

CIMG Pathway 5 Professional Post-Graduate Diploma in Marketing

Strategic Marketing in Practice (PGD 502)

December 2021
Case Study

Kantanka Automobile Company Limited (Kantanka)

CASE STUDY

Use of case study material in Strategic Marketing in Practice

Important information for candidates

The purpose of the case study is to test your knowledge and understanding of the Strategic Marketing in Practice course in a global context. The examiner will grade candidates' contributions based on the questions that are given in the examination.

The function is described in the candidate's brief, and students will be expected to make specific recommendations. Candidates should familiarize themselves with the case study completely. The case studies are based on real-life scenarios, and they provide all of the required facts concerning the case organisation.

Anomalies may be detected in the facts supplied in this case study, just as they are in real life. When responding to tasks, please make any necessary assumptions. Candidates are evaluated on their overall comprehension of the case and its major concerns rather than on simple details. Candidates must conduct a full strategic marketing audit of the case study organisation as part of their preparation for the assignment. The audit allows candidates to demonstrate their ability to:

- use relevant models and approaches to analyze data from a case study and a specific industry experiencing unique challenges
- evaluate the audit's findings to offer context for the current situation and the implications they can derive
- develop their own models for analyzing the data using their own ideas.

Students should only use the information contained in the case study, as well as their knowledge and grasp of the syllabus, when completing the organisation audit. Candidates must bring their own unique perspective to their audit and present their own work.

Copying of pre-prepared 'group' audits for the case organisation, including those written by consultants/tutors or by any third party, is strictly prohibited and will result in the audits being deemed null and void. The exercises will require solely the candidate's analysis, and personally composed answers will be necessary to pass the examination.

Candidates produce the strategic marketing audit on the case organisation onto six sides of A4 paper, using font size 11 or smaller. Tables, models, and diagrams must have a font size of at least 9 points. Only a summary of the audit must be included on the six sides. It should not include any decisions, goals, or plans. The audit pages should be numbered and given as an appendix to the examination for convenience of reference when addressing the examination questions. The audit is not counted as part of the word count for this examination and will not be graded.

Although no marks are given for the case organisation six-side audit itself, candidates will be graded on how they use and refer to the audit's findings when responding to the assignments.

Candidates are advised not to repeat or copy their Kantanka's six-side audit when answering the assignment tasks. It is important that candidates refer the examiner to the six-side audit where and when appropriate, when answering the tasks.

When answering the examination questions, candidates are encouraged not to repeat or copy the case organisation six-side audit. It is critical that candidates link the examiner to the six-side audit where and when appropriate.

As part of the examination, candidates must provide the case organisation six-side audit, describing how and in what sense the insights gained are valuable and relevant. At the end of their answer booklet, they must include this audit as an appendix.

The Chartered Institute of Marketing, Ghana has the right to reject the six-side that does not follow these rules.

Important Information

The following data is based on real-life companies, but details have been modified for evaluation purposes. It does not necessarily reflect current industry management practices or The Chartered Institute of Marketing Ghana's views and opinion

STRATEGIC MARKETING IN PRACTICE

CASE STUDY

Candidate brief

Scenario

Kantanka Automobile Company has hired you as a self-employed marketing consultant. The company has asked you to conduct a six-sided strategic marketing audit to examine both internal and external issues, including strategic uncertainty in the external market affecting Kantanka's future, so that the company can better comprehend its strategic growth and profitability alternatives. Kantanka's strengths and limitations, core competencies, value proposition, competitive advantage, value generation, and readiness to compete in global markets should all be considered.¹

You should also take into account Kantanka's existing strategic aim and direction, as well as its organisational culture, vision and mission, stakeholder expectations, and current brand strategy, as well as its contribution to increasing the company's value. You should also examine the obstacles and opportunities presented by new market trends, technological advancements, and customer behavioural preferences.

You should assess the organisation's financial status as part of your six-sided audit, including sustainable funding sources to implement strategy alternatives, strategic risks, organisational constraints, and risk mitigation techniques.

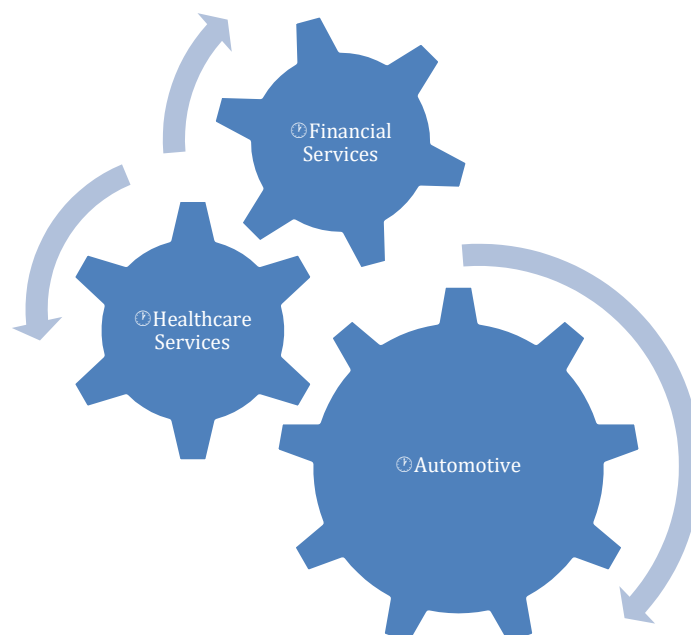
Kantanka Automobile Company Limited

Introduction -Company Background

Kantanka Automobile Company Limited (Kantanka) was founded in 1994 by Apostle Dr. Ing. Kwadwo Safo Kantanka and incorporated as Limited Liability Company in 2004 to research into the manufacturing of automotive components and their combination with other parts outsourced from component suppliers to form a complete vehicle built unit. In 1998, the first complete built unit was manufactured using over 75% of local components and locally manufactured engine blocks. By 2006, the first SUV (Onantefo) was manufactured and is aiming to be one of the world's top ten automakers.¹

Kantanka specializes in the manufacturing of on-road and off-road vehicles that meet the challenging nature of the Ghanaian and African terrain. The company has the objective to manufacture and assemble cars with added value, expand Original Equipment Manufacturer (OEM) and create a niche market with new types of vehicles that give value for money to medium and lower income earners in Ghana, Sub-Saharan Africa and the rest of the world.

