

Eco Motorbikes (EMB)

EMB is a private limited company producing electric motorbikes. Market research suggests that electric motorbikes are in the introduction stage of the product life cycle. The demand for electric motorbikes is likely to increase rapidly in the next 5 years. EMB is based in country Z, where it is one of four electric motorbike manufacturers. However, other manufacturers have plans to start producing electric motorbikes if the forecast market growth is correct.

EMB's promotion has only been aimed at high-income groups. The government of country X recently announced that it will support the use of electric motorbikes. This will help EMB to achieve its objective to increase sales volume by 40% over the next two years. The marketing department is considering using promotion on the internet to increase sales.

EMB initially launched its motorbikes using a price skimming strategy but sales growth has been slow. If EMB can achieve a 40% growth in sales over the next two years, it will be in a strong financial position. This means it will be able to spend more on the development of a larger product portfolio of electric motorbikes.

Nadia, the Finance Director, has produced forecasts for EMB's financial data over the next two years, as shown in Table 2.1

Table 1.1: Extract from EMB's forecast financial data

	2022 (\$m)	2023 (\$m)
Inventories	4	5
Cash	1	2
Trade receivables	1	2
Trade payables	3	3
Current ratio	2	X