

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Business Policy and Strategy **CC: BBCG107** **Semester: V**

Programme: BBA E-Commerce Marketing

Time: 03 hrs.

Max. Marks: 100

Instructions: This question paper carries four sections. All sections are compulsory.

SECTION A

This section has 10 questions. There are multiple options given after each question. Write the correct option on the answer sheet. There is no negative marking for incorrect answers. All questions in this section are compulsory and carry equal marks.

S. No.		Marks	CO
Q 1	<p>A company's "macro-environment" refers to:</p> <p>A. the industry and the competitive arena in which the company operates.</p> <p>B. general economic conditions plus the factors driving change in the markets where a company operates.</p> <p>C. the strategically relevant factors outside a company's industry boundaries— economic conditions, political factors, socio-cultural forces, technological factors, environmental factors, and legal/regulatory conditions.</p> <p>D. the competitive market environment that exists between a company and its competitors.</p> <p>E. the dominant economic features of a company's industry.</p>	2	CO 2
Q 2	<p>Which of the following is NOT one of the five typical sources of competitive pressures?</p> <p>A. The power and influence of industry driving forces</p> <p>B. The bargaining power of suppliers and seller-supplier collaboration</p> <p>C. The threat of new entrants into the market</p> <p>D. The attempts of companies in other industries to win customers over to their own substitute products</p> <p>E. The market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry</p>	2	CO 3
Q 3	<p>What is the best technique for revealing the different market or competitive position that rival firms occupy in the industry?</p> <p>A. Strategic group mapping</p> <p>B. Global industry change</p> <p>C. Dynamic mapping analysis</p> <p>D. Distribution analysis</p>	2	CO 2

Q 4	<p>The difference between a resource and a capability is:</p> <p>A. a resource is a productive input or competitive asset, while a capability is the capacity of the firm to perform some internal activity competently.</p> <p>B. a resource is a reserve supply or back-up supply function, whereas a capability is the ability to manage the resource function.</p> <p>C. a resource is a mechanism used for carrying out some responsibility, while a capability possesses the qualities needed to do a particular thing.</p> <p>D. a resource is the firm's fixed assets, while a capability defines whether the firm is competent to perform some function.</p>	2	CO 1
Q 5	<p>A linked and closely integrated set of competitive assets centered around one or more cross-functional capabilities and closely integrated competitive assets is termed:</p> <p>A. organizational assets.</p> <p>B. a resource bundle.</p> <p>C. a resource capability.</p> <p>D. functional method compilation.</p> <p>E. integrated asset advantage.</p>	2	CO 1+2
Q 6	<p>The four tests of a resource's competitive power are often referred to as:</p> <p>A. the SCIR test, which asks if a resource is sustainable, competitive, internalized, and reproducible.</p> <p>B. the competitive advantage sustainable method test.</p> <p>C. the reliability resources simulation.</p> <p>D. the VRIN test, which asks if a resource is valuable, rare, inimitable, and non-substitutable.</p> <p>E. the organizational capability metric analysis.</p>	2	CO 1+2
Q 7	<p>Identifying and assessing a company's resource strengths and weaknesses and its external opportunities and threats is called:</p> <p>A. a SWOT analysis.</p> <p>B. a competitive asset/liability analysis.</p> <p>C. a competitive positioning analysis.</p> <p>D. a strategic resource assessment.</p> <p>E. a company resource mapping.</p>	2	CO 1+2
Q 8	<p>Which of the following is NOT one of the five generic types of competitive strategy?</p> <p>A. A low-cost provider strategy</p> <p>B. A broad differentiation strategy</p>	2	CO 1

	<p>C. A best-cost provider strategy</p> <p>D. A focused low-cost provider strategy</p> <p>E. A market share dominator strategy</p>		
Q 9	<p>A factor that has a strong influence on a company's costs is termed:</p> <p>A. a cost driver.</p> <p>B. economies of scale.</p> <p>C. an expense reduction program.</p> <p>D. operating margin shortfalls.</p> <p>E. All of these.</p>	2	CO 1+2
Q 10	<p>The three tests for judging whether a particular diversification move can create value for shareholders are:</p> <p>A. the attractiveness test, the profitability test, and the shareholder value test.</p> <p>B. the strategic fit test, the competitive advantage test, and the return-on-investment test.</p> <p>C. the resource fit test, the profitability test, and the shareholder value test.</p> <p>D. the attractiveness test, the cost-of-entry test, and the better-off test.</p> <p>E. the shareholder value test, the cost-of-entry test, and the profitability test.</p>	2	CO 1+2

SECTION B

This section has 11 questions. Answer any 8 questions out of these 11 questions. All questions in this section carry equal marks.

