



SAMPLE B

Diploma Programme subject in which this extended essay is registered: BUSINESS & MANAGEMENT
(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay: HOW EFFECTIVE HAS THE SPIN-OFF OF
PORKCHOP AND FRIENDS FROM HUMOR BEEN AS A
GROWTH AND MARKETING STRATEGY FOR HI-PREMIUM TRADE GRP.

Candidate's declaration

If this declaration is not signed by the candidate the extended essay will not be assessed.

The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

I have acknowledged each use of the words, graphics or ideas of another person, whether written, oral or visual.

I am aware that the word limit for all extended essays is 4000 words and that examiners are not required to read beyond this limit.

This is the final version of my extended essay.

Candidate's signature: _____

Date: FEBRUARY 4, 2009

IB Cardiff use only:

A: 044387 B: ✓

Supervisor's report

The supervisor must complete the report below and then give the final version of the extended essay, with this cover attached, to the Diploma Programme coordinator. The supervisor must sign this report; otherwise the extended essay will not be assessed and may be returned to the school.

Name of supervisor (CAPITAL letters) _____

Comments

Please comment, as appropriate, on the candidate's performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate's own work. You may attach an additional sheet if there is insufficient space here.

_____ selected a topic area that he was clearly interested in and a business that he wanted to find more about. Initially, _____ was very keen to complete more primary research and had a little difficulty deciding on the direction of the assessment. At this stage, he lost his way a little and by his own admission, 'he kind of gave up'. Nevertheless, upon deciding on the direction, _____ has been able to gather secondary information from the business and has used this to answer his research question. Upon discussing the process with him (through the viva voce), he certainly liked the idea behind the extended essay, particularly because he could focus on something that he was interested in. However, by his own admission, he had difficulty focusing on a specific area as he felt there was so much that he could have focused on. In reflecting on the final version of the essay, Ron stated that he felt he could have been more critical. Overall, I believe that Ron has certainly learnt from the extended essay process and this was evident within the reflections he made during the viva voce.

_____ have read the final version of the extended essay that will be submitted to the examiner.

To the best of my knowledge, the extended essay is the authentic work of the candidate.

spent 4 hours with the candidate discussing the progress of the extended essay.

Supervisor's signature: _____

Date: FEBRUARY 16th 2009

EXTENDED ESSAY
Business and Management

RESEARCH QUESTION:

How effective has the spin-off of *Porkchop and Friends* from *Humor Post* been as a growth and marketing strategy for Hi-Premium Trade Corporation?

Candidate Name:
IB Candidate Number:
School Name:
School Number:

Adviser:
Date Submitted: January 15, 2008

Word Count: 3,917

Abstract

This paper aims to answer the question "how effective has the spin-off of *Porkchop and Friends* from *Humor Post* been as a growth and marketing strategy for Hi-Premium Trade Corporation?"

RQ

Through the company's profile, income statement reports and monthly sales revenue, which were all obtained as secondary research from Hi-Premium Trade Corporation, the paper analyzes the effectiveness of the spin-off both as a growth and marketing strategy and the extent to which it benefitted the particular corporation.

Shyly
Her scope?
No
Primary

The income statement and monthly sales revenue reports revealed that, with the spin-off strategy, Hi-Premium Trade Corporation was able to increase their net sales by 64%. Successively, the corporation was able to increase its market share, now at 33% compared to the previous market leader Blue Magic's 24%.

Furthermore, the corporation was able to segment the market from the higher-income group (Class A and B) to the lower-income group (Class C and D). The spin-off provided an avenue for Hi-Premium Trade Corporation to target the lower-income group while *Humor Post* remains to target the higher-income group.

This paper came to the conclusion that the spin-off when used as a growth strategy reaps the following advantages: increase in total sales revenues and net income and increase in market share. The case of Hi-Premium Trade Corporation attests to these benefits, most especially in the year 2007 when *Porkchop and Friends* emerged as a spin-off from *Humor Post*.

Conclu

Likewise, this paper also came to the conclusion as a marketing strategy, the spin-off reaps the following advantages: successful market segmentation and better product differentiation. Through successful market segmentation, Hi-Premium Trade Corporation was able to differentiate their products better as *Porkchop and Friends* carried items that are value for money such as pencil cases, bags and notebooks as opposed to stuffed toys and cards.