Kantanka researches, designs and develops vehicles that institutions, government agencies and individuals will need through comprehensive market research. The Kantanka group operates through three divisions:



The automotive operations of Kantanka include the production, design, assembly, and sale of passenger cars, minivans, and commercial vehicles such as trucks, as well as related parts and accessories. Omama, a division of this unit, manufactures and sells compact automobiles and minivans. Hino motors, another unit, manufactures and sells commercial vehicles such as trucks and buses. Kantanka also produces vehicle parts, components, and accessories for its own use as well as for sale. There are three brands of vehicles produced by Kantanka Automobile Company including Kantanka, Omama, and Hino units (hybrid vehicles, conventional engine vehicles, and fuel cell² vehicles).

Kantanka Financial Services (KFSC) is a wholly-owned subsidiary of the group with presence in 35 locations across Ghana and Africa to support its global motor operations. This section primarily provides finance for the purchase or lease of Kantanka vehicles to dealers and their consumers.

KFSC also offers retail leasing through the purchase of Kantanka-created lease contracts. Retail financing, retail leasing, wholesale financing, and insurance are also available through this segment.

Kantanka's other business portfolios include the following:

- Prefabricated home design
- Information and communication technologies
- Bimoo.com, an e-commerce platform

Kantanka also aspires to produce cutting-edge technology and product development in fields such as information technology, energy, and telecommunications. It also wants its designs to decrease accidents and other environmental problems. Kantanka collaborates with research centers in Japan, the United States, China, Asia-Pacific, and Europe. Currently, the company focuses on electric and hybrid technologies to improve mobility. It also focuses on fuel economy technologies for internal combustion engines, as well as technological improvements that aid the environment with increasingly rigorous emission rules. Kantanka is acutely aware of societal and environmental concerns and strives to address them.

¹ <https://kantankaautomobile.com.gh>

² *A fuel cell is a device that produces electricity by the chemical reaction between a source fuel and an oxidant; which can be used to power cars.*

Kantanka 's Vision, mission, culture, and strategic direction

According to Kantanka global goal, the company is committed to being the customers' first choice in the automobile industry. The slogan of Kantanka emphasises this commitment:

"Rewarded with a grin by exceeding your expectations."

Its global vision contains Kantanka 's intentions and resolve for the future. It states its vision as follows:

"Kantanka will lead the way to the future of mobility, enhancing lives throughout the world with the safest and most responsible ways of moving people, We want to exceed expectations and be rewarded with a grin by committing to quality, ongoing innovation, and environmental stewardship. We'll achieve our lofty objectives by enlisting the expertise and enthusiasm of those who believe there's always a better way."³

Kantanka's mission statement emphasises products and customers. The organisation prioritizes product quality, safety, and customer pleasure. Employee education is also at the heart of its mission. Furthermore, Kantanka is dedicated to technology advancement and corporate social responsibility.

Since its foundation, Kantanka claims to have worked tirelessly to contribute to the long-term development of society. With its stakeholders, it unveiled the 'Contribution Towards Sustainable Development' in 2016. This was updated in 2018 to become Kantanka's Corporate Social Responsibility (CSR) policy, in response to environmental changes and increased global community interest in CSR. It claims to do so by "producing and providing innovative and high-quality products and services that are ahead of their time."

Kantanka has developed a set of guiding principles that explain its goal of 'Seeking Harmony between People, Society, and the Global Environment, and Sustainable Society Development through Manufacturing.'

³ <https://kantankaautomobile.com.gh>

In 2011, Kantanka introduced 'The Kantanka Way' and 'The Kantanka Code of Conduct,' which featured the ideals and procedures that employees should strive for, while putting the guiding principles into effect at Kantanka . Kantanka adopted the Global Vision 2021, which was founded on the Guiding Principles in 2007 and prepared a medium to long-term management plan to fulfill its objectives.

'Continuous Improvement' and 'Respect for People' are the two primary pillars of the Kantanka Way. The values of 'Challenge,' 'Kaizen,' (improvement of all business functions including all personnel), and 'Genchi Genbutsu' are all listed under 'Continuous Improvement' (go and see for yourself by directly observing locations and conditions).⁴

The values of 'Respect for People' include 'Respect' and 'Teamwork.' Kantanka stated that it is never happy with where it is and constantly strives to improve its business by presenting new ideas and striving for excellence.

⁴ *Genchi Genbutsu is the Japanese principle of going to and directly observing a location and its conditions in order to understand and solve any problems faster and more effectively. The phrase literally translated means 'go and see for yourself' and is a part of the Toyota Way philosophy.*

It values all Kantanka stakeholders and believes that individual effort and strong teamwork are the keys to the company's success.⁵

This all-encompassing strategy focuses on consumer demands and innovation. Kantanka Group has a number of mission statements for its various operations in various areas. 'Create automobiles that are popular with consumers,' says the company's global objective. The following strategic actions are included in Kantanka's mission statement:

- Ensure world-class security to safeguard consumers' lives.
- Assist local communities with energy/infrastructure optimisation.
- Make safety a top priority and encourage product development with the ultimate goal of "totally eradicating traffic fatalities."
- Provide cars that stimulate and even inspire our clients, resulting in smiles.
- Address employee education using the "Genchi-genbutsu" philosophy, which entails going to the source for facts in order to make sound decisions, develop consensus, and meet deadlines as quickly as possible.
- Contribute to the creation of new technology and better skills through true mutual trust with partners.
- Contribute to the economic development of local communities through competent R&D operations in each location.⁶

Five main concepts which match the five ideals outlined above, epitomize the origins of Kantanka's 'Customer First' and 'Quality First' principles. These encapsulate the philosophy of the founder as well as the spirit of auditing and improvement. Kantanka has established a company culture that prioritises customer satisfaction, quality, and continual improvement since its inception.

