Name: **Enrolment No:**	UPES UNIVERSITY OF TOMORROW

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, Dec, 2024

Course: Strategic Management-II **Semester: III**
Programme: MBA S&C **Course code: STGM8018**
Time: 03 hrs. **Max. Marks: 100**
Instructions:

SECTION A

S. No.	**Choose the correct answer with explanation (without explanation answers would not be evaluated) . Each question carries 2 Mark**	**Marks**	**CO**
Q 1	**1. Factors encouraging joint ventures are** (A) Uneconomical separate existence (B) Risk of business gets shared (C) Sharing competence of each other (D) All of the above **2. .Harvest strategy is used for** (A) Dogs (B) Question marks (C) both ‘A’ and ‘B’ (D) none of the above **3. Which is the strategic disadvantage of Product Organisation Structure?** A. Results in duplication of equipment and personal B. Involves difficulty in allocating over-heads C. Result in inconsistent decisions from one department to another D. All of the above **4. What term best describes the use of both financial and non-financial measures in assessing whether an entity has achieved its objectives?** A. Balanced scorecard B. Benchmarking C. Performance measurement D. Target setting **5. Best in Class Benchmarking seeks to assess organisational performance against:** A. The nearest geographical competitor B. The competitor who is 'best in class' wherever that may be C. The competitor who is the best in the industry D. The nearest principal competitor 7. **6. Strategy-implementation activities include** A. conducting research B. measuring performance C. preparing a TOWS matrix D. establishing annual objectives	**2X 10 =20**	**CO 1**

	7. It enables the strategists to take corrective action at the right time (A) Implementation control (B) Special alert control (C) Strategic Surveillance control (D) Premise control **8. Select the statement that best applies to emergent strategies. Emergent strategy**... A. implies an ability to react to events B. implies strategizing C. implies no deviation from plans D. implies constant evaluation of the bigger picture **9. Which of the following is not a way in which organizations can behave more ethically and socially responsibly?** A. By avoiding discrimination and improving working conditions B. By lowering prices to their targeted market, to stimulate demand and increasing profit by increases in productivity to meet customer demands C. By ensuring product safety D. By avoiding pollution and safely disposing of waste **10. Which statement is true?** A. Operating goals clear that which element is significant as result-oriented or qualitative B. Official goals and operating goals both are different C. Operating goals express that what is an organisation exactly trying to do D. All of the above		
SECTION B			
Q 2	**Write short notes on any four (word limit 200 words)** 1. Fortification and resource diversion tactics **(CO2)** 2. Profit strategy and contraction and captive strategy **(CO2)** 3. Structural fit for Offshore operations **(CO2)** 4. Behavioral Substitution and Divisional optimization **(CO2)** 5. Responsibility centers **(CO2)**	**5X4=20**	**CO 2**
SECTION-C. Attempt any three. Each question carries 10 marks			
Q 4	You are strategic consultant for the company which is good in asset and comparatively big also , suggest tactics for the company to capture opponents in FMCG sector	**10**	**CO ,3,**
Q 5	As a consultant for Raider company suggest ways on bypass tactics, in cellular services operating in shrinkflation	**10**	**CO 3,**
Q 6	As a consultant , what are basic requisites you would look into for the company willing to apply differentiation and best cost strategies in Automobile sector	**10**	**CO 3**

Q7	As a strategist , what are tools, techniques and precautions you are going to apply while implementing liquidation strategy	**10**	**CO 3**
SECTION-D			
	Case Study Analysis carries 30 marks. **Please read the case given below and answer following while applying suitable strategic tools**		
Q8	.As a consultant , identify the reasons / factors behind current situtaion of the company (Use Strategic suitable strategic tools and frameworks to validate your arguments)	**15**	**CO 4**
Q9.	Now Advise suitable strategy to the company	**15**	**CO 4**

Introduction

Asahi's Single-Brand Strategy

As the 1990s came to a close, the two largest firms in the Japanese beer market were Asahi and Kirin. Kirin had been the market share leader since 1953, and in the mid-1970s it accounted for nearly two-thirds of Japanese beer sales. Its flagship product, Kirin Lager, which featured a rich and full-bodied flavor, was considered by many to represent the "taste of Japanese beer."[1]

