

## **Case Study: Kantanka Automobile Company Limited**

### ***Additional Information in the Global Automobile Industry***

Even before the COVID-19 problem, the auto sector faced huge challenges such as electric mobility, driverless cars, automated factories, and ridesharing. With travel severely hampered by the pandemic, as well as global manufacturing closures, plummeting car sales, and significant layoffs, it's natural to ask what the auto industry's "new normal" will look like. The first signs of this automotive future have emerged in recent months, with the most significant industry changes yet to come.

A number of recent events has piqued our interest. For example, the COVID-19 situation has forced nearly all German automotive-related companies to place their workforces on short-term labor during the shutdown, a plan in which employees are temporarily laid off and receive a significant portion of their compensation through the government. The COVID-19 problem has had far-reaching and unprecedented global ramifications. In fact, many auto-retail establishments have been closed for a month or longer.

2020 was *"the biggest catastrophe ever to hit the automobile industry, a crucial sector of the international economy,"* according to an Automobile Expert, who added that "a large part of the car industry and its many suppliers throughout the world were shut down for many weeks."

According to the statistics gathered, 2020 output will be down 16 percent, to fewer than 78 million vehicles, which is the same as 2010 sales. "The 2020 results wipe out all of the growth gained over the last ten years," according to the Expert. Europe as a whole experienced a decline of more than 21% on average. All of the major producing countries saw significant drops, ranging from 11% to over 40%. Europe accounted for nearly a quarter of all world manufacturing.

The 15.7 million units produced in 2020 in the United States accounted for 20% of global production. Production in the NAFTA region fell by more than 20%, while manufacturing in the United States fell by 19%. South America declined by more than 30%, with Brazil falling by over 32%.

The African continent has also experienced a dramatic reduction, with a drop of more than 35%. Meanwhile, Asia fared pretty well, losing about 10% of its value. China, in particular, which was struck heavily in the initial months of 2020, rebounded fast; overall, China's output drop was limited to only 2%. Asia continues to be the world's top producer, accounting for 57 percent of worldwide output.

"Demand for mobility for people and products is projected to stay high," the Expert stated. But, aside from the need to recover economically, it is clear that the demand for

mobility is not the same as it was in the past: the auto industry is facing numerous challenges at the same time, including ever cleaner products and their production, ever safer vehicles, connectivity, automation, and so on. All of these problems are being met by vehicle manufacturers and their enormous supply networks, which will continue to determine the future of clean and sustainable mobility."

### **PART A -Compulsory Questions**

You are engaged by Kantanka Automobile Company Limited as a Marketing Consultant. With reference to the case study, your previously prepared marketing audit and the additional information included in the examination paper, you have been asked to produce a report that address the follow tasks.

#### **Question 1**

- a. Critically evaluate Kantanka's current strategic position and the significant aspects that will influence the company's future growth and profitability.  
**(20 marks)**
  
- b. Critically analyse how Kantanka should manage its stakeholders as a means of achieving growth and profitability. **(20 marks)**

**PART B -Answer any THREE (3) Questions in this section**

**Question Two**

Evaluate the influence of Corporate Social Responsibility (CSR) on Kantanka Automobile Company Limited and explain how the company's culture might help to future success.

**(20 marks)**

**Question Three**

Critically assess the resource-based view of Kantanka Automobile Company Limited and the value of this approaches in developing resources and capabilities to deliver its vision and mission.

**(20 marks)**

**Question Four**

Analyse the financial consequences of your chosen strategy alternative, illustrating the short- to medium-term financial benefits to Kantanka Automobile Company Limited.

**(20 marks)**

**Question Five**

- a. Assess the strategic choices accessible to Kantanka Automobile Company Limited in the light of strategic uncertainty in the external environment that may affect the company.

**(10 marks)**

- b. Recommend ONE strategic option that you believe Kantanka Automobile Company Limited should pursue in order to secure its long-term success.

**(10 marks)**

**Question Six**

Critically evaluate the appropriateness of innovation and new product development and the needed factors impacting upon marketing decision for Kantanka Automobile Company Limited

**(20 marks)**