Word Count: 296

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Introduction

With business start-ups fast emerging and the competition strict as ever, most firms seek ways to relieve the pressure and costs of staying in their particular markets. This has been a common occurrence among businesses in all types of industries. While some firms relieve the pressure simply through expansion, others seek a better, more sustainable growth for their business. A particular common growth strategy is a spin-off, which is in the same way used as a marketing strategy. A spin-off is defined as "a business or organization developed out of or by members of another organization, in particular a subsidiary of a parent company that has been sold off, creating a new company."¹ This strategy is best illustrated through the case study of Hi-Premium Trade Corporation.

Ref
general
Intro

Hi-Premium Trade Corporation is an umbrella company that warehouses, distributes and sells some of the most prestigious gift and novelty brands around the world. Under its roster are *Nici* of Germany, *Me to You* of the United Kingdom, *Paperclips* of the Netherlands and *Porkchop and Friends* of Hong Kong. Likewise, it boasts store-grown brands, such as *Say Cheese*, *Arf Arf Doggy Co.* and *Happy Shots*. Initially, these brands were carried under a single retail shop, *Humor Post* – the premier gift shop in the Philippines having been recognized by The National Shopper's Choice Awards for the "Best Gift Shop" and by Brand Champions for the "Best Novelty Shop."²

A particular brand that stood out under *Humor Post* is *Porkchop and Friends*. Its products, ranging from stuffed toys to school supplies, sold relatively high. By 2006, the management considered opening "a shop that would exclusively serve *Porkchop and Friends* novelty items, primarily to cater to a new market and boost net sales revenue."³ In other words, the management considered the idea of a *Porkchop and*

¹ MSN Encarta Dictionary. 8 Dec. 2008. Online:

<<http://encarta.msn.com/encnet/features/dictionary/dictionaryhome.aspx>>.

² Humor Post Website. Online: 8 Dec. 2008. Available: <<http://www.humorpost.com>>.

³ Humor Post Website. Online: 8 Dec. 2008. Available: <<http://www.humorpost.com>>.

Friends spin-off from *Humor Post*. This vision came to reality when the first exclusive *Porkchop and Friends* store opened in SM North Edsa on 2007, one of the leading malls in the Philippines. ✓

This paper therefore aims to investigate the effectiveness of the spin-off to Hi-Premium Trade Corporation both as a growth and marketing strategy, hence the question "how effective has the spin-off of *Porkchop and Friends* from *Humor Post* been as a growth and marketing strategy for Hi-Premium Trade Corporation?"

RD.
✓

Methodology

In assessing the effectiveness of the spin-off to Hi-Premium Trade Corporation, sales reports and income statements dating from pre-*Porkchop* years to the most recent ones were obtained and assessed. These reports show exactly how effective the spin-off was as a growth strategy in terms of any increase or decrease in total sales revenue. Likewise, it also shows any significant increase or decrease in net income. These two aspects are key to deduce the overall effectiveness of the spin-off as a growth strategy. ✓

By comparing all these data together, this paper will then examine exactly to what extent the spin-off has been successful as a growth strategy. A significant increase in total sales revenue indicates the success of the spin-off strategy, while a significant decrease in total sales and profits indicates otherwise. ✓

The use of the income statements also assesses the effectiveness of the spin-off as a marketing strategy. By comparing the income statements, any decrease in the cost of goods sold suggests successful use of economies of scale. This then indicates the effectiveness of the spin-off as a marketing strategy as it improves a particular marketing mix aspect of the firm, specifically the selling price of the goods. Sales reports also determine the effectiveness of the spin-off. Any increase in sales ✓

suggests successful marketing of the goods. As such, this could indicate a successful use of the spin-off as a marketing strategy.

Spin-off as a Growth Strategy

Growth is essential to a business' success. A business will, at some point, aspire to grow either internally or externally to achieve higher sales revenue and income, better economies of scale, larger market share and reduced risk. Internal growth occurs when "a firm gets larger from expanding by using its own resources."⁴ External growth, on the other hand, occurs when "a firm grows by taking over or merging with another firm, otherwise known as integration."⁵

Armed with a developing economy, growth is a common occurrence among Philippine enterprises and corporations from different industries. As such, this part of the essay evaluates the success and/or failure of the spin-off as a strategy for growth and evolution as seen through the case study of Hi-Premium Trade Corporation.