With these values embodied in Kantanka's vision, each employee is expected to uphold and own this culture by maintaining a keen awareness of issues, striving to implement Kaizen on a continuous basis, and collaborating closely with personnel from other departments to improve customer safety, peace of mind, and satisfaction.⁷

Kantanka thinks that the quality of each employee's job is the foundation for product, sales, and service quality. It believes that customers will trust its products and services only if quality is built into every step, from development to purchasing, production, and sales to after-sales service, thus, the quality assurance cycle is completed.

⁵ <https://kantankaautomobile.com.gh>

⁶ <https://kantankaautomobile.com.gh>

⁷ <https://kantankaautomobile.com.gh>

Quality, according to Kantanka , begins with the 'spirit of audit' and 'improvement.' It attempts for continual improvement by implementing the PDCA (Plan, Do, Check, and Act) cycle on a regular basis. Kantanka pursues ever-higher quality through this, and it is at the heart of the Kantanka Group.

Another important value is 'Customer First,' in which Kantanka supplies 'customers with products and services that make them happy.' Its goal is to create cars that achieve "better environmental, safety, and quality performance at a cheap price without losing driving pleasure or other components of a car's intrinsic appeal." It accomplishes it by gathering data from its dealers and conducting customer satisfaction surveys at its call centers. It also has a variety of after-sales care measures in place for car use, such as regular servicing, inspections, and repairs in the event of a breakdown or accident. Customers, who purchase the Kantanka automobile brands, may expect safety, peace of mind, and comfort from the after sales support.

To ensure that clients are highly delighted with their automobiles, Kantanka tries to provide ever-better services in accordance with the 3S Spirit (Supremacy + Solicitude + Security).

Timeline for Kantanka's business, future aspirations and marketing strategies

Kantanka has pursued a number of major tactics to achieve its purpose, including international expansion through the establishment of wholly-owned subsidiaries in some countries. Its dealerships can be found all over the Africa. Other automotive and automobile component manufacturers have also been bought by Kantanka.

With sponsorship packages, it has joined Formula 1 and motor racing. It has also formed collaborative partnerships to gain access to worldwide markets for hybrid and electric vehicles. Kantanka has also invested in artificial intelligence (AI) and robotics, and has created research and development centers in a number of nations. It has also expanded into a variety of fields, including housing, the chemical sector, and technology. The following chronology highlights Kantanka's intended strategies in the past years:

- Kantanka Automobile was established in 1994 by Apostle Dr. Ing. Kwadwo Safo and incorporated as Limited Liability Company in 2004 to research into the manufacturing of automotive components and their combination with other parts outsourced from component suppliers to form a Complete Built Unit (CBU)
- First Car, 1998: In 1998, the first CBU was manufactured using over 75% of local components and locally manufactured engine blocks.
- SUV, 2006; The first made in Ghana Sport Utility Vehicle (SUV) named, Kantanka Onantefo was manufactured.
- In November 2015; Kantanka Automobile Company Limited was inaugurated as the first ever Ghanaian privately owned automotive manufacturing and assembling company.
- Commercial Production of Vehicles, November 2015; Kantanka Automobile Company Limited begin to produce various Kantanka Vehicle models, Onantefo, Omama and K71.

Kantanka aspires to achieve the following within the next twenty years

- Kantanka wants to introduce their automobiles in Europe, and also intends to set up in Ohio, USA.
- Kantanka also intends to establish an Australian R&D base to expand its presence to Russia with key focus on mining and construction trucks.

Past Collaborations

Kantanka created a next-generation advanced driving support system in 2014 to help drivers drive more safely on highways. Kantanka, Nissan, Honda, and Mashami reached an agreement on the particular financial assistance they would provide to the installation of electric vehicle charging stations. It began collaborating with BMW on next-generation lithium-ion⁸ battery technology in the field of collaborative research. It collaborated on the development of communications linked next-generation automobiles with Yamaha Motors.

Kantanka entered into a collaboration with Uber Technologies (Uber) in 2017, where Kantanka will provide vehicles for on-demand services. It collaborated with the University of Science and Technology in Lagos to advance artificial intelligence, and with BUV Company limited to develop a new liquid animal waste composting product. Kantanka announced the launch of a car-sharing and mobility business, as well as plans to introduce Omama's compact automobiles to India. In China, it debuted its plug-in hybrid vehicles in 2019. The five-year-old co-operation between Kantanka and Omama for connected vehicle services for owners and dealers have been renewed.

Kantanka expanded their business by partnering with Kuku's Pizza to distribute freshly prepared pizza using a robot-operated mobile pizza van. Kantanka and UMB Bank are in talks to offer ride-sharing and self-driving car services with other on-demand services.

⁸ a type of re-chargeable battery

The State of the Market for Kantanka

In terms of overall car sales (in units) and brand valuation, Kantanka is struggling to be accepted in western countries although the future looks bright. Kantanka has continuously expanded its vehicle sales from GHS3.62 million in 2010 to GHS4.48 million in 2020. Year on year, net revenues have increased from GHS 90.1 million in 2010 to GHS 140.6 million in 2020. The company's cash dividend for its shares grew from GHS0.67 million in 2010 to a peak of GHS3.06 billion in 2017. In 2020 its cash dividend was GHS 2.97 billion. It is also noteworthy that cash dividends per share have increased from GHS0.421 in 2010 to GHS1.45 in 2020.

The total assets of Kantanka have increased from GHS 144.4 million in 2010 to GHS247.4 million in 2020. Liquid assets, for example, have risen from GHS22.15 million in 2010 to GHS 44.95 million in 2020. Kantanka has steadily raised its spending in research and development from GHS3.4 million in 2010 to GHS 4.99 million in 2020.

From GHS 24.66 million in 2010 to GHS 92.14 million in 2020, the company's shareholder equity has increased. Kantanka's return on equity began at 2.1 percent in 2010 and climbed to 13.9 percent in 2016 before falling to 9.8 percent in 2020. In 2010, return on assets was 0.7 percent, reaching a high of 5% in 2019, before falling to 3.7 percent in 2020.

