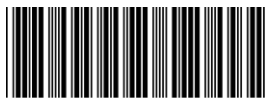


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## **BUSINESS MANAGEMENT**

### **STANDARD AND HIGHER LEVEL**

#### **TOPIC FOUR: MARKETING**

Topic FOUR end of unit assessment

Section A: 50 minutes

Section B: 30 minutes

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#### **INSTRUCTIONS TO STUDENTS**

- Do not open this assessment until instructed to do so.
- Section A: answer **all** questions.
- Section B: answer **one** question.
- A calculator is **not** required for this assessment.
- A clean copy of the IB Business Management formulae sheet is **not** required for this examination paper.
- The maximum mark for this assessment is **[45 marks]**.

## SECTION A

Answer **all** questions from this section.

### GENERAL MOTORS (GM)



Interesting advertising campaign for Cadillac China 2015

General Motors lost its title of market leader to Toyota in 2008. Since then it has steadily seen its market share, even in its key US market, decline. In 2016 its market share declined again, just as it has nearly every year of the last ten.

But GM CEO Mary Barra urges a closer look at the numbers, which she says offer proof that – after years of talking about it – GM is repressing that deeply ingrained instinct to chase market-share growth at the expense of the bottom line.

GM's share of more profitable retail sales this year has grown faster than for any of the other six largest automakers, figures from

the Automotive News Data Centre show. GM has dialled way back on sales to rental-car operators, long its favourite sales boosting trick. GM's prices are up, while incentive spending (e.g., sales bonuses to distributors and dealerships) has remained below that of key competitors. In short, GM has been doing what people implored it to do for a few decades: focus more on profits than market share.

However, market share still remains important in an industry where low margins mean that profitability is largely determined by selling more and more cars. GM has two key marketing objectives designed to improve its competitive position in the market place – focus on product and increase sales in the world's largest car market, China. Thus, GM's strategic plan includes several major objectives that the company anticipates will help it achieve strong sales growth and market leadership again by early next decade. These objectives include:

- To lead in product and technology: This is an industry where competitive and technical innovations ensure that the product life cycle is short. In 2016, about 27 percent of GM's global sales volume is expected to come from products new or refreshed within 18 months. That figure is expected to rise to 38 percent in 2017 and 2018, and reach 47 percent in 2020. During the same time frame, GM plans to execute the world's largest automotive deployment of 4G high-speed mobile broadband, introduce vehicle-to-vehicle connectivity in the 2017 Cadillac CTS and launch a highly automated driving technology currently called Super Cruise, which allows for extended periods of hands-free

# IB Business Management UNIT FOUR assessment

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driving on highways. GM has also developed an innovative mixed material body structure that uses GM-patented technology and a combination of steel and aluminum to deliver designs that are lightweight and use 20 percent fewer parts.

- **Grow Cadillac:** Increase brand awareness, brand development, brand loyalty and brand value. GM is establishing its flagship brand as a separate business unit headquartered in New York City to pursue growth opportunities in the luxury market with more focus and clarity. Cadillac expects to introduce four new vehicles in North America in 2017, and nine new models in the next five years in China.
- **Continue growing in China:** GM's joint ventures in China are planning to invest \$14 billion from 2016 through 2020 to open five new vehicle-manufacturing plants and support sales of just under 5 million vehicles annually. In the same time frame, GM expects to launch 60 new or refreshed vehicles, including nine new sport utility vehicles (SUVs).

## QUESTIONS:

- Define *product orientation*. **[2 marks]**
- Distinguish between brand awareness **and** brand loyalty. **[4 marks]**
- Explain how GM's market share can decrease even as the company's sales increase. **[5 marks]**
- Using GM as an example, analyse the relationship between the product life cycle **and** cash flow. **[6 marks]**
- Evaluate the opportunities and threats posed by entry into international markets, such as GM's push into the Chinese car market. **[8 marks]**

## SECTION B

Answer **one** of the following questions.

### CONCEPT QUESTIONS

1. With reference to one or two organisations that you have studied, discuss how **cultural** differences may influence marketing practices and **strategies** in an organisation. **[20 marks]**
2. With reference to one or two organisations that you have studied, discuss **ethical** and **cultural** considerations of market research. **[20 marks]**
3. With reference to one or two organisations that you have studied, discuss how **globalisation** can effect an organisation's pricing **strategy**. **[20 marks]**