



IB Business Management: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

### 4.5 THE 4Ps - PRODUCT: ACTIVITY B

Read the case study information below and answer the questions that follow.

#### CHOCOLATE WARS LEAD TO MELT DOWN



Orion Confectionary Ltd manufactures four brands of chocolate bar. It is an old established business and relies heavily on the traditional qualities of rich-tasting chocolate and prestige packaging to sell its products. It rarely introduces new brands. Its last launch was three years ago, but the other three brands are each over ten years old. The products are:

**Galaxy:** The newest brand. It is designed to appeal to teenagers with 'Star Wars' wrappers and a competitive price. Sales are increasing at a steady rate.

**Orion:** The original product of the company, a rich, dark chocolate bar with a dark blue and gold wrapper. The same size as most bars, but slightly more expensive to suit its image. Sales and cash flow from this product have helped to finance the other three.

**Sun:** The firm's only attempt at boxes of chocolates. There was intense competition in this high value and high profit margin market sector. Sales figures are given below.

**Mercury:** This was a very sweet, soft-centred bar that has been very popular with older customers. Sales have declined in recent years because of imports of healthier 'low-fat' chocolates. Old stocks are being returned by retailers.

The marketing manager is concerned both about sales of Mercury bars and the sales record of Sun boxes. Should they both be dropped or could sales be revived? The manager decided to analyse the current sales of the range of products by using product life cycles.

**4.5B: The 4Ps - Product: Activity**

Year	Sales of Sun boxes of chocolates (units)
<b>2010</b>	120,000
<b>2011</b>	125,000
<b>2012</b>	115,000
<b>2013</b>	123,000
<b>2014</b>	124,000

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

**QUESTIONS: 39 MARKS, 70 MINUTES**

1. Explain what is meant by the term 'product life cycle'. **[3 marks]**
2. What stage of its product life cycle does the Sun box of chocolates appear to be in? Explain your answer. **[4 marks]**
3. Outline the options available to the marketing manager for the Sun box of chocolates product. **[4 marks]**
4. A decision has been made to try and extend the life of this product. Evaluate **three** extension strategies that the business could use. **[12 marks]**
5. Outline two problems that this business could face as a consequence of launching very few new products. **[6 marks]**
6. Evaluate the factors that the business should consider before deciding to withdraw the Mercury bar from the market. **[10 marks]**