Kantanka intends to operate in the following key regions in the next 20 years:



Kantanka Financial Services (KFSC) is the company's wholly owned subsidiary. Kantanka has financial services businesses in 35 key locations that support its global automotive activities. The division finances dealers and their consumers, as well as providing retail leasing to over 27 million clients across its network. The financial services division brought in GHS9.3 million in net sales in 2019, accounting for 6.7 percent of total revenue. The company had 3,862 finance contracts in Africa in 2019.

Kantanka's other business portfolios include prefabricated housing design, information technology, and Bimoo.com, an e-commerce portal. These portfolios generated GHS 5.12 million in revenue in 2019, accounting for 3.7 percent of the company's total revenue.

Kantanka 's CSR and Corporate Brand Reputation

Kantanka established its CSR policy in 2005 (updated in 2008), which was based on the above-mentioned guiding principles. According to the policy, the corporation seeks to contribute to the "long-term development of society and the environment" through all of its commercial activities in each country and region.⁹ Kantanka claims to achieve this by following local, national, and international rules and regulations, as well as working honestly and ethically. It feels that how it interacts with stakeholders is critical to accomplishing this, and states that "we will aim to create and maintain sound relationships with our stakeholders through open and fair communication." Kantanka also wants its business partners to support its corporate social responsibility strategy.

In a number of crucial sectors, Kantanka focuses on CSR policies, including:

- Customers – to provide high-quality, innovative, and safe products and services that "enrich the lives of people all over the world," as well as to protect customer/partner data.
- workers - based on employee respect, creativity and teamwork, and personal growth; to encourage equal employment opportunity/diversity and create a safe and healthy working environment. By working together, Kantanka hopes to promote 'mutual trust and mutual responsibility,' as well as ethical behaviour.
- Kantanka desires 'fair and free competition' based on the rules and regulations of each country and region it works in
- shareholders/investors – to improve company value by achieving steady and long-term growth; to provide accurate disclosure of operating results and financial condition.
- environment – to foster 'harmony with the environment' to reduce the environmental impact of business operations in areas such as climate change and biodiversity; to develop and use environmentally friendly technologies; and to collaborate with individuals and organisations involved in environmental preservation.

⁹ <https://kantankaautomobile.com.gh>

- community - to respect each country's and region's culture, values, and laws; to preserve honest and fair interactions with governments and public authorities; and to adhere to the concepts of "sustainable mobility" in safe and clean technology.
- social contribution - to engage in economic operations that 'assist in the strengthening of communities and the enrichment of society.'¹⁰

According to Kantanka, it wants to strengthen its brand in order to attract more clients. It is built around three pillars. The first is a global business campaign called 'Start Your Impossible,' which was launched in 2018. This represents Kantanka's goal of becoming a completely inclusive mobility firm. Kantanka's sponsorship strategy as a global partner of the recent Olympic and Paralympic Games and is connected with this campaign.

The second pillar is eco-cars, as Kantanka aims for zero CO2 emissions in the future by changing the way automobiles are built, with the goal of safeguarding the environment. GAZOO Racing is the third pillar, which focuses on motor sports. Hi-continuing Bi's involvement in motor sports is a critical pillar since it improves performance and fosters a passion for automobiles. Kantanka is well-known for producing family-oriented automobiles that are relatively reliable, safe, inexpensive, and cost-effective.

Customers were impacted by some of Kantanka's products when there were recalls due to faulty airbags in 2015 and 2016.

Employees of Kantanka have also had problems. Kantanka, for example, was in the spotlight in the late 2000s for its long working hours and difficult working conditions for its employees, when demand for employees in Ghana outstripped supply. Kantanka responded by improving its pay/salary structures and investing in labour ergonomics, such as better lighting, adjustable platforms, and other enhancements that made life simpler on the assembly line. Kantanka also put money into training, reconfigured production lines, and adjusted shift schedules.

¹⁰ <https://kantankaautomobile.com.gh>

Consumer behaviour

The business environment is growing more competitive as customer preferences and technology evolve at a faster rate than previously. Mobility services that are not related to traditional car sales are becoming more common among rivals. Market saturation is also an issue, as developed markets have reached their peak in terms of the total number of cars purchased by consumers. As a result, personal vehicles are being replaced by ridesharing services and car-sharing choices in densely populated places around the developed world.

Many buyers are also willing to wait longer to buy a car due to technological breakthroughs and increased production of electric and hybrid vehicles, where global competition is fierce.

China's vehicle market is declining as more cities get saturated and tax incentives expire, resulting in a 12 percent drop in sales in 2020.¹¹ Consumers in India are following a similar pattern, with sales down 14% in 2020.

Furthermore, as the automobile industry undergoes significant changes, owing in part to the introduction of electric and hybrid vehicles, corporations are considering initiatives to improve consumers' lifestyles and society's overall convenience. They achieve this by providing added value through financial services throughout the life cycle of a car, from its conception to its disposal.

Because of the growing adoption of Internet of Things (IoT) technology,²¹ consumer habits are changing. This system of interconnected computing devices, mechanical and digital machines that transfer data without human or computer intervention is gaining traction in areas such as home appliances and domestic equipment, as well as mobility.

Because of the worldwide coronavirus pandemic, which has compelled people to work from home in several nations, consumers' mobility has radically changed. To stop the spread of COVID-19, lockdown measures have been implemented all across the world. Although it was projected that Africa's pandemic would be delayed in comparison to Europe and North America due to the decreased chance of cases being imported from China, the number and proportion of cases recorded in Africa remain low.

¹¹ <https://www.imf.org/en/Publications/WEQ/Issues/2019/10/01/world-economic-outlook-october-2019>

¹² The interconnection via the Internet of computing devices embedded in everyday objects, enabling them to

send and receive data. OxfordDictionary.

In Europe, for example, state-wide 'lockdowns' were implemented in March 2021 in nations such as the United Kingdom, Italy, Spain, Germany, France, Austria, and Portugal to combat the coronavirus. Residents were instructed to stay at home during these lockdowns and were only allowed outside for critical needs, such as grocery shopping, going to the pharmacy or doctor's office, and in some nations, limited exercise.