Growth can be determined by various factors. This essay however will focus specifically on two determinants of growth, namely an increase in total sales revenue and net income and an increase in market share.

Increase in Total Sales Revenue and Net Income

Since opening the first *Porkchop and Friends* retail shop at SM North Edsa in the first quarter of 2007, additional three shops were opened successively in SM Mall of Asia, SM the Block and SM Manila. The total sales and revenues of these four shops are then recorded into Hi-Premium Trade Corporation's annual income statement for the year 2007.

⁴ Marcouse, Ian, Andrew Gillespie, Barry Martin, Malcolm Surridge, and Nancy Wall. Business Studies. Second Edition ed. London: Hodder Arnold, 2003.

⁵ Marcouse, Ian, et al.

The combined net sales of *Humor Post* and *Porkchop and Friends* amount to Php 6,319,240.00 for the year 2007.⁶ In the year 2006, however, when the *Porkchop and Friends* brand was still carried under *Humor Post*, the net sales of Hi-Premium Trade Corporation only amounts to Php 3,892,842.55.

Table 1: Sales Revenue of Hi-Premium Trade Corporation for Years 2006 and 2007

Sales Revenue	2006	2007	% Increase
Cash Sales	Php 2,913,310.20	Php 4,311,268.00	68%
Credit Card Sales	Php 979,532.35	Php 2,007,972.00	49%
Net Sales	Php 3,892,842.55	Php 6,319,240.00	62%

Comparing both years, it can be said that, with the opening of the *Porkchop and Friends* retail stores, the net sales of Hi-Premium Trade increased dramatically. As computed in the table above, the cash sales increased by 68% from 2006 to 2007 while the credit card sales increased by 49%. Overall, the net sales increased by 62%, which in theory suggests that the spin-off of *Porkchop and Friends* from *Humor Post* has been a success in terms of sales revenue.

While there is a significant increase in sales revenue, the income statement also revealed an increase in total expenses. From Php 917,737.31 in 2006 to Php 1,449,383.23 in 2007, this only suggests that the spin-off strategy also incurred higher expenses.⁷ Employee salaries, retail store rentals and utilities expenses are some of the many expenses that have increased dramatically as *Porkchop and Friends* retail stores started opening in the year 2007. This led to as high as a 63% increase in total expenses. This therefore suggests that while the spin-off may have increased the total sales revenue of Hi-Premium Trade Corporation, the total expenses have also increased. Hence, it can be deduced that the spin-off strategy does not in any way make great use of the economies of scale.

⁶ Refer to Appendix I - Income Statement

⁷ Refer to Appendix I - Income Statement

Although growth in corporations usually promises better economies of scale, the particular growth of Hi-Premium Trade Corporation is in a way an exception. The costs and expenses of opening *Porkchop and Friends* retail stores are comparatively higher than the net sales by at least 1%. As such, having two different brands with separate retail stores makes it seem Hi-Premium Trade Corporation is housing two different brands in two different retail stores as opposed to two different brands in one retail store, hence the increase in costs and expenses.

In Hi-Premium Trade Corporation's case however, Porter's Generic Strategies can be used to justify its decision. Through the spin-off strategy, Hi-Premium Trade Corporation is able to make great use of Porter's differentiation strategy. The differentiation strategy "requires the firm to develop a product or service that is unique or differentiated for a broad market."⁸ By having two different brands in two different retail stores, Hi-Premium Trade Corporation is able to target a broader market with two separate types of products. This is the only way in which Hi-Premium Trade Corporation can increase their market share as seen in the increase in the net income.

Focus -
Broad?

Perhaps not
the only way!

The net income of Hi-Premium Trade Corporation increased from Php 1,029,115.77 to Php 1,711,032.17.⁹ The 60% increase in net income suggests that overall the spin-off was a success rather than a failure for the firm. With both increases in sales revenue and net income being a determinant of internal growth, it can be said that the spin-off is a success. Likewise, this increase in sales revenue and total income places Hi-Premium Trade Corporation in the position of the market leader in the gift and novelties industry.

?
Evidence?

⁸ "Porter's Generic Strategies." Triple-A Learning. Online: 8 December 2008. Available: <http://www.ism-online.org/file.php/70/module1_hl/page_65.htm>.

