



## 1.6 Growth and Evolution: Assessment

growth. She argued that this could be achieved by aggressive takeovers of either clothing producers or material suppliers to achieve greater economies of scale, lower prices and greater profit margins. The marketing director, Kate Macrae suggested focusing on a smaller, higher-income market segment. This could be reinforced with a joint venture or a merger with a clothing retailer, such as Max™. “Our own shops will give us real power in the high street as we will be able to offer customers a top quality shopping experience – this will allow differentiation in a crowded market”. The chief executive, Abbey Turner, suggested that both directors prepare a detailed report on these proposals.

Source: [BusinessManagementIB.com](http://BusinessManagementIB.com)

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### 25 marks, 45 minutes

1. Explain the difference between ‘internal’ and ‘external’ growth. **[4 marks]**
2. Explain **three** different types of economies of scale. **[6 marks]**
3. Evaluate the use of a joint venture or a merger as a growth strategy by Fashionista®, providing clear advantages and disadvantages of each. **[7 marks]**
4. Evaluate the impact on the host countries of Vietnam and Bangladesh of multinational companies such as Fashionista® opening and operating factories there. **[8 marks]**