4.1B: The Role of Marketing: Activity

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4.1 THE ROLE OF MARKETING: ACTIVITY B

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

CHINA'S AUTO MARKET THE LARGEST IN THE WORLD AND STILL GROWING RAPIDLY

At 23, Shi Lingxi bought her first car. She considered a Ford Focus, but last week she negotiated a huge discount of 35,000 off a brand-new Nissan Bluebird. Like millions of other new motorists in China, she does not plan to use it much – it is too hard to find a parking space – but she looks forward to the freedom the car brings. China's auto industry is now growing by around 1 million vehicles a year – a rate of 23% last year.

In 2014, China surpassed the USA to become the biggest auto market in the world, and its growth rate is the world's fastest. In the American market, new car sales are growing only slowly if at all in some years. Analysts predict that the Chinese market will grow by at least 10 per cent a year for the next ten years. It is small wonder that there are over 100 global and Chinese vehicle manufacturers now competing in this market.

*Source: www.**Business**Management**IB**.com*

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QUESTIONS: 10 MARKS, 20 MINUTES

1. Explain the difference between market size and market growth. **[4 marks]**

2. Explain why it is important to a car manufacturer selling to China that the car market is growing so rapidly. **[6 marks]**