Q 11	Define Corporate Social Responsibility.	2.5	CO 3
Q 12	What is meant by “acquisition premium”?	2.5	CO 1
Q 13	Define “Economies of Scope” and “Economies of Scale”	2.5	CO 1
Q 14	What is “Corporate Parenting”?	2.5	CO 1
Q 15	What is meant by Core Competence?	2.5	CO 1
Q 16	What is the difference between Multi-domestic strategy and Global strategy?	2.5	CO 2
Q 17	What is Blue-ocean Strategy?	2.5	CO 2
Q 18	What is Integrated Social Contracts theory?	2.5	CO 1
Q 19	What is meant by: (i) Sustainability (ii) Sustainable Business Practices?	2.5	CO 1+2
Q 20	Define Competitive Advantage and Sustainable Competitive Advantage.	2.5	CO 1+2
Q 21	What is meant by “Core values of a firm”?	2.5	CO 1

SECTION-C

This section has 6 questions. Answer any 4 questions out of these 6 questions. All questions in this section carry equal marks.

Q 22	Explain the steps involved in SWOT analysis in detail.	7.5	CO 1+2
Q 23	What is a Uniqueness Driver? Explain any five uniqueness drivers that a firm can potentially use to achieve differentiation.	7.5	CO 1, CO 2
Q 24	Why competing across national borders makes strategy-making more complex? Explain in detail.	7.5	CO 3
Q 25	Explain: a. Difference between Related businesses and Unrelated businesses. b. Difference between a resource and a capability. c. What is a “Greenfield Venture”	7.5	CO 1, CO 2
Q 26	Explain Porter’s Diamond of National Advantage in detail.	7.5	CO 1, CO 3
Q 27	Explain the five generic competitive strategies in detail.	7.5	CO 1+2+3

SECTION-D

Read the Case below and answer the questions that follow. All questions in this section are compulsory and carry equal marks.

Aravind Eye Care System’s Focused Low-Cost Strategy

Cataracts, the largest cause of preventable blindness, can be treated with a quick surgical procedure that restores sight; however, poverty and limited access to care prevent millions worldwide from obtaining surgery. The Aravind Eye Care System has found a way to address this problem, with a *focused low-cost strategy* that has made cataract surgery not only affordable for more people in India, but free for the very poorest. On the basis of this strategy, Aravind has achieved world renown and become the largest provider of eye care in the world.

High volume and high efficiency are at the cornerstone of Aravind’s strategy. The Aravind network with its five eye hospitals in India has become one of the most productive systems in the world, conducting about 300,000 surgeries in a year in addition to seeing over 2.6 million outpatients each year. Using the unique model of screening eye camps all over the country, Aravind reaches a broader cross-section of the market for surgical treatment. Additionally, Aravind attains very high staff productivity with each surgeon performing more than 2,500 surgeries annually, compared to 125 for a comparable American surgeon.

What enabled this level of productivity (with no loss in quality of care) was the development of a standardized system of surgical treatment, capitalizing on the fact that cataract removal was already a fairly routine process. Aravind streamlined as much of the process as possible, reducing discretionary elements to a minimum, and tracking outcomes to ensure continuous process improvement. At Aravind’s hospitals, there is no wasted time between surgeries as different teams of support-staff prepare patients for surgery and bring them to the operating theatre so that surgeons simply need to turn from one table to another to perform surgery on the next prepared patient. Aravind also drove costs down through the creation of its own manufacturing division, Aurolab, to produce intraocular lenses, suture needles, pharmaceuticals and surgical blades in India. As a result of its unique fee system

and effective management, Aravind is also able to provide free eye care to 60 percent of its patients from the revenue generated from paying.