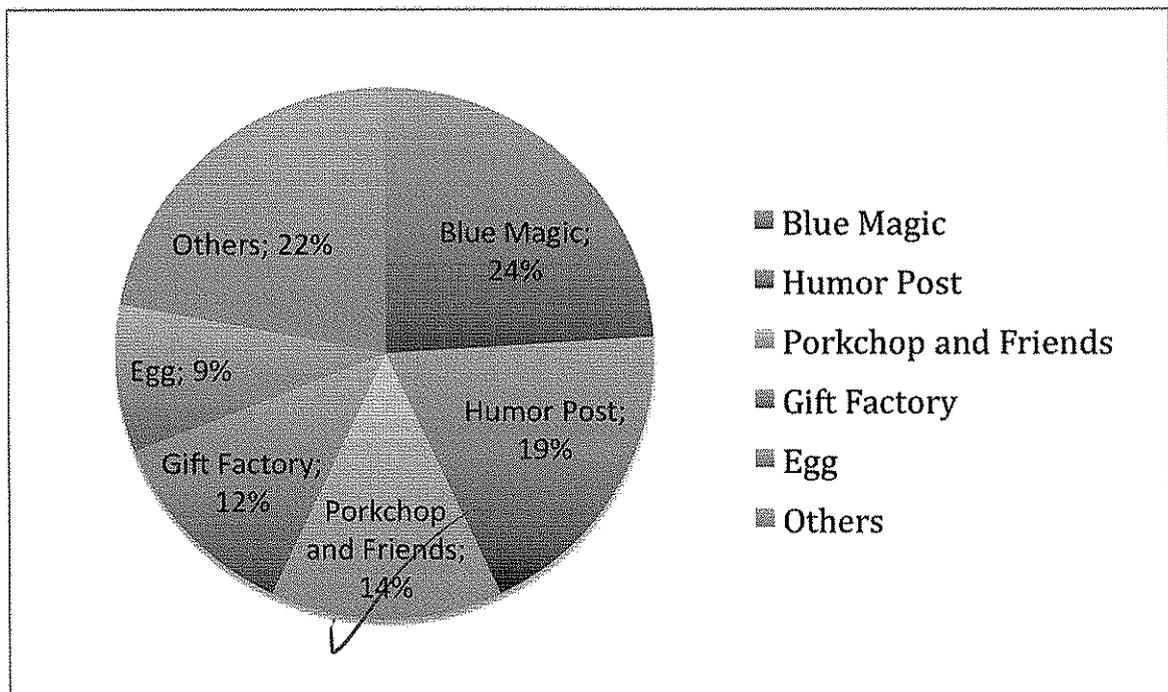
⁹ Refer to Appendix I - Income Statement

Increase in Market Share

With competition strict as ever, businesses find the need to grow, either through expansion or mergers, to hold the position of market leader in the industry. According to manager Claire Chua, Hi-Premium Trade Corporation back in 2006 when the *Porkchop and Friends* brand was still carried under *Humor Post* has the second largest market share in the gift and novelties industry.¹⁰ *Blue Magic* holds the position of market leader at 24%.

After the spin-off, Hi-Premium Trade Corporation is able to take the position of "market leader". With a share of 19% under *Humor Post* and another 14% under *Porkchop and Friends*, the firm now holds at least 33% of the gift and novelties industry as opposed to *Blue Magic*'s yet again 24% share for the year 2007.

*Table 2: Market Share of Specific Retail Stores in the Gift and Novelties Industry*¹¹



¹⁰ Chua, Claire. "Written Interview." Personal Interview. 8 Dec. 2008.

¹¹ Hi-Premium Trade Corporation. "Company Profile." 2007.

Although this data is obtained from the Hi-Premium Trade Corporation company profile, it is limited since the basis from which the market share of each retail store is obtained is unknown. Nevertheless, this data is helpful in analyzing the effects of the spin-off of *Porkchop and Friends* from *Humor Post* to Hi-Premium Trade Corporation. The company is confident that through the spin-off it now holds the market leader position in the gift and novelties industry.

