

BCG ONLINE CASE OVERVIEW AND SAMPLE QUESTIONS

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OVERVIEW OF OUR ONLINE CASE

During our recruiting process you will experience BCG's online case. Like our case interviews, it is an opportunity for you to better grasp the types of issues we address with our clients and for us to assess a number of key skills such as business judgment, logical reasoning, and quantitative aptitude

The remaining slides are intended to familiarize you with the format of the online case

- There are 4 questions which should take you no more than 8 minutes to complete
- In an actual online case, you would have more than 20 questions and 45 minutes
- In an actual online case, as in this example, the screen will be divided into 2 parts
 - On the left, you will find the questions and the corresponding multiple-choice answers from which to respond
 - On the right, the information and data needed to answer the questions is provided. For some questions, you will also need to consider data shared with you in an earlier question
 - You will be able to move forward and backwards through the case, as needed, and you may change your responses before time runs out
- In calculating your score, please award yourself 3 points for each correct answer, 0 points for each unanswered question, and deduct 1 point for each incorrect answer

GOOD LUCK AND HAVE FUN!

QUESTION 1 / 4

What is approximately the average gross margin?

- 5.9%
- 6.3%
- 6.7%
- None of the above/We lack sufficient information at this stage

Doc 1

Doc 2

Doc 3

PRICING STRATEGY – "EXPENSIVEOIL" COMPANY

CASE OVERVIEW

For the past twenty years, the government has set the retail price of gasoline for cars

Under the recent increase in oil prices, the government has decided to allow the gasoline distribution companies to set the retail price themselves

The market leader – ExpensiveOil – has hired us to advise them on an appropriate strategy for pricing in the country

CURRENT SITUATION

Previously, the price changed on a weekly basis to ensure that the distribution companies make €0.10 per litre in gross profit

There are three types of gasoline: Fast, High, and Regular differentiated by the level of octane and the degree to which the fuel is unleaded

Client sales are 30% in the €1.7 per litre price range, 40% in the €1.60 price range, and 30% in the €1.50 price range. For all types, gross profit is approximately €0.10

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QUESTION 2 / 4

What is the price per litre the company should charge to maximize profits on gasoline sales?

(Assume for simplicity reasons that the company is selling only High gasoline)

- €1.5
- €1.6
- €1.7
- €1.8

Doc 1

Doc 2

Doc 3

MAXIMIZE GASOLINE PROFITS

INELASTIC CONSUMERS

After the liberalization of the retail price of gasoline, our client will have to select the price per litre

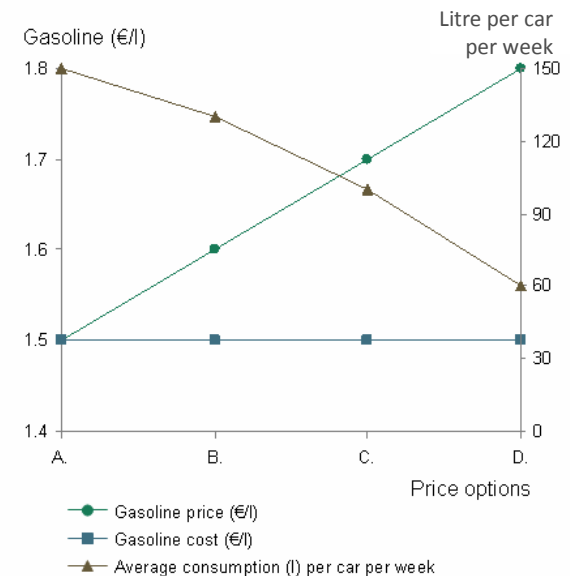
A market study indicated that consumers were price inelastic across a broad range of prices, but do select service stations based on price, convenience, and ancillary services

However, it should be noted that if prices increase too much, consumers may prefer using other means of transportation which would reduce the average consumption per car

Currently, gasoline sales have been growing 5% per annum as more people live in suburbs and commute by car to work

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MARKET STUDY



QUESTION 3 / 4

What is the price the company should charge for gasoline per litre to maximize sales from mini markets?

- €1.5
- €1.6
- €1.7
- €1.8

Doc 1

Doc 2

Doc 3

MAXIMIZE ADDITIONAL STREAM OF REVENUES

SUPERIOR CLIENT PERFORMANCE

In addition to gasoline retail sales, the firms also engage in retail activities by co-locating mini-markets in the gas stations that sell items such as soda, cigarettes, snack food, etc.

Industry research shows that this area has been the area of fastest growth (10% p.a.) for the firms and yields a net margin of 15%

However, our client, due to its superior selection and perception, has been growing by 20% p.a. with a net margin of 30%

INDUSTRY RESEARCH

Gasoline price (€/l)	1.5 €/l	1.6 €/l	1.7 €/l	1.8 €/l
Cars buying from gas station per week	130	90	60	40
Average retail sales per car (€)	10	10	10	10

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QUESTION 4 / 4

What is the price the company should charge for gasoline per litre to maximize combined profits?

- €1.5
- €1.6
- €1.7
- €1.8

Doc 1

Doc 2

Doc 3

MAXIMIZE ADDITIONAL STREAM OF REVENUES

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CORRECT ANSWERS

QUESTION 1

- 5.9%
- 6.3%
- 6.7%
- None of the above/We lack sufficient information at this stage

QUESTION 3

- €1.5
- €1.6
- €1.7
- €1.8

QUESTION 2

- €1.5
- €1.6
- €1.7
- €1.8

QUESTION 4

- €1.5
- €1.6
- €1.7
- €1.8

IN THIS EXAMPLE, A PERFECT SCORE WOULD BE 12

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