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3. Circle the **correct option** in the case of **each** of the following statements.

- (i) An acquisition (takeover), is a form of *inorganic growth/ organic growth*.
- (ii) In a merger, *businesses trade under their own names/ a new legal entity is created*.
- (iii) In a strategic alliance, businesses share expertise, and the agreement is *permanent/ temporary*.
- (iv) Expansion can be financed by debt capital which *includes / does not include* ordinary share capital.
- (v) Economies of scale are defined as *unit (average) cost / total costs* decreasing as output increases.

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5. Illustrate the difference between a *merger* and a *strategic alliance*.

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- (B)**
- (i) Outline the benefits **and** risks of a strategic alliance as a method of business expansion.
 - (ii) Explain **one** other method of business expansion. (25)

Read the information supplied and answer the questions which follow.



Google's '20 Percent Time' strategy gives engineers time and space to work on their own projects.

- (A) Outline the internal **and** external sources of new product ideas for technology companies like Google. (20 marks)
- (B) '*For a business to survive it needs to grow and expand.*' Evaluate **two** methods of business expansion. (20 marks)
- (C) Discuss the short-term and long-term implications of business expansion using the following headings:
Organisation Structure; Product mix; Profitability; Employment. (20 marks)
- (60 marks)**

- (A) Outline the factors a business should consider when choosing a suitable Channel of Distribution. Provide examples to illustrate your answer. (20 marks)
- (B) Within the product element of the marketing mix, evaluate "*product design*" and "*product packaging*." (20 marks)
- (C) Read the information supplied below and answer the question which follows.

SuperToys Ltd, a large retail chain with 45 shops throughout Ireland, had sales of €100 million in 2011. It has just commissioned a firm to design and manufacture a new range of soft toys for babies. These will be available for sale in its shops from Summer 2013. SuperToys Ltd plans to open its first shop in the UK in 2014.

Discuss the possible reasons for business expansion and growth at *SuperToys Ltd*. (20 marks)

- (C) Describe three reasons for business expansion other than to increase profit. (20 marks)

