



Revision Webinar

TODOS OS MERCADOS CASE STUDY BRIEFING

IB BUSINESS & MANAGEMENT

Hosted by Jim Riley

Paper 1 Overview: 19th May 2016

	Standard Level	Higher Level
Timing	1 hour 15 minutes	2 hours 15 minutes
Section A	Answer two questions	Answer two questions
Section B	Answer question 4 (a,b,c,d)	Answer question 4 (a,b,c,d)
Section C		Answer question 5

Todos os Mercados (“TM”)

- Multinational
- Based in South America
- Supermarket retailing
- Market leader
- Quoted (public company)
- Organisational structure & culture (style)



Key Features of the Case Study by Unit



Unit 1: Business Organisation & the Environment

- Public company – profit driven
- Clear vision & aims: lowest prices in the market
- Intensively competitive market
- TM uses its size to get what it wants – but ethically?
- Question-marks over treatment of suppliers & employees

Unit 1: Key Points / Terms

Key Topics	Key Terms
TM status as a quoted company Impact of multinationals on their locality Implications of profit-driven objectives TM's reputation for CSR & Ethics Stakeholder conflict (employees, pressure groups, suppliers) Growth strategy (Ansoff) International expansion (Asia)	Public company Multinational CSR Business Ethics Stakeholders Internal & external growth

Unit 2: Human Resource Management

- A “hard” approach to HRM; treating employees as a resource, not an asset
- HRM determined by organisational culture
- **Command and control** approach to decision-making: highly centralised + autocratic management
- Poor morale and motivation (**Taylor**, not **Pink**)

Unit 2: Key Points / Terms

Key Topics	Key Terms
Hard approach to HRM Centralised decision-making Management style (effectiveness, appropriateness) Employee motivation (Pink: autonomy, mastery, purpose) Organisational culture (HL only) Strength of employee relations (HL only)	Labour turnover Outsourcing Centralised / decentralised Autocratic / paternalistic Daniel Pink (Motivation) FW Taylor (Motivation) Power culture

Unit 3: Finance and Accounts

- Very little financial information given so far
- Expect more in the exam paper
- Henri is “shocked” as he calculates financial ratios (but which ones?)
- Liquidity might be an issue – low current ratio?
- Is Henri shocked by TM’s profitability?

Unit 3: Key Points / Terms

Key Topics	Key Terms
Profitability ratios Liquidity ratios Efficiency ratios (HL) Investment appraisal (HL)	Gross profit margin Operating profit margin Current ratio Acid-test ratio Stock turnover ratio (HL) Creditor days ratio (HL)

Unit 4: Marketing

- Marketing mix dominated by price – low prices
- Corporate aim is key – lowest prices in the market. Positioning: low-cost operator
- However, product range has been expanded significantly beyond traditional grocery
- The threat from e-commerce – how big?
- International market expansion: Asia

Unit 4: Key Points / Terms

Key Topics	Key Terms
Importance of market leadership Ethical marketing by TM? The relative importance of price v product in the marketing mix How other functional areas support the marketing mix Opportunities / threats of entering Asia (HL) E-commerce: opportunity or threat	Market share Marketing mix USP Franchising (HL) E-commerce

Unit 5: Operations Management

- TM's approach to operations is intrinsically linked to its stated aim (lowest prices) and organisational structure / culture
- Non-core activities outsourced
- Lean production: minimise waste & stocks
- Competitive benefits of economies of scale
- Surprising that TM has not already exploited opportunities from e-commerce: too late?

Unit 5: Key Points / Terms

Key Topics	Key Terms
Importance of efficient operations for TM (low price strategy)	Labour productivity
Role of lean production in supporting business aim	Customised production
Using outsourcing to cut cost of sales	Lean production
	Just-in-time
	Outsourcing

SWOT Analysis for TM

STRENGTHS	WEAKNESSES
Highly efficient Significant scale & power Global reach (MNC)	Hard approach to HRM Demotivated / demoralized workforce Low price strategy
OPPORTUNITIES	THREATS
Asia: growing middle class Expand further into services Market penetration in existing markets	E-commerce Customised production Reputation: CSR / Ethics

PEST Analysis for TM

POLITICAL	ECONOMIC
Multinational – many different environments EU (France) – compliance with employment law key	Multinational – risk spread Exposure to economic weakness in Eurozone (France)
SOCIAL	TECHNOLOGICAL
Questions about TM's approach to CSR & ethics Growing impact of pressure groups	E-commerce – threat or opportunity?

