interacting) The website should be interactive with images, links and display the alloy wheels – Customers can telephone, e-mail or use the online enquiry form with specific requests. (Needs and wants) Search function for products e.g. search for wheels under the car details –filter for more precise searching – customers can select what they want to buy - images provide visual information to inform the customer. (Feedback) Email/telephone to get and respond to feedback – quick responses to feedback – dealing with customer complaints before negative online ratings – looking to solve potential problems quickly – reviews on Trustpilot. Credit any other valid suggestions.	4

Question	Answer	Marks
(c)	**Explain two reasons why Rimstyle might have chosen to locate in Ashford, Kent** AO2: 2 marks Award **1** mark for each use of data (Max 2 marks) AO3: 2 marks Award **1** mark for relevant explanation about how it benefits Rimstyle (Max 2 marks) **Indicative content:** Owners lived in Ashford, Kent – most people set up businesses where they live- near their homes – know the local market. Near Airports – Stock from abroad/Imports/Exports e.g. Japan can be delivered via airports – close to the warehouse –reduce transport costs – reduce lead times – delivery to Ireland. Near Motorways – couriers delivering to customers – deliveries can be made across the whole UK.- delivery from suppliers. Near Ferry Crossing – Stock can be delivered from abroad e.g. Belgium – reduce transport costs – reduce lead times. Near Rail – Stock can be moved around quickly from suppliers - Imports / Exports. Large Population/proximity to market / 17 million people – large target market / near large customer base – many car users. Credit any other valid suggestions. NB: May refer to transport links for one AO2 mark. NB: If a type of infrastructure is suggested award one AO3 mark for an explanation relating to distribution of products. The same explanation cannot be awarded twice. Do not credit the word infrastructure as in the resource information. **NOTE: Not siting e.g. not accessibility for customers/footfall etc**	4

Question	Answer	Marks
(d)	**Evaluate Rimstyle's decision to use a traditional method of stock control and buy in large quantities (buy in bulk).**	8

Band	AO1	AO2	AO3
	2	**2**	**4**
3	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	There are no Band 3 marks for this assessment objective 2 marks are awarded as for Band 2	**4 marks** An excellent evaluation of the advantages and disadvantages of buying in bulk. There is excellent evaluation about the impact of buying in bulk on the business.
2	**2 marks** Good knowledge and understanding of traditional stock control methods and bulk-buying. Some use of specialist vocabulary.	**2 marks** Good application to Rimstyle, alloy wheels and the case study. There is good reference to the data.	**2-3 marks** A good evaluation of the advantages and/or disadvantages of buying in bulk. There is good evaluation about the impact of buying in bulk on the business.
1	**1 mark** Limited knowledge and understanding of traditional methods of stock control methods or bulk-buying. Attempts to use specialist vocabulary.	**1 mark** Limited application to Rimstyle, alloy wheels or the case study. The response is mostly generic with brief application to the data.	**1 mark** Limited evaluation of the advantages and/or disadvantages of buying in bulk. Limited evaluation about the impact of buying in bulk on the business.
0	**0 marks** No valid knowledge.	**0 marks** No valid application.	**0 marks** No valid evaluation.

Indicative content:

Advantages:

Buying in bulk gains economies of scale – reduced costs – potentially reduced prices to customers – essential in such a competitive market e.g. performancealloys.com. Able to import large amounts from abroad e.g. Japan – reduce transport costs – as costs shared across a large number of products – more competitive prices.

Must hold large quantities of stock – Rimstyle have a large warehouse / warehouse hold large quantities of stock - customers must receive the product they want quickly – next day delivery - good review on trustpilot – repeat business – customers use Rimstyle because of the positive reviews.

JIT is not suitable for this business – they promise next day delivery – must have stock on hand – poor customer service will lead to poor reviews – trustpilot – really important to have good reviews online to build up trust – especially when buying expensive items.

Traditional method because of type of product – non-perishable – imported from a wide range of countries – long delivery time of the product – via sea – takes time so cannot use JIT as products may not arrive.

Disadvantages:

High costs of warehousing and security – as alloy wheels are large– large amounts of space needed - to avoid running low on stock – stock also valuable – need to ensure security is in place to avoid theft – invest in technology to monitor stock is expensive.

Risk of damage when having high amounts of stock in storage – precise products that are bought for appearance - so damaged goods unlikely to be sold – generally bought in a group of 4 so one being damaged makes all another 3 wheels unsellable.

Risk of stock becoming outdated – different vehicles have different wheel sizes so need to ensure that old stock is not left in the warehouse – difficult to sell – may reduce prices- less revenue – may not sell at all and need to scrap.

Large financial investment in stock – needs large amounts of cash – might stop investments elsewhere – high risk for business if a product isn't selling – might need to discount to get money out of poorly selected stock.

Credit any other valid suggestions.

