3.3 Corporate Objectives, Mission and Ansoff's Matrix: 30-minute Pack

Total Marks

AQA 7132 · Calculators not allowed · about 30 minutes

Name: _____ Date: ____ / ____ / _____

Answer ALL questions in the spaces provided. Give full sentences for questions worth 3 marks or more. Show any working. The fictional business GroveTech is used in the Ansoff questions.

1 State two characteristics that make an effective corporate objective at strategic level.

(Total for Question 1 is 2 marks)

2 GroveTech is a UK-based small technology firm that makes smart home hubs. It currently sells its single hub model to independent retailers in the UK. Management believes there is potential to grow. Using the GroveTech context given here, analyse an appropriate strategy from Ansoff's Matrix for GroveTech to pursue if the board wants relatively low risk short-term revenue growth. Refer to the case facts in your answer.

(Total for Question 2 is 8 marks)

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3 GroveTech's board proposes the corporate objective 'Achieve 30% growth in group revenue within two years' as the company's main strategic aim. Evaluate whether this corporate objective is appropriate for GroveTech, given the firm's current position selling a single hub model to UK independent retailers. In your answer assess benefits, limitations, and risks, make use of Ansoff's Matrix where relevant, and reach a supported judgement.

(Total for Question 3 is 16 marks)

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Mark scheme · 3.3 Corporate Objectives, Mission and Ansoff's Matrix: 30-minute Pack

Question 1

any one valid characteristic, e.g. clear and measurable, specific, achievable or realistic, aligned with the mission **B1**

a second, different valid characteristic, e.g. time-bound or linked to a deadline **B1**

Answer: Any two, e.g. any one valid characteristic, e.g. clear and measurable, specific, achievable or realistic, aligned with the mission; a second, different valid characteristic, e.g. time-bound or linked to a deadline; aligned with mission.

Question 2

Level 1 Identifies or states a basic Ansoff option for GroveTech with little or no application to the case and limited reasoning. **1-2**

Level 2 Applies an appropriate Ansoff option to GroveTech and gives developed reasons why it is relatively low risk, with some use of case facts. **3-5**

Level 3 Provides a well developed analysis applying the chosen Ansoff option to GroveTech, integrates case facts, explains why it is lower risk compared with alternatives and considers likely outcomes for revenue in the short term. **6-8**

Indicative content:

- Market penetration is likely the most appropriate for relatively low risk short-term revenue growth as it focuses on selling more of the existing hub to existing UK retailers.
- Application to GroveTech: it already sells to independent retailers in the UK so tactics could include increasing promotional activity, volume discounts for retailers, improved shelf presence, or limited-time deals to increase sales through current channels.
- Reason why lower risk: no need for new product development or entry into unfamiliar markets, so less upfront investment and quicker revenue response.
- Consideration of limits: market penetration relies on demand elasticity and retailer willingness to stock more, so growth may be constrained by market saturation; however in short term promotional pushes can boost sales.
- Conclude with likely short-term outcome: a well executed market penetration strategy could raise monthly orders and revenue relatively quickly compared with product development or diversification.

Question 3

Level 1 Demonstrates limited knowledge of corporate objectives or Ansoff's Matrix, with little application to GroveTech and no clear judgement. **1-4**

Level 2 Shows some knowledge and applies relevant ideas to GroveTech, outlines benefits and risks of the 30% revenue objective but with limited analysis and an unbalanced judgement. **5-8**

Level 3 Developed application and analysis: evaluates the benefits and drawbacks of the objective for GroveTech, links to Ansoff options and resource implications, and provides a reasoned conclusion that weighs pros and cons. **9-12**

Level 4 Thorough analysis and evaluation, integrates detailed knowledge of corporate objectives and Ansoff strategies, assesses likelihood and risks, considers implementation constraints and stakeholder impact, and reaches a well supported, balanced judgement. **13-16**

Indicative content:

- Benefits of the objective: clear target can focus management and staff, measurable 30% gives a concrete performance benchmark, can drive strategic choices such as market penetration or market development to achieve growth.
- Apply to GroveTech: with a single product and a UK independent retailer channel, 30% growth may be achievable via intensive market penetration tactics such as stronger promotions, retailer incentives and improved distribution, but scope may be limited by market size and channel capacity.
- Consider Ansoff options: market penetration is lowest risk and may provide some short-term uplift but may not be sufficient for 30%; market development into Europe via online channels could provide larger revenue increases but brings regulatory and logistical risks; product development or diversification would be higher risk and require more time and investment.
- Resource and capability considerations: GroveTech may lack marketing, distribution and regulatory expertise for rapid international expansion or new product launches, implying additional investment and time is needed which could make the two year timescale unrealistic.
- Stakeholder and risk issues: aggressive growth targets can strain cash flow, production capacity and after-sales support, risking reputation if service quality falls; shareholders may welcome rapid growth but employees may be stretched.
- Conclusion approaches: a balanced judgement might argue the objective is ambitious but potentially appropriate if the board pairs it with a realistic combination of market penetration and selective market development, sufficient resource commitment and contingency planning; alternatively the objective is inappropriate if the firm lacks resources, experience in new markets or the two year timescale is too tight, suggesting a phased target would be better.

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