



Oxford Cambridge and RSA

Friday 7 June 2019 – Morning

A Level Business

H431/03 The global business environment

Resource Booklet

Time allowed: 2 hours



INSTRUCTIONS

- This is a Resource Booklet.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- The business described in this Resource Booklet is a real business.

INFORMATION

- This document consists of **4** pages.

BMW

BMW is a manufacturing company based in Germany, famous for its world-class cars and motorcycles. It is one of the world's most recognisable and admired brands for reliability and quality. It is known as one of the 'big three' in German luxury cars (Mercedes and Audi are the other two). The company enjoys a worldwide demand for its vehicles and it has become a status symbol in many places to own a BMW. The company takes part in various prestigious sporting events.

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Extract A – BMW Group records strong sales growth in April

BMW Group sales achieved a new all-time high for April, a 7.4% increase on the previous year. The first four months of the year also set a new record, with sales of the BMW Group's three premium brands, BMW, MINI and Rolls-Royce, increasing by 5.8%.

"Thanks to the strength of our model line-up, the BMW Group continues to achieve sustainable, profitable sales growth," commented Dr Ian Robertson, Member of the BMW Board of Management. "Customer demand is high across the range. With demand for our electrified vehicles up over 80%, I'm confident that we'll achieve our target of delivering 100 000 electrified cars on the road this year, underlining our industry-leading position in this market," he added.

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Sales growth in the year-to-date has been driven mainly by increased demand in Europe and Asia – April saw an unusually sharp increase in sales in mainland China. This is largely due to full availability of the BMW X1 and the introduction of the new BMW 1 Series sedan, a car made exclusively for the Chinese market.

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Source: Adapted from BMW Group – www.press.bmw.group (20 April 2017) and www.press.bmwgroup.com/usa/article/detail/T0270805EN_US/bmw-group-records-strong-global-sales-growth-in-april

Extract B – The BMW workforce

BMW is enthusiastic for ideas from its diverse workforce. That is why the business actively recruits those who are as innovative and unique as the cars it produces.

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According to the company's website, "Consistent, dynamic, spirited ... what makes the BMW brand makes the BMW employee." BMW's employees rate the quality of the product they build as a primary motivation for excelling in their careers. For them, building the 'Ultimate Driving Machine' provides the ultimate employment experience.

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Source: Adapted from <http://www.bmwusfactory.com/careers/>

Extract C – Built by mature workers: BMW’s factory where all employees are aged over 50

BMW’s name is well known for providing drivers with every comfort – and now it seems BMW is taking the same approach with its workforce. A section of BMW’s factory at Dingolfing, in southern Germany, has been nicknamed ‘Altstadt’ – German for ‘Old Town’ – by the grateful employees. They say they might otherwise be out of work. BMW has taken the lead to get those made redundant, or in early retirement, back on the production line. As such, the production line at Dingolfing has been built specifically to make the working day easier for the older employee.

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At the new £18m factory, much thought has been put into the aches and pains that older workers may feel. Facilities include ergonomic back supports, mobile tool-trolleys so workers do not have to strain themselves reaching for tools and enhanced lighting for the visually challenged. Even the production line itself has been slowed down to around one third of the normal speed in other car factories.

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The overall number of BMW Group’s workers aged over 50 will rise from 25% of the workforce currently to 45% by 2020.

Source: Adapted from ‘Built by mature workers’ (The Daily Mail, 18/02/11)

Extract D – BMW’s worldwide assembly plants

Currently, the BMW Group operates 31 production and assembly sites in 14 countries. In India, the factory is in Chennai, where the facilities were opened in March 2007. This factory is capable of producing 11 000 units per year, at maximum output. The spare parts centre is located in Mumbai (also in India), so that transport of these can be carried out swiftly.

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The BMW strategy of ensuring that production is matched to market demands around the world also applies to smaller markets. Sometimes this is complicated by, for example, customs regulations which might affect the import of complete cars. Where this is the case, components are packaged back in the ‘home factory’ as ‘kits’. These kits are packaged with precisely defined assembly steps and then exported for assembly in the smaller markets. The kits are then added to locally manufactured parts to produce the finished car. Assembly then takes place, closely following BMW’s global quality standards.

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Source: Adapted from http://bmw.co.th.th.en/general/maufacturing/assemble_plant.html

Extract E – The marketing mix at BMW

Product

BMW cars appeal to many people and it is no surprise that BMW is a part of the 'want' segment. Those with higher income **WANT** this product. Each of the cars in the range is different to drive and has different characteristics. Car enthusiasts regularly review these cars on the Internet and television. The cars now possess powerful engines, fantastic speed and a promise of safety and reliability.

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Place

BMW has a network of dealers selling its cars directly to customers. These dealers have showrooms that are found in the higher income parts of cities. Even in a large city like Mumbai, you will find only three to four BMW showrooms. It is an efficient distribution model.

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Promotion

BMW was ranked as the world's most reputable company by Forbes magazine in 2012. BMW has been promoting itself with the most amazing television commercials, print advertisements and online advertising.

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The company knows that its target customers expect a certain level of quality and are willing to pay a bit more for it. The customers also expect exclusivity, therefore the cars should not be available to the masses. BMW television advertisements seem to be of a higher quality than most other car advertisements.

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Price

BMW cars are generally priced at the higher end of the market. However, prices of BMW cars can vary a great deal, depending upon which model and extras the buyer wants.

BMW has also launched low-priced cars aimed at the lower income market in emerging economies.

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Source: Adapted from 'Marketing Mix of BMW' – www.marketing91.com

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