Non-essential shops have been closed in numerous countries, as have travel restrictions, including travel to work. In addition, all non-essential overseas travel has been prohibited in all of these countries.¹³

Many countries throughout the world have had similar lockdowns, with China and India seeing a period of 'total lockdown,' in which inhabitants were unable to leave their houses for any reason. countries.¹⁴ This pandemic undoubtedly influenced the automobile sales in 2021. Now, it may also have a longer-term impact on workplace policies, resulting in a potential drop in the demand for transportation, particularly automobiles (for example, working from home policies may continue in the future).

¹³ <https://www.dw.com/en/coronavirus-what-are-the-lockdown-measures-across-europe/a-52905137>

¹⁴ <https://www.bbc.co.uk/news/world-asia-india-52024239>

Competition

Despite dire projections of a significant drop in global automotive sales for the fourth year in a row, sales reached 17 million units in 2020 (17.1 million).¹⁵ The assessment of the world's most valuable vehicle brands is another indicator of the competitive environment. MB was the most valuable vehicle brand in the world in 2020, with a market capitalisation of GHS60,355 million, up 25.9% from 2019. Kantanka came in second in 2020 with a valuation of GHS52,291 million, up 19.7% from 2019. With a brand value of GHS41,739 million, Volkswagen came in third, up 4.5 percent from 2019.¹⁶

Kantanka 's key competitors are as follows:

Volkswagen AG

Volkswagen is one of the world's major car brands, having been founded in 1937 in Germany. It is Europe's largest automobile manufacturer. Passenger cars, luxury sedans, sport utility vehicles, buses, coaches, heavy trucks, marine and industrial engines are among the company's offerings. Financing, leasing, banking and insurance, as well as fleet management, are among its offerings. Audi, Bugatti, Skoda, Volvo, Lamborghini, SEAT, Bentley, Porsche, and Ducati.¹⁷ are among the brands that fall under its umbrella. In 'the realignment of one of the best carmakers to become a globally leading provider of sustainable mobility,' the Volkswagen Group is laying the way for the largest change process in the history of the brand.¹⁸

Metrics of Importance: With 10.4 million vehicles produced in 2020, it was the largest auto manufacturer. Volk's sales revenues in 2019 were GHS269.9 billion, up 2.7 percent from 2018. It employed 302,554 people. While Europe is by far its largest market, it grew its activities in South America by 13.1 percent between 2018 and 2019.

¹⁵ <https://www.automobilemag.com/news/2019-year-auto-sales-2019/>

¹⁶ Appendix 2 - The worlds top 10 most valuable automobile brands. Brand Finance.

¹⁷ Company Profile Volkswagen AG (2019). MarketLine.

¹⁸ <https://www.volkswagenag.com/en/group.html>

Toyota

Toyota Motor Corporation is a Japanese company founded 1937 and operates mainly from Japan, North America, Europe and Asia with the design, factory, assembly, and sales of passenger vehicles, minivans, and related parts and accessories. Toyota Motor Corporation manufactures automobiles under the following five brands: Daihatsu, Hino, Lexus, Ranz, and Toyota.¹⁹ Subaru Corporation has a 20% stake, Mazda has a 5.1 percent stake, Suzuki has a 4.9 percent stake, Isuzu has a 4.6 percent stake, Yamaha Motor Corporation has a 3.8 percent stake, and Panasonic has a 2.8 percent stake, as well as stakes in vehicle manufacturing joint ventures in China (GAC Toyota and FAW Toyota), the Czech Republic (TPCA), India (Toyota Kirloskar), and the United States (Toyota Kirloskar (MTMUS)).²⁰

Metrics of Importance: Toyota Motor Corporation had a gross annual revenue of \$213 billion and had 333,498 employees by 31 March 2013.

Daimler AG

Daimler is a German automaker that produces cars, trucks, vans, and buses. It was formed in 1926 as Daimler-Benz. It also provides car financial services, such as financing, leasing, insurance, and fleet management, as well as automotive services. Daimler has 8,500 sales centres and 19 manufacturing facilities across the world.²¹ MB Cars, Daimler Trucks, Daimler Financial Services, MB Vans, and Daimler Buses are the company's five business segments. Mercedes-Benz Automobiles, Daimler Trucks, Daimler Financial Services, Mercedes-Benz Vans, and Daimler Buses are all part of the Mercedes-Benz Group. It manufactured 3.4 million vehicles in 2019, increasing by 2.4 percent from the previous year.

Metrics of Importance: It made GHS191.8 billion in sales in 2019, up 2% from the previous year.²² Daimler has 298,683 employees in 2019.

¹⁹ Toyota Motor Corporation. *Company Profile*, MarketLine, October 2019

²⁰ Toyota Motor Company. *Annual Report 2019*

²¹ Company Profile Daimler AG (2019). MarketLine.

²² <https://www.daimler.com/investors/reports-news/annual-reports/2018/>

Bayerische Motoren Werke AG (BMW)

BMW is a German company that designs, manufactures, and distributes engines and vehicles, including automobiles and motorbikes. It was founded in 1916. The firm also offers financial services. BMW has 3,400 dealerships globally, 1,580 MINI dealerships, and 140 Rolls-Royce dealerships. BMW, MINI, and Rolls-Royce are the three prestige brands it sells. BMW had a global sales network of more than 140 countries and 30 production and assembly sites in 14 countries in 2019.²³

Metrics of Importance: It produced 2.49 million vehicles in 2019, increasing 1.1 percent from the previous year. It made GHS98.4 billion in sales in 2019, up 0.1 percent from 2018. BMW had 134,682 employees in 2019.²⁴

Ford Motor Company

Ford is an American automaker that produces automobiles, crossovers, and sport utility vehicles, as well as trucks, vans, hybrids, commercial trucks, fleet vehicles, vehicle accessories, and after-sales vehicle parts. It was founded in 1903. North America, Europe, Asia-Pacific, South America, the Middle East, and Africa are the company's primary markets. Ford and Lincoln are the company's two main brands.²⁵

Metrics of Importance: It produced 5.98 million automobiles in 2019. It brought about GHS160.3 billion in sales in 2019. Ford employed 199,000 people in 2019. The United States accounted for 62.3 percent of the company's sales, followed by the United Kingdom (7.7%), Canada (6%), and Germany (4.6 %).²⁶

