Exam: Marketing Management, Second Semester, Test in Theme 4 and Theme 5

Marketing Management, 1st external case exam – written interdisciplinary exam, day 2

6-hour written exam: 7 January 2020, 08.30–14.30

The task description consists of 3 tasks, which are weighted as follows in the overall rating of the task: Task 1: 50% Task 2: 15% Task 3: 35% Total: 100%

_Do _not_ contact the company featured in the case!_

The material contains 3 pages including the front page

As mentioned in the material provided for Day 1, nextcar.dk is interested in focusing more on the family segment in relation to car leasing, and in this context they have asked for your help.

Geographically, as mentioned above, they want to focus on families residing in southern Jutland and on Funen. They envisage an advantage in rapidly increasing the proportion of families leasing rather than buying, as there is already a growing tendency towards leasing cars in the Øresund region. Nextcar.dk has earmarked DKK 350,000 for this purpose.

1. Marketing (50%)

1.1 (45%) Please prepare a reasoned marketing mix and argue for which specific marketing mix elements the company should focus on in a campaign designed to target the family segment, cf. the task description for Day 1.

1.2 (5%) On the basis of the above, please prepare a reasoned action plan for the recommended activities.

2. Sales and market communication (15%)

2.1. Based on your theoretical knowledge of communication, please make reasoned suggestions as to which words and images nextcar.dk should use for one of the promotional actions you proposed as part of the answer to the above question. You don't need to prepare a finished layout.

3. Economics and budgeting (35%)

On the basis of their action plan from task 1.2, nextcar.dk must budget the marketing costs and revenue for 2020. As previously stated, they expect to spend DKK 350,000 on marketing. They also expect their contribution margin to be 20%.

3.1. (5%) Based on the above information, calculate the minimum amount by which revenue must increase to cover the DKK 350,000 marketing costs.

3.2. (5%) Please also explain the contribution margin ratio and how the company can increase the contribution margin ratio (no calculations are expected).

In addition to its leasing activity, nextcar.dk has a department for buying and selling relatively new, used cars.

3.3. (3%) Explain the difference between an income statement budget and a liquidity budget (no calculations are expected).

3.4 (5%) Explain how nextcar.dk's expected purchase of a car during the budget period will affect both the income statement budget and the liquidity budget (no calculations are expected).

3.5 (5%) Furthermore, explain how an expected sale of a car during the budget period will affect both the income statement budget and the liquidity budget (no calculations are expected).

3.6 (7%) In the PESTEL (or PEST) analysis, nextcar.dk, for example, could look at the income elasticity of demand. Explain in your own words, income elasticity of demand, and give a reasoned assessment of whether the income elasticity of demand of leasing an expensive BMW, will be low, medium or high (no calculations are expected). In addition, explain how nextcar.dk can use income elasticity of demand in relation to its 2020 budgets (no calculations are expected).

108,000 km.	8.7 km per litre
White Colour	Car Type
4.0 Engine	Petrol Fuel
Price as new DKK 1,711,766	7 Number of gears
Automatic transmission Gear type	3,999 Volume
420 HP	8 Cylinders
Rear-wheel drive Transmission	5.10 sec 0–100 km/h

3.7 (5%) Give a reasoned assessment of whether nextcar.dk will be able to use price differentiation for their leasing cars (no calculations are expected).