



Oxford Cambridge and RSA

Thursday 6 June 2024 – Morning

A Level Business

H431/03 The global business environment

Resource Booklet

Time allowed: 2 hours



INSTRUCTIONS

- Use this Resource Booklet to answer all the questions.
- Do **not** send this Resource Booklet for marking. Keep it in the centre or recycle it.

INFORMATION

- The business described in this Resource Booklet is a **real** business.
- This document has **8** pages.

Tropicana

Extract A Introduction

Tropicana is a fruit-based drink company that produces a range of products but particularly specialises in orange juice. It is the leading orange juice producer in the US. Between 1998 and 2021 Tropicana was a subsidiary of PepsiCo but, in August 2021, 61% of Tropicana was sold as part of a \$3.3 billion deal with PAI Partners.

Source: Adapted from https://en.wikipedia.org/wiki/Tropicana_Products (accessed 22/10/22)

Extract B Grove to glass

Each year, Tropicana buys more Florida (US) oranges than anybody else. The relationship we've built with Florida growers dates back more than 60 years – all the way back to the beginning of orange juice. This relationship helps us fulfill our promise of bringing you juice with 'straight from the orange' taste. While we strive to use as many Florida oranges as possible, we have to work with what nature gives us – so we also source oranges from Brazil. Regardless of where our oranges are grown, we have rigorous quality standards and always clearly label where our juice is from.

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Source: Adapted from <https://www.tropicana.com/grove-to-glass> (accessed 22/10/22)

Extract C Supply and demand

There are many factors which affect both the supply and demand of orange juice. For instance, in 2017 Hurricane Irma destroyed 90% of Florida's crop. The reduced supply had the impact of increasing prices and higher prices drove down demand. A 10% increase in orange juice prices resulted in a 7.6% reduction in demand. Demand has also been affected by people becoming more health conscious.

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Source: Adapted from <https://supplychaingamechanger.com/inside-the-orange-juice-supply-chain-video/> (accessed 17/10/22)

Extract D**Peeling back the orange juice supply chain**

Orange juice is the most popular fruit juice in the world, and one of the most popular of all drinks globally.

It all obviously starts with the oranges. The top orange growing country in the world is Brazil. With approximately 16 million tonnes of oranges produced annually, Brazil accounts for over 30% of global orange production. China now produces over 7 million tonnes annually putting them second behind Brazil. The US is also one of the largest producers globally and 70% of its production comes from Florida.

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Orange growers, either working independently or as part of cooperatives, harvest the fruit. If the oranges are to be used for juice they are transported by truck to fruit processing facilities, such as those owned by Tropicana. Fruit processors will first clean and grade the fruit. This is followed by an automated process designed for juice extraction. The objective of the fruit processor will then determine what happens next. There are two approaches:

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1. If the fruit processor sells the product under its own brand, such as Tropicana, then the juice will be pasteurised and then put into retail packaging ready for consumer use.

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2. If, however, the fruit processor is a 'bulk processor' then after juice extraction they will first concentrate the juice. This involves the removal of water from the juice via evaporation, which makes the concentrated juice more efficient for economical shipping. This concentrate is stored in refrigerated tanks and then transported to refrigerated trucks and tankers for shipping around the world.

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There are dedicated, specially equipped, ocean-going tankers for the transportation of juices, made economical because of the process of concentration of the juice. When frozen concentrated orange juice arrives at its destination it enters another processing facility where it is 'reconstituted'. Reconstitution involves the addition of water, flavours, and whatever other additives are required. This juice is then pasteurised and put into retail packaging. When the product is in the retail package it is then transported to your local store.

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Source: Adapted from <https://supplychaingamechanger.com/inside-the-orange-juice-supply-chain-video/> (accessed 20/10/22)

Extract E**Tropicana to reduce its carbon footprint**

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Extract F**Tropicana's marketing and branding strategy**

Tropicana mainly specialises in orange juice but sells several other juices like mango, apple, grape, and cranberry. It currently has 70 different juice varieties and offers smoothie products in its product portfolio. Some of its popular products include:

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- Tropicana Farmstand – a 100% juice blend with fruits and vegetables
- Trop50 – orange juice with 50% less sugar and calories
- Probiotics – 100% juice blend containing 1 billion probiotics per 8 ounces with no added sugar or artificial flavours
- Tropicana Pure Premium – a 100% orange juice with no added sugar, water, or preservatives.
- Premium Lemonades and Drinks.

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Product – It selects the best fruit to manufacture the best-quality juices. It has developed innovative processes to ensure superior quality and explores new markets for its products. Tropicana mainly aims to help consumers maintain a healthy lifestyle by ensuring that its products are naturally nutritious and provide an individual's daily nutrient requirements. Thus, freshness is the guiding principle of branding and packaging and it positions itself as a leading breakfast drink.

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Pricing – Tropicana's products are costlier than similar products its competitors offer because it uses the best quality fruits and produces high-quality juices with innovative processes. But, the price of Tropicana products is not too high, and they can be consumed by middle-income group families daily. In recent years, Tropicana's sales have increased as more people have become health-conscious and prefer consuming healthy fruit juices instead of synthetic and carbonated drinks.

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Place – Since the late 1980s, Tropicana has grown tremendously by diversifying its product range and extending its geographical boundaries beyond the US. Tropicana has its headquarters in Chicago and its products sold in many countries worldwide, including the UK, Canada, France, Argentina and Japan. After the 1990s, Tropicana expanded into South America and Asia including Hong Kong, China, and India. Today, Tropicana's products are everywhere – in supermarkets, grocery stores, and convenience stores.

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Promotion – Tropicana promotes its products through a marketing cycle that includes a well-defined conventional and digital marketing strategy. It uses television commercials and print media adverts and actively engages in social media platforms like Facebook, Twitter/X, Instagram, TikTok, LinkedIn, and YouTube. It also carries out promotions in supermarkets by setting up stalls and offering the customers free samples whenever they introduce a new product. The brand also advertises in lifestyle and health magazines. The company has also launched various campaigns. One such healthy living campaign is the 'It's good to be alive' campaign, kick-started in India. The brand also sponsors various sports and cultural events promoting the importance of a healthy lifestyle.

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Source: Adapted from <https://shyamfuture.com/blog/tropicana-re-branding-failure-a-detailed-case-study/> (accessed 18/07/22)

Extract G
Tropicana Crunch

Orange juice on cereal? Some call it weird. Some call it breakfast. We didn't even know it was a thing. So, for those who are 'cereal curious' like us, we made Tropicana Crunch. A cereal that's to be drowned in orange juice. Because whether you hate it or love it, you won't know until you try it.

Source: Adapted from <https://tropicana crunch.com/> (accessed 22/10/22)

Extract H
Tropicana's job advertisement for seasonal fruit staff

Are you a hard worker looking for an opportunity to start or grow your career in a world-class organisation? If so, Tropicana's seasonal fruit roles are a great opportunity for you to step into our business. Processing oranges to make Tropicana's great tasting orange juice only happens during our peak fruit season. Some of the seasonal tasks include – general clean up, sorting, moving loads of fruit, and emptying trailers. Once you complete a full season, you may have the opportunity to grow and move into other areas of the business. Seasonal employment could be the start of building a long-lasting career at Tropicana.

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Source: Adapted from <https://www.pepsifrontlinecareers.com/tropicana> (accessed 01/11/22)

NB: All data was correct at the time of writing (November 2022)

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