

# Critical thinking on economics

[Business](#), [Company](#)



## **Company description**

ExxonMobil is a multinational corporation based in America. The corporation deal with petroleum products such as oil and gas. The corporation was formed as a result of the mergers of two companies, which are Exxon and Mobil hence the name ExxonMobil. The company has been ranked number one among companies with high turnover. The value per share of the company has skyrocketed hence the firm is ranked among the best performing firm in the Wall Street. To gain a competitive efficient delivery of its product and services, the energy company has engaged in a global competition with its competitors. The firm has achieved this by taking advantage of the economies of scale.

## **Company's mission**

The company mission is to achieve its objective and being prompt in the provision of its products and services to the customer. The company aims in providing quality and standard products to its esteem customers. While doing this, company has to adhere to the set rule and law that govern business entities. The company aims at maximising the profit of the company which in turn will maximise the wealth of the share holders. The company's clients are to be given priorities as they determine the success or failure of the company. Standard pricing and quality product will enable the firm to retain their customer. The firm will also be committed to its employees as they play a crucial role in the success of the company. Fair remunerations and good working condition will lead to motivation of workers.

## **Products and services**

Innovation and invention have led ExxonMobil to have an added advantage over their competitors. The company offers varieties of product and services to their customers. The company's products are used by various sector of the economy hence a large sale volume. The firm services are more efficient as compared to their competitors. The ExxonMobil products are used in lubrication of the automobile

## **Marketing**

The ExxonMobil will conduct a thorough market research. This will be done in two phases. Phase one will involve collection of primary data while phase two will involve collection of secondary data. The data will be analysed, evaluated, and the relevant conclusion will be drawn. This will assist the firm in determining its customers and their needs. Through research, the firm will understand its market niche. This will enable the firm to engage in the market segment that it will be comfortable. The firm will observe the trend prevailing in the market. This will help the firm to keep in track with changing business environment. The firm will be flexible; as a result, it will be in a better position to adopt new trends in the market. The firm will increase its revenue by increasing the sale. ExxonMobil will produce quality products and services which will meet customers demand and needs. The firm will engage in advertisements through media to create awareness of its existing products and new products. The media, which convey information to the target group, will be selected in this promotion. Promotion will lead to an increase in the sale volume hence increase in the firm's revenue.

The optimal quality will be obtained when the marginal cost is equal to the

marginal revenue. ExxonMobil will obtain the optimal quantity of the products when the marginal cost of the firm equates to marginal revenue of the firm. In the computation of the marginal cost, fixed and variable cost has to be taken into consideration. Marginal revenue will be obtained by differentiating the total revenue while marginal cost will be obtained by differentiating the total cost of the firm. The firm will be at profit maximising point when marginal cost will be equal to the marginal revenue. At this point, the firm is said to be at equilibrium. At equilibrium, both the price and quantity are optimal. At this point, the firm is able to meet the cost of production. Without data of marginal cost, and marginal revenue, the firm will use the metrics which measures the sale performance. The metric is used to predict and forecast the performance of the firm in the future. ExxonMobil should be more careful while collecting the data since this data is used in the decision making of the firm. Collection of wrong data will lead to a firm making the wrong decision. This may create a room for the competing firm to flourish in the market. ExxonMobil will adopt analytical software since they consume less time and less expensive.

### **Management summary**

The firm will use both pricing and non pricing strategies. The firm will fix a price which is more favourable to the customer as compared to that of its competitors. The firm will also use non pricing method such as giving out gift and discount. The decision on the method to use will be arrived at after thorough comparison of the method used by the firm competitors. The firm will use its reserve fund as a source of finance. The reserve will be ploughed back to the business

For the ExxonMobil to create a barrier in the market the firm will introduce a new product in the market which will not match that of its competitors. The firm will enjoy the monopoly of the market hence high profit. The firm will create a joint venture which will deal in the supply of the firm product. The joint venture will act like a cartel hence creating a barrier for the firm competitors. The firm will acquire patent rights of the raw materials. As a result, the firm will have a solely control of the raw material. This will ensure that the firm competitors will not have an access to the raw materials. The firm will engage in product differentiation. The firm will offer a quality product which will be of a high standard as compared to the competitors. The firm will not only offer a quality product, but it will go further and provide a decent design product. ExxonMobil will provide sale promotion, which will be more appealing to customers as compared to that of its competitors. The ExxonMobil will reduce its cost of it product by offering credit to those customers whose credit worthiness is reliable. The creditors who pay promptly will be granted the credit while those who fail to pay on time will be denied credit. This will ensure a reduction in bad debts. The firm will engage in the promotion that minimises the cost.

### **Speculated profits and loss**

The anticipated profit of the firm will be 20%. This profit will be arrived at after deduction of the fixed cost of the firm and the variable cost. The loss of the firm is speculated to range from 10- 15 percent.

## **References**

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