Q 28	What is <i>focused low-cost strategy</i> ? List any three situations where a <i>focused low-cost strategy</i> is attractive. Identify three actions that Aravind Eye Care has taken to attain low-costs?	10	CO 1, CO 2, CO 3, CO 4
Q 29	What is a Value Chain? Which parts of the Value Chain does Aravind Eye Care target in order to achieve a low-cost advantage? Explain in detail.	10	CO 4, CO 5
Q 30	What is a Cost Driver? Describe any three cost drivers that a firm can potentially use to drive down the costs. Identify the cost drivers in case of Aravind Eye Care.	10	CO 2, CO 4

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S. No.		Marks	CO
Q 1	<p>The competitive moves and business approaches a company's management is using to grow the business, stake out a market position, attract and please customers, compete successfully, conduct operations, and achieve organizational objectives is referred to as its:</p> <p>A. strategy. B. mission statement. C. strategic intent. D. business model. E. strategic vision.</p>	2	CO 1
Q 2	<p>A company's business model:</p> <p>A. describes the customer value proposition and its related profit formula. B. is management's storyline for how the strategy will result in achieving the targeted strategic objectives. C. details the ethical and socially responsible nature of the company's strategy. D. explains how it intends to achieve high profit margins. E. sets forth the actions and approaches that it will employ to achieve market leadership.</p>	2	CO 4
Q 3	<p>A company's mission statement typically addresses which of the following questions?</p> <p>A. Who are we and what do we do? B. What objectives and level of performance do we want to achieve? C. Where are we going and what should our strategy be? D. What approach should we take to achieve sustainable competitive advantage? E. What business model should we employ to achieve our objectives and our vision?</p>	2	CO 1

Q 4	<p>In a diversified company, the strategy-making hierarchy consists of:</p> <ul style="list-style-type: none"> A. corporate strategy and a group of business strategies (one for each line of business the corporation has diversified into). B. corporate or managerial strategy, a set of business strategies, and divisional strategies within each business. C. business strategies, functional strategies, and operating strategies. D. corporate strategy, business strategies, functional strategies, and operating strategies. E. its diversification strategy, its line of business strategies, and its operating strategies. 	2	CO 1
Q 5	<p>Which one of the following is NOT part of a company's macro-environment?</p> <ul style="list-style-type: none"> A. Economic conditions in the economy at large B. Political factors and socio-cultural forces C. Technological factors and legal/regulatory conditions D. The company's resource strengths, resource weaknesses, and competitive capabilities 	2	CO 2
Q 6	<p>The most powerful and widely used tool for diagnosing the principle competitive pressures in a market is the:</p> <ul style="list-style-type: none"> A. Five Forces Model. B. SWOT. C. Competition Intensity Model. D. Dynamic Simulation Model. E. Competitor Profiling. 	2	CO 5
Q 7	<p>What two factors inhibit the ability of rivals to imitate a firm's most valuable resources and capabilities?</p> <ul style="list-style-type: none"> A. Social ambiguity and causal uncertainty B. Social simplicity and causal complexity C. Collective complexity and causal ambiguity D. Social complexity and causal ambiguity E. Social simplicity and causal uncertainty 	2	CO 3
Q 8	<p>The essence of a broad differentiation strategy is to:</p> <ul style="list-style-type: none"> A. appeal to the high end part of the market and concentrate on providing a top-of-the-line product to consumers. B. incorporate a greater number of differentiating features into its product/service than rivals. C. lower buyer switching costs. 	2	CO 5

	D. outspend rivals on advertising and promotion in order to inform and convince buyers of the value of its differentiating attributes. E. offer unique product attributes in ways that are valuable and appealing and that buyers consider worth paying for.		
Q 9	Strategic offensives should, as a general rule, be based on: A. exploiting a company's strongest competitive assets—its most valuable resources and capabilities. B. instigating and executing the chosen strategy efficiently and effectively. C. scoping and scaling an organization's internal and external situation. D. molding an organization's character and identity. E. satisfying the buyer's needs that the company seeks to meet.	2	CO 2
Q 10	What is it called when a company sells its goods in foreign markets at prices that are below the prices at which it normally sells in its home market or well below its full costs per unit? A. Dumping practices. B. Price-clearing system. C. Clearance sale. D. Discounting practices. E. Competitive advantage.	2	CO 3

SECTION B

This section has 11 questions. Answer any 8 questions out of these 11 questions. All questions in this section carry equal marks.

