**Measuring Size and Growth**

*Unit 1.3.2/3 Questions*

1. The value of all hair products sold in an industry in Canada is $14m a year. If HairGroup sell $3.5m worth of hair products, what is their market share? [2]
2. If the same company narrowed the market down to hair gels instead of hair products, they found that the industry was worth $7m and they sold $3m.
   1. What is their market share for this industry? [2]
   2. What does this say about using market share as a guide to the size of a firm? [2]
3. Give two reasons why the following stakeholders might be interested in the size of a company:
   1. The government [2]
   2. Consumers [2]
   3. Banks [2]
4. Look at the following data. Which company is largest in terms of:
   1. Volume of sales [1]
   2. Value of sales [1]
   3. Employment [1]

|  |  |  |  |
| --- | --- | --- | --- |
| **Company** | **Selling price** | **Number sold** | **Employees** |
| Pencil Warriors | $2 | 128000 | 3800 |
| Stationary Home | $2.5 | 115000 | 1200 |
| AllyouNeed | $1 | 200000 | 4500 |

1. If you were looking to invest in a company, which measure of size would you think to be best and why? [2]
2. Explain how it is possible that a firm’s market share may be increasing whilst the market size may be falling. Can you think of a real-life example of this? [2]
3. Explain what a **niche** market is [2]
4. How might a firm grow internally? Give examples [2]
5. What is the difference between a merger and a takeover? [2]
6. Imagine a mattress and pillow making company decided to engage in forward vertical integration. Give three benefits that would occur as a result [3]
7. Imagine a car company like Ferrari decided to undertake vertical backward integration. Give three benefits. [3]
8. Give three benefits of a firm engaging in horizontal integration. [3]
9. Explain the term **diversification** and **economies of scale** [4]
10. Explain which type of integration the following examples are : [7]
    1. A banana plantation buys a packaging company
    2. A computer chip manufacturer purchases a silicon mining company
    3. A potato farmer purchases a wheat farm
    4. Google purchases Microsoft
    5. A crisp company purchases a shoe retailer
    6. A car showroom purchases a car production company
    7. Ryanair purchases BA