As such, it can be said that through the spin-off strategy growth is easily attainable. The extent of the spin-off's effectiveness as a growth strategy is easily known through the changes in the corporation's total sales revenues and net income and the total market share. The success of the spin-off as a growth strategy not only means an increase in total sales revenue and net income but also a significant increase in the market share as well.

Spin-off as a Marketing Strategy

The spin-off, while it offers numerous advantages when used as a growth strategy, can also offer advantages when used as a marketing strategy. Companies often seek a spin-off when it feels the need to target new markets or differentiate products to battle the competition most especially since the gift industry in the Philippines is saturated.

Gift giving among Filipinos is a common gesture. Almost every event is celebrated along with gift giving in the end – Christmas, New Year, Birthdays, etc. This practice, however, is limited only among the elites. These elites, who have the “money to burn”, list as major customers of the gift and novelty industry. It is no surprise then that gifts and novelties enterprises in the Philippines only target the rich. *Humor Post* is no exception.

As such, Hi-Premium Trade Corporation aims to enter new markets and differentiate their products through a spin-off of *Porkchop and Friends* from *Humor*

Is it everywhere?

Same

Same

Post. Having two different brand names, in a great extent, enables the corporation to achieve its aims.

Successful Market Segmentation

Humor Post's customers are mainly female, ages 13 to 28. They are either students coming from good schools or young professionals and urbanites. They are characterized as having relatively high disposable incomes coming in the form of allowances for the teenagers, and in the case of the professionals, salaries. Most of them are technologically adept, coming from a generation to first grow up immersed in a digital—and Internet—driven world. Almost everybody owns a computer, email address and cell phone.¹²

These customers are Generation Y customers. They are "raised in dual-income and single-parent families, they've already been given considerable financial responsibility. They are deeply involved in family purchases, be they groceries or a new car. Most have their own credit cards."¹³ In other words, these select customers belong in the A and B market. According to the Philippine National Statistics Office (NSO), the average income of the A and B market, which in context will be the ninth and tenth decile, amounts from Php 292 thousand to Php 622 thousand as seen in table one below.¹⁴

Table 3: Average Income, Expenditure and Savings of Filipino Families (2006)

Income Decile/Income Group	Income (Thousand Pesos)	Expenditure (Thousand Pesos)	Savings (Thousand Pesos)
First Decile	32	35	(3)
Second Decile	51	52	(2)
Third Decile	65	66	(1)
Fourth Decile	81	79	2

¹² Humor Post Website. Online: 8 Dec. 2008. Available: <<http://www.humorpost.com>>.

¹³ "Generation Y." BusinessWeek - Business News, Stock Market & Financial Advice. Online: 8 December 2008. Available: <http://www.businessweek.com/1999/99_07/b3616001.htm>.

¹⁴ Philippine National Statistics Office. Online: 8 Dec. 2008. Available: <<http://www.nso.com.ph>>.

Fifth Decile	100	95	5
Sixth Decile	124	116	7
Seventh Decile	156	143	13
Eight Decile	205	181	23
Ninth Decile	292	244	46
Tenth Decile	622	460	156
Bottom 30%	49	51	(5)
Top 70%	226	188	38

While the tenth and ninth decile comprise the top of the income pyramid, it has the least number of people. With huge competitors, the market for the A and B classes is also saturated. At that time, the opportunity for growth left for Hi-Premium Trade Corporation is to conceptualize a new business that will open to a new market that targets the lower income class. This in turn will be a marketing strategy to open its doors to new markets. Following the spin-off of *Porkchop and Friends*, effectively, Hi-Premium Trade is able to open business to a different market as it hoped. As such, Hi-Premium Trade is able to tap the eighth to the fifth decile, namely the C and D market, which has more people, and still able to earn significantly high revenues and profit.

The spin-off of *Porkchop and Friends* from *Humor Post* therefore ensured clear market segmentation. Instead of catering to the female professionals and students, *Porkchop and Friends* focused on “males and females ranging from ages 10 to 40 of sufficient disposable incomes. They are either middle-earning professionals who indulge on gift giving once in a while or students who seek fashionable yet reliable school supplies.”¹⁵

After obtaining the data about the other income deciles, Hi-Premium Trade was able to effectively segment the market for gift and novelty items according to social class. *Porkchop and Friends* catered specifically to the eighth to fifth decile (Class C and D),

¹⁵ Chua, Claire. “Written Interview.” Personal Interview. 12 Dec. 2008.

while Humor Post catered to the ninth and tenth (Class A and B). As such, it increased the overall market share of Hi-Premium Trade Corporation with two different shops targeting two different markets.