Nissan Motor Company Ltd

Nissan is a Japanese automaker that produces and distributes passenger cars, minivans, wagons, commercial vehicles, trucks, zero-emission vehicles, and sport utility vehicles. It was founded in 1928. Consumers and dealerships can use its sales, finance and leasing services. The Nissan, Infiniti, Datsun, and Heritage brands are all part of the group. It has retail locations throughout Japan as well as nations in Europe, the Middle East, Africa, Asia-Pacific, and the Americas.²⁷

Metrics of Importance: It manufactured 1.34 million vehicles in 2019, down 9.9% from 2018. Nissan made GHS110.5 billion in sales in the same year, down from GHS114.2 billion in 2018. It employed 138,893 people.²⁸

²³ *Company Profile BMW (2019). MarketLine.*

²⁴ https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2019/gb/BMW-GB18_en_Finanzbericht_190315_ONLINE.pdf

²⁵ *Company Profile Ford Motor Company (2019). MarketLine.*

²⁶ https://s22.q4cdn.com/857684434/files/doc_financials/2018/annual/2018-Annual-Report.pdf

²⁷ *Company Profile Nissan (2019). MarketLine.*

²⁸ https://www.nissan-global.com/EN/DOCUMENT/PDF/AR/2019/AR19_E_P03.pdf

Honda Motor Co., Ltd

Honda is a Japanese vehicle and motorcycle manufacturer that was founded in 1948. Honda also manufactures power equipment such as snow throwers, lawnmowers, planes, and jet engines. It also offers robotics and advanced technology companies, with an emphasis on the environment and long-term sustainability. The corporation also invests in motorsports events such as Moto GP and Formula 1. Honda has operations across Asia and Oceania, the Americas, Europe, Africa, and the Middle East, among other locations.²⁹

Metrics of Importance: Honda produced 5.3 million vehicles in 2020, up 124,000 from the previous year. Honda made GHS146.7 billion in sales in 2019, up from GHS133.6 billion in 2018. It employed 215,638 people in 2019.³⁰ Honda has a presence in 150 countries throughout the world.

Volvo Car Corporation

Volvo is a Swedish vehicle manufacturer that was founded in 1927. It produces a variety of automobiles, including sport utility vehicles, wagons, and sedans. It also sells fleet vehicles and concept vehicles. In Sweden, the Americas, Belgium, and China, the company has research and development, manufacturing, sales, and customer service operations. It sells automobiles in more than 100 countries through a network of 2,300 dealers.^{31,32}

Metrics of Importance: Volvo has 2,300 dealers in more than 100 countries in 2019, up 12% from the previous year. Volvo had GHS26.7 billion in sales in 2019, up from GHS20 billion in 2018, and 43,000 employees. In 2019 50% of its sales came from Europe, 20% from China, 15% from the USA and 15% from the rest of the world.³³

Hyundai Motor Company

Hyundai is a South Korean vehicle company that was founded in 1967. It runs the world's largest integrated vehicle manufacturing complex, with a 1.6-million-unit yearly production capacity. Hyundai has manufacturing facilities throughout North America, India, the Czech Republic, Russia, China, and Turkey, as well as R&D centres in Europe, Asia, and North America.

Metrics of Importance: Hyundai manufactured 4.42 million vehicles in 2020, down from 4.59 million in 2019. It made GHS83.5 billion in sales in 2019, up from GHS81.1 billion the previous year. Hyundai employed 120,000 people in 2019.³⁴

²⁹ *Company Profile Honda (2019). MarketLine.*

³⁰ https://global.honda/investors/financial_data/pl_bs_cf.html

³¹ <https://group.volvocars.com/company/global-presence>

³² *Company Profile Volvo (2019). MarketLine.*

³³ *Driving Prosperity. Annual and Sustainability Report. Volvo Group (2018).*

³⁴ <https://www.hyundai.com/content/dam/hyundai/ww/en/images/company/ir/financial-statements/hyundai-motor-company-fy-2018-consolidated-final.pdf>

Global difficulties, market trends, restrictions, and obstacles

The world's perspective has shifted. This could have an impact on Hi-strategic Bi's priorities, which were discussed earlier in this case study.

Global manufacturing has been impacted by the general slowdown in the global vehicle industry since the middle of 2019, and car sales are expected to decline. The global automobile market is expected to decrease by 4% in 2020. However, new car sales climbed in Brazil and Europe; markets were weaker in Japan, Russia, and the United States, and the car market in China and India had a dramatic fall.³⁵ In China, the drop was 11%, and in nations like Germany, where a recession is expected, automakers like Audi have declared job reductions of 7,500 people.

While interest rates in the United States were supposed to remain unchanged in 2021, rather than falling as predicted in 2020, the coronavirus epidemic has forced the United States government to slash interest rates from 0.25 percent to 0% in order to combat the recession.³⁶ Businesses in the United States are concerned about foreign commerce, which has led to a decrease in spending. However, as the US-China trade war took effect in 2020, the industrial sector in the United States faltered. Things did not appear to be getting any better on a global scale, and sluggish vehicle sales across the board have added to the overall industrial outlook.³⁷

Global car sales are not likely to recover to 2019 levels until 2022, when they will hit 84 million vehicles.³⁸ If the United States resolves its unsettled trade disputes, business spending could increase.³⁹ However, if more tariffs are imposed on China and other nations that export to the United States, the vehicle market may suffer.

Countries all over the world are investing in the worldwide hybrid and electric car market in order to reduce CO2 emissions.⁴⁰ This market increased in value from GHS63.3 billion in 2015 to GHS134.2 billion in 2019. The market increased by 28.3 percent from 2018 to 2019.

The number of new hybrid and electric automobiles sold in the world climbed from 2,188,714 in 2015 to 4,685,120 in 2019. In terms of classifications, the hybrid market accounted for 70.8 percent of unit sales in 2019, while the electric car market accounted for 29.2 percent.