Q 11	What is the difference between Deliberate Strategy and Emergent Strategy?	2.5	CO 1
Q 12	What is meant by Business Model of a firm?	2.5	CO 4
Q 13	What are the features of Well-Stated Objectives?	2.5	CO 1
Q 14	List the steps involved in Driving Forces Analysis.	2.5	CO 2
Q 15	What is meant by "Resource Bundle"?	2.5	CO 5
Q 16	What is Blue-ocean Strategy?	2.5	CO 2
Q 17	What is meant by a Greenfield Venture?	2.5	CO 3
Q 18	What is Balanced Scorecard?	2.5	CO 3
Q 19	What is meant by Forward Integration and Backward Integration?	2.5	CO 4
Q 20	What is meant by Corporate Venturing (also known as intrapreneurship)?	2.5	CO 5
Q 21	What is meant by Business Ethics?	2.5	CO 2

SECTION-C

This section has 6 questions. Answer any 4 questions out of these 6 questions. All questions in this section carry equal marks.

Q 22	What are the costs that companies incur when ethical wrongdoing is discovered? Describe in detail.	7.5	CO 3
Q 23	Explain the different approaches that companies take for diversifying into new businesses. List the advantages and disadvantages of any two of these approaches.	7.5	CO 2, CO 3
Q 24	Explain Multi-domestic Strategy, Global Strategy, and Transnational Strategy. Describe two advantages and two disadvantages of each of these strategies.	7.5	CO 2
Q 25	Explain Porter's Five Forces model in detail.	7.5	CO 2
Q 26	What is Vertical Integration Strategy? Explain any three advantages and any three disadvantages of Vertical Integration Strategy.	7.5	CO 4, CO 5
Q 27	Explain PESTEL analysis in detail.	7.5	CO 1, CO 3

SECTION-D

Read the Case below and answer the questions that follow. All questions in this section are compulsory and carry equal marks.

Popchips's Focused Differentiation Strategy

Potato chips are big business: Americans consume \$7 billion worth annually. But the industry is a hard one to break into since it's a mature, slow-growth industry, dominated by a few large competitors. Frito-Lay alone (maker of Lays and Ruffles) has a commanding 60 percent market share. These characteristics are enough to dissuade most potential entrants, but not Popchips, a small potato chip startup. Despite difficult odds, Popchips has made impressive inroads into the industry over the last five years, with the help of a *focused differentiation strategy*.

Popchips was founded in 2007 by Keith Belling, a serial entrepreneur, and Pat Turpin, a former Costco snack executive. Their idea was simple: Take advantage of high-income purchasers' growing desire for tasty, low-fat snacks. Using an innovative cooking method, they found a way to halve the fat content in potato chips while preserving flavor. Popchips has a differentiated product. But its real point of differentiation is its brand and distribution strategy. Most potato chips have mass distribution and a broad buyer base. Belling and Turpin decided from the outset to narrow their distribution and narrow their targeted buyers. They hoped that focusing on a market niche would allow their product to stand out from the bags of *Lays* and cans of *Pringles* in aisles all over America. Popchips' target: upper-income, health-conscious urban and suburban consumers.

To that end, the firm has signed distribution deals with Whole Foods, Target, and, reflecting Turpin's roots, Costco. Popchips' marketing emphasizes social marketing and word-of-mouth recommendations. The company sends out samples to key tastemakers who tweet, blog, or recommend the product in traditional media. Ashton Kutcher, MTV's former Punk'd host, was so impressed with the chips that he volunteered to promote them. As with Punk'd, Popchips' advertising is similarly irreverent, with taglines like "love. without the handles."

Popchips' differentiation strategy is succeeding. Since 2009, the company's sales have accounted for nearly all potato chip sales growth at natural supermarket stores, like Whole Foods, giving it a 15 percent market share in this niche distribution channel. The company's 2012 sales were \$93 million, nearly doubling since 2010. That's

particularly impressive given that the industry growth rate has been a paltry 4 percent. In 2013, Forbes put Popchips at number 5 on its list of America’s Most Promising Companies.

Q 28	What is a <i>focused differentiation strategy</i> ? Identify the statements given in this case that justify that Popchips is following a <i>focused differentiation strategy</i> .	10	CO 1, CO 2, CO 4, CO 5
Q 29	What is a Uniqueness Driver? Explain any three uniqueness drivers that a firm can potentially use to achieve differentiation. Which uniqueness drivers has Popchips used in order to achieve differentiation?	10	CO 1, CO 2, CO 3, CO 4, CO 5
Q 30	According to the case, “Popchips’ differentiation strategy is succeeding”. Identify the statements from the case that justify this statement.	10	CO 3, CO 4, CO 5