Using company data, it is apparent that the supposed customer profile of *Porkchop and Friends* indeed fitted the target market. In a conducted survey, out of 200 people, only 61 belong to the A and B class. This is regardless of whether the person has purchased a product or not. In percentage, that is only 31% of the people entering the shop. The rest (about 139 people) belonged in classes C, D and E. That is 71% of the total number of people entering the *Porkchop and Friends* shops. The market segmentation of *Porkchop and Friends* clearly segregated the customers of both *Humor Post* and *Porkchop and Friends*. This is seen in table 2.¹⁶

By whom (secondary research)

Table 4: Income Class of People Entering the *Porkchop and Friends* (10am-9pm)

Income Class	Number of People (Entered the Shop)	Percentage
A (Php 250,000 and over)	20	10%
B (Php 100,000-249,999)	41	21%
C (Php 60,000-99,999)	107	54%
D (Php 40,000-59,999)	19	10%
E (Under Php 40,000)	13	7%

According to the company, an open-ended question in the Humor Post survey revealed, in comparison to *Porkchop and Friends*, the other 69% of the people entering the Humor Post found the products “too expensive, out of [their] league but of good quality.”¹⁷ Others simply noted that while the products being carried are perfect for occasions, they simply could not enjoy the luxury of giving their loved ones expensive gifts. In other words, customers, especially the C and D market, are looking for “items that are of practical use to them, such as school supplies, notebooks, etc.”¹⁸ *Porkchop and Friends* targeted those people by into expanding

¹⁶ Hi-Premium Trade Corporation. “Company Profile.” 2007.

¹⁷ Chua, Claire. “Written Interview.” Personal Interview. 12 Dec. 2008.

¹⁸ Chua, Claire. “Written Interview.” Personal Interview. 12 Dec. 2008.

their product lines and creating a clear product differentiation from that of Humor Post.

Better Product Differentiation

As Hi-Premium Trade Corporation successfully segmented the gift and novelties market through the spin-off, differentiating their products according to the markets was made possible. In doing so, it was also able to target specific groups of people.

In stark contrast, *Humor Post* carried products that appeal primarily to the high-income class as it offered one-of-a-kind, colorful and offbeat products and merchandise. It even had a space for a card section, as most gift-givers include a card with the gift. As such, it was popular to customers that place great importance on choices and accessibility but does not worry much about price to pay.

Being a high-end brand, however, it has already been perceived by the masses as expensive even if it is not. Sales figures of Humor Post retail stores inside malls that cater to the people in the lower end of the income spectrum, such as SM Manila, etc., are almost always lower compared to those in malls that really cater to the high-income class.

The spin-off of *Porkchop and Friends* was primarily created in order to cater to those customers who would like to buy from Humor Post but cannot do so because of price considerations. Since its items can be produced in the Philippines, at least for *Porkchop and Friends*, the company was able to price it lower, making the prices affordable to the lower-end market. It also carried in consignment items such as pencil cases, school bags and office supplies that the Class C and D market preferred over plush toys. It also targeted students who wish for branded school supplies such as notebooks and pens but want them at a low price. The high sales revenue in June

Some deliq about prices

attests to this fact, as it is the month when students in the Philippines start their school.¹⁹

The tagline of *Porkchop and Friends* was to carry items that are practical and value for money. Indeed, the product differentiation did a lot for Hi-Premium Trade Corporation. It not only increases the market share of the corporation by segmenting the market properly, but it also increased its sales revenue and net income by doing so. The spin-off of *Porkchop and Friends* from *Humor Post* was effective in that way.

Furthermore, through successful market segmentation and better product differentiation, the spin-off strategy opened another avenue for Hi-Premium Trade Corporation. The Ansoff Matrix sees this move as diversification. Diversification occurs "when new products are developed for new markets."²⁰ By diversifying, Hi-Premium Trade Corporation was effectively able to increase both brand and product awareness from different market segments, which in the long run will further increase the sales revenue and ultimately, the profits.