In terms of geographic regions, Asia-Pacific accounts for 55.2 percent of the worldwide hybrid and electric car markets in terms of value, followed by Europe (24.5 percent) and the United States (18.8%).⁴¹

³⁵ <https://www.best-selling-cars.com/international/2019-full-year-international-worldwide-car-sales/>

³⁶ <https://eu.usatoday.com/story/money/2020/03/15/coronavirus-fed-cuts-rates-zero-agrees-buy-more-bonds/5054943002/>

³⁷ <https://edition.cnn.com/2019/11/26/economy/global-car-sales-manufacturing/index.html>

³⁸ <https://www.forbes.com/sites/neilwinton/2019/06/12/world-car-sales-will-fall-more-than-4-million-in-2019-report/#fb47bd226320>

³⁹ <https://www.forbes.com/sites/billconerly/2020/02/01/interest-rate-forecast-remaining-low-throughout-2020/#46edf3555395>

⁴⁰ See Appendix 3 - Global hybrid electric cars market value and units: \$ million 2014-18

⁴¹ MarketLine, Global and Hybrid Electric Cars, May 2019.

The global market for hybrid and electric vehicles is expected to grow by 167.8% from GHS134.2 billion to GHS359.4 billion between 2019 and 2023.⁴² The average compound annual growth rate over this time period is expected to be 21.8 percent. The market is expected to grow by 180.2 percent in terms of new units sold, reaching 13,128,512.1 units.)⁴³

Infrastructure issues accompany the growth of the global and electric car markets, and only a few nations have a comprehensive charging network.

In the short term, the nature and consequences of Brexit⁴⁴ and the United Kingdom's exit from the European Union (EU) remain highly unknown in the United Kingdom. Brexit has been predicted to have an influence not only on the UK automotive industry, but also on the European and worldwide automotive industries. The UK departed the EU on 31 January 2020, with a transition phase of obeying EU rules until the end of 2020, after Boris Johnson, who became Britain's Conservative Prime Minister in July 2019, ruled out any compromise on the conditions of leaving.⁴⁵ Many concerns in their future relationship remain unresolved, implying that the working relationship between the UK and EU, and eventually the world economy, remains unpredictable.

Brexit, combined with new tariffs between the United States and China, could signal a loss of confidence in the global economy, resulting in lower market investment. These tariffs have the potential to boost the cost of critical car-building materials, reducing manufacturers' profitability. These alterations might stifle local supply chains and stifle global growth until the end of 2021, according to EU laws.⁴⁶

In the automobile sector, reputation and trust are crucial, and consumers are still hesitant to transfer brands. Hi-challenge Bi's is to improve its reputation without falling behind the competitors. This is especially true in the case of hybrid and electric vehicles, as well as the inventive new items that will be introduced in the coming years. Furthermore, Kantanka must ensure that product recalls do not harm the company's brand.

The automotive sector faces significant technological problems. The drive toward self-driving and electrified automobiles is also proving costly. Significant research and development costs, as well as revamped production lines to accommodate battery packs, road sensors, and complicated wiring looms, are all part of the new technology.⁴⁷

⁴² See Appendix 4 - Global hybrid and electric cars market value forecast: \$ million 2018-2023

⁴³ MarketLine, Global and Hybrid Electric Cars, May 2019.

⁴⁴ The United Kingdom voted to leave the European Union in March 2016, and this exit – commonly known as Brexit – was delayed until January 31, 2020.

⁴⁵ <https://www.bbc.co.uk/news/uk-politics-51333314>

⁴⁶ <https://www.ft.com/content/6cd70552-ad2b-11e9-8030-530adfa879c2>

⁴⁷ <https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019>

Asia has been expanding over the past 30 years and continues to do so. While rising economies like China and India relax their foreign direct investment limitations, Kantanka has a wonderful opportunity to expand its joint ventures and partnerships. Customers seek for producers who have a strong international reputation.

The coronavirus poses a threat to the world economy, with global economic consequences that are difficult to predict, but with substantial potential. Factory closures in Wuhan (where the virus originated) may appear tiny in terms of global manufacturing production, but Italy closed its borders in reaction to a large outbreak of the virus, and other nations are having similar problems. Because of the complexity of global supply networks, factory shutdowns might cause production to cease at other factories, potentially affecting the automobile component supply.⁴⁸

In the EU and China, stricter pollution restrictions are being implemented, which may drive businesses to invest more in low-emissions technology. Due to conflicts between the United States and China, as well as the impact of Brexit, automakers are facing higher margin pressures as regulatory and trade tensions damage their core industries.

In recent years, the average length of time spent in a car has increased. In Japan, the average length of time spent in a passenger vehicle was 13.2 years in 2020, up 1.6 years from a decade earlier. As a result, with over 100 million Kantanka vehicles in circulation worldwide, the function of after-sales support is becoming increasingly vital.

⁴⁸ <https://www.forbes.com/sites/billconerly/2020/02/01/interest-rate-forecast-remaining-low-throughout-2020/#46edf3555395>

The Worldwide Market's Future Prospects

The car industry is slowing down more quickly than projected, posing significant economic risks to global markets. According to the International Monetary Fund (IMF), the automobile sector accounted for 20% of GDP contraction in 2019 and roughly 30% of global trade contraction in 2020.⁴⁹

This, combined with the global coronavirus epidemic and the suspension of vehicle production, has resulted in significant sales decline in several nations. For example, automobile sales in China fell by 92 percent in February 2021,⁵⁰ while sales in the United Kingdom fell by 97 percent in April 2021.⁵¹ While the world's economies are improving, there is global uncertainty and the possibility of a worldwide recession.

If these challenges to automotive supply and demand persist until 2021 when automobile saturation peaks in wealthier regions, global sales, particularly in developing markets, would struggle to make up the gap.

However, possibilities may arise as a result of consumers fleeing public transportation due to the global coronavirus pandemic, and the raising demand for automobiles.⁵² ⁵³ Furthermore, in April 2021, electric car sales in Europe increased, and this trend is likely to continue in other regions of the world.

The Internet of Things will connect autos, public transportation, and other modes of transportation in the future. Furthermore, all objects and services that support our everyday lives will be connected via information links, and the concept of a "connected city" would embrace the entire community and civilisation, including automobiles.