Question	Answer	Marks
(e)	**Advise whether Rimstyle should trade internationally.**	12

Band	AO1	AO2	AO3
	3	**4**	**5**
3	**3 marks** Excellent knowledge and understanding of trading internationally. Specialist vocabulary is used with accuracy.	**4 marks** Excellent application of trading internationally to Rimstyle and the alloy wheel market. There is clear and direct reference to Rimstyle and the alloy wheel market. There is direct reference to the case study.	**4-5 marks** An excellent evaluation of the advantages and disadvantages of trading internationally. Writing is very well structured using accurate grammar, punctuation and spelling. Well-reasoned and balanced evaluation with a clear line of argument. Clear advice is made with a supporting statement.
2	**2 marks** Good knowledge and understanding of trading internationally. Good use of specialist vocabulary.	**2-3 marks** Good application of trading internationally to Rimstyle and the alloy wheel market. Information from the data is used in development.t	**2-3 marks** Good evaluation of the advantages and disadvantages of trading internationally. Writing is generally well structured using reasonably accurate grammar, punctuation and spelling. The evaluation may be unbalanced and focus on either the advantages or disadvantages of trading internationally. Appropriate advice may be given in a conclusion.
1	**1 mark** Limited knowledge and/or understanding of trading internationally. Limited or no use of specialist vocabulary.	**1 mark** Limited application of trading internationally to Rimstyle and the alloy wheel market. The response is mostly generic with brief application to Rimstyle or the alloy wheel market.	**1 mark** Limited analysis of the advantages and/or disadvantages of trading internationally. Writing shows limited evidence of structure but with some errors in grammar, punctuation and spelling. The evaluation lacks detail and superficial comments are made with little development. Advice may be given but it is not soundly justified. Unsupported conclusions are made.
0	**0 marks** No valid knowledge.	**0 marks** No valid application.	**0 marks** No valid analysis or evaluation.

Indicative content:

Answers could include:

Benefits:

Whilst there is potential for more sales of alloy wheels in the UK, this is limited to a certain amount especially with large amounts of competition. Therefore, Rimstyle selling its products in more countries offers better prospects with more customers and a wide market available may purchase vast amounts of Alloy wheels. The world-wide market for alloy wheels is set to grow by 50% ($6.9 bn to $10.4bn) in the next few years so would indicate good sales potential.

Rimstyle can spread the risks of the business. If alloy wheel sales in the UK and Ireland fall then having sales revenue from other countries will reduce the impact of falling sales domestically.

Expanding internationally would increase Rimstyle's brand image and brand awareness which could lead to new business relationships and opportunities.

It may benefit from further economies of scale, e.g. purchasing/buying in bulk. In order for Rimstyle to cope with the increased demand of selling abroad they may need to expand its storage facilities. The more wheels it buys, the lower the price per wheel it may pay. This could lead to larger profit margins and profitability.

Exchange rate fluctuations might mean that Rimstyle could earn additional revenue when customers in foreign countries, buy its products. This would lead to more revenue. Rimstyle already sell to Ireland which pays in Euros so it is experienced with dealing with rate fluctuations so should be able to do this on a larger scale.

The proximity of Ashford to airports and channel tunnel etc as an advantage for Rimstyle if it was to sell overseas. Also, as some alloys are sourced from Belgium, perhaps it could deliver the alloys to western European countries directly avoiding large delivery costs.

Problems:

Rimstyle would have higher transport costs as products may be sent over greater distance/longer time. This increased cost may be reflected in prices, reducing their appeal to some customers. Difficulty in transporting bulky items will mean significant costs e.g. Ireland rather than the UK is £10 more but further still could have a big impact on prices, reducing sales.

Rimstyle would have to invest in translation of 'fitting instructions' and technical details. There would need to be different language options on their website. This costs money to produce. There may be language problems with some customers and if incorrect wheels are sent internationally, it will be a costly error to fix.

Language - Difficult to communicate with customers in other countries – especially on technical issues/ faults/returns – no local presence so hard to resolve issues.

The different legal requirements encountered in different countries and the cost of the initial market research needed to understand the overseas markets.

Exchange rate fluctuations might mean that Rimstyle could earn less revenue when customers in foreign countries, buy its products. This would lead to lower revenue.

Rimstyle products may not appeal to consumers in foreign markets. Some countries may not be interested in alloy wheels and therefore, trying to sell those products in those markets would not result in extra revenue, just increased costs.

Rimstyle generate sales by being exclusive importers of various brands. Rimstyle loses this exclusivity by trading in those other countries. German companies will be licensed to sell the German wheel brands which may mean Rimstyle can’t. It may cause problems and mean they cannot sell some of its products in some countries.

Different models of cars are sold around the world meaning Rimstyle would need adapt the website menus and add many new car types on the menus. This will take time and effort to implement – increase stock requirements – increase financial investment with little guarantee of increased revenue.

Increased costs – supply chain changes – may need to change the way it handles stock – no gain in importing products into the UK to then send back overseas – may not be possible with suppliers – may affect prices if not buying and shipping in bulk.

Established businesses in other countries – competition – large market $10.9 billion estimated worldwide – many companies offering the same product – difficult to differentiate - gain customer loyalty.

Credit any other valid suggestions.