Conclusion

In answering the question "how effective has the spin-off of *Porkchop and Friends* from *Humor Post* been as a growth and marketing strategy for Hi-Premium Trade Corporation," this paper clearly outlines the extent of its effectiveness by giving the advantages of the spin-off to Hi-Premium Trade Corporation both as a growth and marketing strategy.

Growth-wise, the spin-off proved to be a great way to increase the total sales revenues and net income as well as increase the total market share in the industry

¹⁹ Refer to Appendix II – Monthly Sales Comparison

²⁰ "Ansoff Matrix." *Triple-A Learning*. Online: 8 December 2008. Available: <http://www.ism-online.org/file.php/70/module1_hl/page_67.htm>.

of the business. While the spin-off as a growth strategy did not promise effective use of economies of scale, it is to a great extent a successful strategy to grow Hi-Premium Trade Corporation or any corporation for that matter.

Marketing-wise, the spin-off also proved a great way to effective market segmentation and better product differentiation. As in the case of Hi-Premium Trade Corporation, it was able to target a bigger market spectrum from the higher-income class to the lower-income class. Likewise, the spin-off also paved way for the corporation to better differentiate their products as the two retail stores targeted two different markets.

Overall, while the spin-off strategy has some flaws, it is undoubtedly an effective growth and marketing strategy for businesses that have or carry two or more brands in one retail store. It is in every sense of the word the simplest way to grow and market a business successfully.



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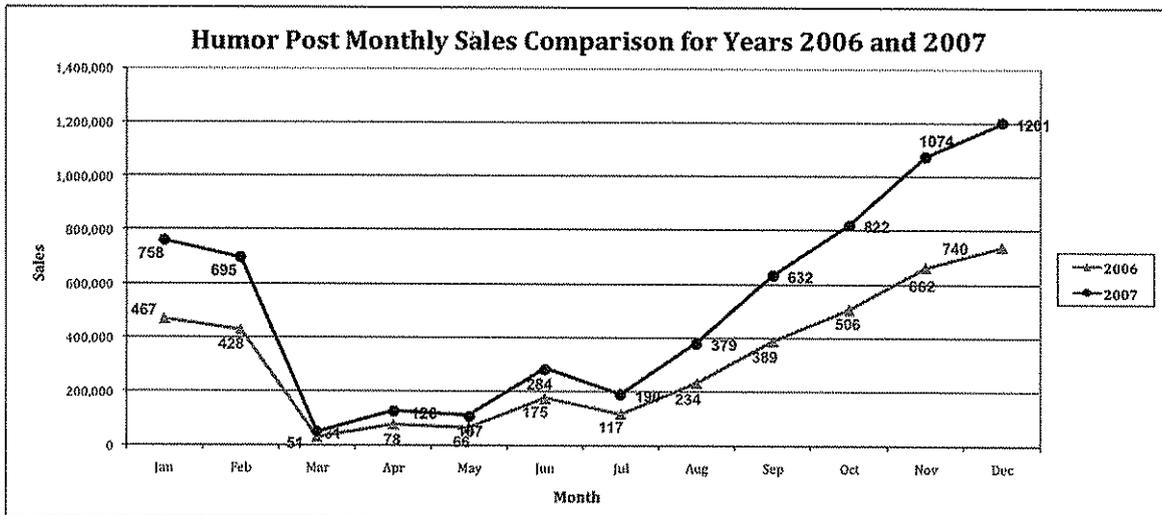
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Appendix I - Income Statement

