Subject Content	What students need to learn?
2.1.3 Business and Global-isation	The impact of globalisation on businesses Barriers to international trade How businesses compete internationally

Impact of Globalisation on Businesses

Imports: Globalisation allows businesses to be able to access wider markets, which increases the choice of suppliers. This allows businesses to find the cheapest supplier and lower their overall average costs

Competition from overseas: Due to the increased ability to operate in multiple countries it is now easier to move into new markets. This makes sales easier but also is likely to increase competition which can make smaller firms struggle.

Exports: Companies can now increase their number of sales by trying to sell their products over-seas, this can increase revenue for the business and help the government pay for the imports that are brought in.

Changing business locations: Some countries are cheaper to operate in than the UK because they have less laws in place or more raw materials on offer. Globalisation allows businesses to open factories in multiple countries to take advantage of the cheapest places, this lowers costs and al-lows businesses to maximise profits

Globalisation

Globalisation is the tendency for economies to trade increasingly with each other, cre-ating opportunities for international and multinational companies.

Barriers to International Trade

Tariffs: These are taxes imposed on imported goods, this increases the cost of the import which may be passed onto the consumer in the form of higher prices.

Trade Blocs: This is an agreement between countries to trade freely with each other be-hind a tariff wall that discourages outsiders. This makes trade within the bloc cheaper and provides easier access to bigger markets whilst potentially reducing competition of non trade bloc countries. However it a company operates outside the trade bloc it is much more expensive to trade with all countries within the bloc.

How Businesses Compete Internationally

Use of internet and ecommerce: Small businesses are able to use the internet to access a much wider range of customers without the added cost of setting up physical shops in these countries. This makes it possible for small businesses to achieve global success on the back of one trend or even a short term fad. For larger businesses, the internet can help to lower costs and allows the business to become more dynamic.

Changing the Marketing Mix to Compete Internationally

If a business is now operating in multiple countries it will need to adapt its 4 Ps to accommodate. Product will need to be adapted to fit with the laws in different countries e.g. H+S. Pricing may be different in different countries to account for popularity. Promotion will change based on what the country uses most, e.g. TV advertisement is much bigger in the US. Place will change based on the development of the country, e.g. ecommerce is popular in the UK but will be less popular in Africa, so companies will need to adjust their distribution channels.

Name of the Trade Bloc	Trading Bloc Members	Main Features of the Bloc
EU (European Union)	27 members (after UK withdrawal) led by Germany and France	Free movement of goods and labour with a single market backed by com-mon, EU-wide legislation
ASEAN (Association of South East Asian Nations)	Ten members including Thailand and Vietnam, but excluding China	Free movement of goods; started in 1965 with five members; members have enjoyed high economic growth
NAFTA (North American Free Trade Association)	America, Canada and Mexico	Free movement of goods; just three members; 2 rick and one much less so (Mexico)