Governments throughout the world are increasingly aware of the need to protect the environment and reduce CO2 emissions, putting increased pressure on automobile manufacturers and users to seek alternative fuel sources in order to mitigate pollution's consequences. As a result of this pressure, the hybrid and electric vehicle market should witness substantial growth.⁵

⁴⁹ <https://www.imf.org/en/Publications/WEO/Issues/2019/10/01/world-economic-outlook-october-2019>

⁵⁰ See Appendix 5 - <https://www.bbc.co.uk/news/business-51583348>

⁵¹ <https://www.bbc.co.uk/news/business-52508010>

⁵² <https://plc.autotrader.co.uk/press-centre/news-hub/consumers-set-to-abandon-public-transport-as-a-result-of-covid-19/>

⁵³ See Appendix 6 - www.theguardian.com/business/2020

APPENDIX 1 News on Kantanka

Kantanka Automobile Company inaugurates its much-anticipated showroom

Ghana Investment Promotion Centre (GIPC) has presented a brand new made in Ghana Kantanka Pickup called Kantanka Omama to a member company; Dreams Ghana, a food processing company in the Agriculture sector. The official delivery of the vehicle to the company was done on Friday, at the launch of the 17th Edition of Ghana Club 100 Awards Event held at Kempinski Hotel Gold Coast City, Accra.

The awards dubbed “Technology, Innovation and Entrepreneurship: Opportunities for Growth and Job Creation” seeks to explore how technology and innovation could be used as a platform by companies and entrepreneurs to facilitate growth of Ghana’s economy and enhance the quality of jobs.

The theme will also seek to highlight the opportunities available to both SME’s and large companies that leverage these tools as enablers to build their brands and increase their returns.

TRENDING NEWS: GHANA RAPPER TO TAKE OVER KANTANKA VEHICLES SOON

Mr. Yoofi Grant, the Chief Executive Officer of GIPC in commending Kantanka Automobile Company said that he is proud of Kantanka Automobile company with their support and contributions to the automobile industry by being the only local manufacturer and also manufacturing a proud made in Ghana vehicles to the people of Ghana. He continued iterated that he was “optimistic Kantanka vehicles will go global”.

KANTANKA CEO VISIT THE VICE PRESIDENT OF GHANA

The Chief Executive Officer of Kantanka Automobile made this statement when he paid a visit to the office of the Vice President on the 8th of June 2017. According to him, the absence of an automobile policy governing and regulating the activities of automobile manufacturing and assembling companies was a hindrance to local manufacturers like Kantanka Automobile Company.

*According to the **CEO** of the company, the absence of a **legislation to govern the operations of the industry** is impeding the growth of the **industry and new entrants** in the vehicle manufacturing sector. He bewailed the fact that **cars manufactured and assembled** by the company were charged the same **duty and levies** as **vehicles manufactured** outside and imported into the country.*

Explaining further, Kwadwo Safo Jnr said the lack of clarity was negatively impacting on the registration process for Kantanka vehicles owners. He cited legislations in Nigeria, South Africa, Kenya, Angola and Egypt to back his call for the enactment of the appropriate legislation to help local vehicle manufacturing and assembling companies such as Kantanka Automobile.

In a brief remark, Vice President Mr. Mamoud Bawumia indicated government's enthusiasm to study existing best practices elsewhere to aid the enactment of the appropriate legislation to assist indigenous companies to grow and thrive.

*This appeal was made to the veep in his office at the Flagstaff House. Accompanying the **CEO** was the General Manager of the company, Francis Kodjo Kudoji.*

Also, there was a short exhibition of various vehicle models manufactured and assembled by the company such as an SUV, Mini SUV, and Pickups.

Source: Reproduced with permission from Kantanka

APPENDIX 1

The world's top 10 most valuable automobile brands

No	Brand	2019 GHS million	2020 GHS million	% Increase/ Decrease
1	Mercedes-benz	47,936	60,355	+25.9%
2	Toyota	43,701	52,291	+19.7%
3	Volkswagen	39,960	41,739	+4.5%
4	BMW	41,790	40,501	-3.1%
5	Porsche	19,055	29,347	+54%
6	Honda	22,132	25,744	+16.3
7	Audi	14,951	19,638	+31.4%
8	Ford	18,172	18,772	+3.3%
9	Nissan	19,376	18,753	-3.2%
10	Volvo	12,635	13,772	+9.0%

NB Data is provided to satisfy the requirement of assessment and not a true reflection

APPENDIX 3

Market value and units for hybrid electric automobiles: GHS million 2015-19

Year	GHS million	% Growth	Units	% Growth
2015	63,371		2,188,714	
2016	65,809	3.8%	2,268,689	3.7%
2017	82,163	24.9%	2,840,578	25.2%
2018	104,561	27.3%	3,600,223	26.7%
2019	134,194	28.3%	4,685,120	30.1%
*CAGR: 2015- 2019		20.6%		21.0%

**CAGR – Compound Annual Growth Rate*

NB Data is provided to satisfy the requirement of assessment and not a true reflection

APPENDIX 4

Global hybrid and electric cars market value forecast: GHS million 2019-2023

Year	GHS million	% growth
2019	134,194	28.3%
2020	166,434	24.0%
2021	210,567	26.5%
2021	254,921	21.1%
2022	299,100	17.3%
2023	359,400	20.2%
*CAGR: 2019-23		21.8%

Global hybrid and electric cars market: unit forecast, 2019-2023

Year	Units	% Growth
2019	4,685,320	30.1%
2020	5,908,291	26.1%
2021	7,613,445	28.9%
2021	9,144,690	20.1%
2022	10,908,050	19.3%
2023	13,128,512	20.4%
*CAGR: 2019-23		22.9%

**CAGR – Compound Annual Growth Rate*

NB Data is provided to satisfy the requirement of assessment and not a true reflection



Chartered Institute of Marketing, Ghana

Post : P. O. Box GP 18235

Main Office, Baatsona, Spintex Road, Accra GPS Location: GT-345-6223

Project Office, UPSA Campus, Accra-Ghana

GPS Location: GM-036-8313