HI-PREMIUM TRADE CORPORATION					
INCOME STATEMENT					
For the Year 2006 and 2007					
		2006		2007	
NET SALES (net of discount)					
	Cash Sales	2,913,310.20		4,311,268.00	
	Credit Card Sales	979,532.35	3,892,842.55	2,007,972.00	6,319,240.00
COST OF SALES					
	Inventory, beg.	5,152,738.52		15,683,626.60	
add:	Local Purchases	366,660.00		427,675.30	
	Imported Purchases	743,120.08		206,498.31	
	Freight charges	558,060.53		223,315.20	
	Subtotal	6,820,579.13		16,541,115.40	
less:	(Inventory, end.)	(4,874,157.85)	1,946,421.28	(13,381,495.40)	3,159,620.00
GROSS MARGIN (50% mark-up)			1,946,421.28		3,159,620.00
OPERATING EXPENSES					
	Employees Salaries	289,667.71		410,308.29	
	Employees SSS & Medicare	12,862.30		18,062.50	
	Employer SSS & Medicare share	20,982.70		36,738.50	
	Employee benefits (games, etc.)				
	13th month pay				
	Retail Store Rentals	365,273.05		426,292.02	
	Other Rents			172,697.66	
	Supplies expense	89,100.00		13,818.90	
	Meralco (Office)	2,978.80		2,942.40	
	Globe (Office Phone)	1,507.29		1,528.30	
	PLDT (Office Phone)	10,769.70		16,327.81	
	Utilities expense	5,825.00	798,966.55	14,220.73	1,112,937.11
ADMINISTRATIVE EXPENSES					
	Ecotax service charges	-		60,494.19	
	Advertising Expenses	5,500.00		86,439.91	
	Insurance Expenses	-		4,222.31	
	Depreciation Expense	72,900.41		119,204.03	
	Bank Charges	-		666.00	
	BIR Registration	1,664.41	80,064.82	21,723.41	292,749.85
OTHER EXPENSES					
	Maintenance Expenses	-		850.00	
	Miscellaneous Expenses	30,705.94		39,336.02	
	Other Expenses	-		36,886.02	
	Office Petty Cash Expenses	8,000.00	38,705.94	4,360.25	43,696.27
TOTAL EXPENSES			917,737.31		1,449,383.23
NET INCOME from OPERATIONS			1,028,683.96		1,710,236.77
Add:	Interest Income		431.80		795.41
	Forex Gain		-		-
TOTAL NET INCOME			1,029,115.77		1,711,032.17

Appendix II - Monthly Sales Comparison

HI-PREMIUM TRADE CORPORATION					
MONTHLY SALES COMPARISON					
For the Year 2006 and 2007					
		2006		2007	
January	Humor Post	467,141.11		454,985.28	
	Porkchop & Friends		467,141.11	303,323.52	758,308.80
February	Humor Post	428,212.68		521,337.30	
	Porkchop & Friends		428,212.68	173,779.10	695,116.40
March	Humor Post	31,142.74		32,860.05	
	Porkchop & Friends		31,142.74	17,693.87	50,553.92
April	Humor Post	77,856.85		69,511.64	
	Porkchop & Friends		77,856.85	56,873.16	126,384.80
May	Humor Post	66,178.32		64,456.25	
	Porkchop & Friends		66,178.32	42,970.83	107,427.08
June	Humor Post	175,177.91		113,746.32	
	Porkchop & Friends		175,177.91	170,619.48	284,365.80
July	Humor Post	116,785.28		142,182.90	
	Porkchop & Friends		116,785.28	47,394.30	189,577.20
August	Humor Post	233,570.55		208,534.92	
	Porkchop & Friends		233,570.55	170,619.48	379,154.40
September	Humor Post	389,284.26		379,154.40	
	Porkchop & Friends		389,284.26	252,769.60	631,924.00
October	Humor Post	506,069.53		443,610.65	
	Porkchop & Friends		506,069.53	377,890.55	821,501.20
November	Humor Post	661,783.23		590,848.94	
	Porkchop & Friends		661,783.23	483,421.86	1,074,270.80
December	Humor Post	739,640.08		660,360.58	
	Porkchop & Friends		739,640.08	540,295.02	1,200,655.60
Net Sales		3,892,842.55		6,319,240.00	



This was a very competent essay
examining the theory of the subject
effectively and supported by some
relevant primary research. There is
a clear structure here and although
not complex there is a good application
of theory. The conclusion is relevant.

Assessment form (for examiner use only)

Candidate session number	
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Assessment criteria		Achievement level		
		First examiner	maximum	Second examiner
A	research question	2	2	2
B	introduction	2	2	2
C	investigation	3	4	3
D	knowledge and understanding	3	4	3
E	reasoned argument	3	4	3
F	analysis and evaluation	3	4	3
G	use of subject language	4	4	4
H	conclusion	2	2	2
I	formal presentation	4	4	4
J	abstract	1	2	1
K	holistic judgment	3	4	3
Total out of 36		30	/	30

Name of first examiner: _____
(CAPITAL letters)

Examiner number: _____

Name of second examiner: _____
(CAPITAL letters)

Examiner number: _____