Ansoff Matrix for TM

MARKET PENETRATION	PRODUCT DEVELOPMENT
New stores in existing TM countries (e.g. France) Expanding core grocery product range	Expanding into other consumer product categories (e.g. office supplies) Entering services market (banking, pharmacy)
MARKET DEVELOPMENT	DIVERSIFICATION
Opening TM hypermarkets in new geographical territories (Asia) Franchising (failed initially)	

Essential Exam Technique: Command Words for AO1

AO1: Demonstrate Knowledge and Understanding

DEFINE

DESCRIBE

OUTLINE

STATE

EXAMPLE QUESTION

With reference to TM,
outline two key features
of operating as a public
limited company [4
marks, AO1, SL/HL]

Essential Exam Technique: Command Words for AO2

AO2: Demonstrate Application and Analysis

APPLY

COMMENT

DEMONSTRATE

DISTINGUISH

EXPLAIN

INTERPRET

SUGGEST

EXAMPLE QUESTION

In the context of TM,
distinguish between a
stated main aim and a
mission statement [4
marks, AO2, SL/HL]

Essential Exam Technique: Command Words for A03

A03: Demonstrate Synthesis and Evaluation

COMPARE

COMPARE & CONTRAST

CONTRAST

DISCUSS

EVALUATE

EXAMINE

JUSTIFY

RECOMMEND

TO WHAT EXTENT

EXAMPLE QUESTION

Discuss the impact of a multinational company like TM on a host country like France [6 marks, A03, SL/HL]

Essential Exam Technique: Command Words for AO4

AO4: Demonstrate a Variety of Appropriate Skills

ANNOTATE

CALCULATE

COMPLETE

CONSTRUCT

DETERMINE

DRAW

IDENTIFY

LABEL

PLOT

PREPARE

EXAMPLE QUESTION

Complete a PESTLE
analysis for TM
highlighting key issues
facing the business. **[6
marks, AO4, SL/HL]**

Some Possible Section A Questions

Answer two questions from this section.

1. (a) With reference to TM, **outline** two key features of operating as a public limited company. [4 marks]

(b) **Complete** a PESTLE analysis for TM highlighting key issues facing the business. [6 marks]

2. (a) With reference to TM, **outline** two differences in the way that services and goods are marketed. [4 marks]

(b) With reference to TM, **compare and contrast** the motivational theories of Taylor and Pink. [6 marks]

3. (a) **Explain** two benefits of having a high market share in the markets in which TM operates [4 marks]

(b) **Analyse** the importance of efficient operations management for TM. [6 marks]

Typical Structure for Section B

- (a) Define the term gross profit margin [2 marks]
- (b) Describe **two** benefits to TM from using outsourcing to cut cost of sales [4 marks]
- (c) In the context of TM, explain **two** ways in which the financial accounts of the company would be of interest to TM's external stakeholders [4 marks]
- (d) Using the financial information provided in Table 1 and Table 2 above and the case study, examine the financial position of TM and suggest ways in which it might be improved [10 marks]

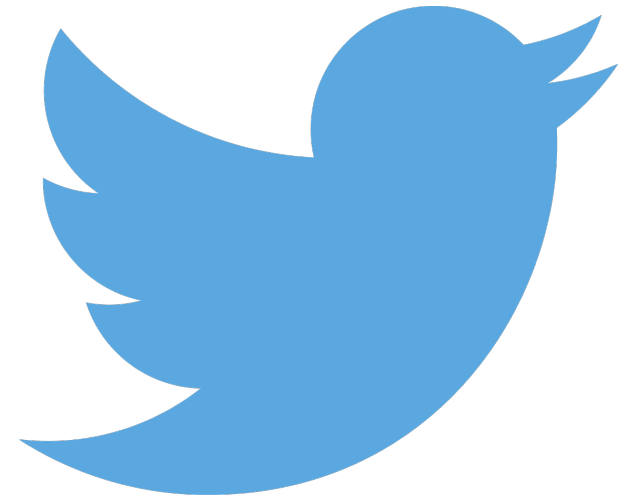
A Possible Question for Section C

Using information from the case study and the additional stimulus above, recommend which option 1 or 2 is best for achieving TM's objective of market leadership in China within 10 years.

[20 marks]

Five Essential Concepts to Focus on for TM

- Importance of market leadership
- Operating efficiently to support a low-cost operation
- Acting ethically and with social responsibility
- Employee motivation in a centralised structure with autocratic management
- Opportunities and threats of international expansion (HL)



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