In contrast to Kirin, Asahi Breweries Ltd. had been a distant third player in the market with a market share hovering around 10 percent. In 1987 Asahi launched Super Dry, a new product that was positioned as having a "rich yet crisp" taste. Asahi bet heavily on this launch. Indeed, Asahi's investment in dry beer exceeded the book value of the company's assets at the time.[2] Super Dry enjoyed sensational success, attracting beer drinkers' attention to Asahi and creating a momentum toward Asahi that never flagged. Between 1986 and 1990 Asahi increased its production capacity fourfold, deterring competitors from adding capacity and convincing skeptical retailers that Asahi would do everything possible to make Super Dry succeed. In 1998 the Japanese beer market experienced one of its historical highlights: Asahi captured 39.5 percent market share, surpassing Kirin's share of 38.4 percent (see **Exhibit 1**).[3] After 45 years of dominance Kirin had lost its market-leading position to Asahi.

In late 1999 however, many observers were beginning to question Asahi's strategy. Alone among the major Japanese brewers, Asahi had refused to launch a low-malt beer, known in Japan as happoshu. The success of Kirin's Tanrei product suggested that happoshu would continue to have a place in the market. Thoughtful observers believed that unless Asahi moved quickly to launch its own happoshu product, it would risk losing the market dominance that it had fought so hard to win.

Happoshu

The Japanese beer market consisted of two important product segments: conventional beer and low-malt happoshu.[4] In 1994 Suntory pioneered the happoshu category by launching its Hops brand. Happoshu was a strategic product that took advantage of a lower liquor tax (see **Exhibit 2**) and sold at prices about 33 percent less than conventional beers. In early 2000 the shelf price for a

[1] Kirin's taste is not as rich as, say, Sam Adams, but it is much richer than most major American beers because it uses more malt.

[2] Donald Sull, "Management by Commitments," *Executive Forum*, Spring 2000.

[3] Besides Kirin and Asahi, the two other major Japanese brewers were Sapporo with about 15 percent of the market, and Suntory with about 7 percent of the market.

[4] The market shares cited in the second paragraph pertain only to the conventional beer category.

12-ounce can of conventional beer was 218 yen, including a liquor tax of 77.70 yen (222 yen/liter), while that of happoshu was 145 yen, including a tax of 36.75 yen (105 yen/liter). The difference in tax was related to the percentage of malt used compared to total raw materials (excluding water and hops). Technically the percentage of malt must be over 66.7 percent for a beverage to qualify as "beer" in Japan, and any beer-like alcoholic beverage with less malt was considered to be happoshu. Interestingly, under this definition most American beers are happoshu in Japan, and happoshu beverages taste like an American light beer. Suntory's happoshu introduction was well-timed because it came in the midst of Japan's economic recession, and consumers who had once preferred premium image over price had become increasingly price- conscious. Suntory managed to successfully launch its lower-priced happoshu without affecting its pricing strategy on conventional beers. Sapporo, the third-largest player in the market, followed Suntory and entered the happoshu market the next year.

By 1998 the happoshu market appeared to be poised for significant growth. In 1997, with the two smallest breweries offering happoshu products, the low-malt liquor market's portion of the total beer market reached 5.7 percent, while the conventional beer market declined by 2.2 percent. Seeing the happoshu market as an opportunity to reverse the decline in its market share, Kirin launched Tanrei happoshu in 1998. Leveraging the strong Kirin brand name and backed by massive media support and promotional campaigns, Tanrei became an instant hit. Tanrei featured a crisp and refreshing taste (much closer to dry beer's taste than to lager beer's), and captured 49 percent of the low-malt liquor market in 1998 and 55 percent in 1999, with the rest of the market split equally between Suntory and Sapporo. The introduction of Tanrei helped to drive a significant market shift, pushing happoshu's portion of the total market to 13.5 percent in 1998, 19 percent in 1999, and 22.1 percent in 2000. Indeed, Tanrei became a mainstay product for Kirin, and by mid-2000 it accounted for 30 percent Kirin's overall beer sales.[5]

Asahi's Position

Once Kirin launched Tanrei, Asahi was the only major brewery without a happoshu product. In sharp contrast to its competitors, Asahi aggressively eschewed the happoshu segment, preferring instead to follow the so-called "single-brand strategy" of focusing its resources and marketing muscle on Asahi Super Dry. Asahi downplayed the importance of happoshu and pointedly warned of its possible impact on conventional beer sales. While other brewers forecast sales increases for happoshu of 16 to 18 percent annually, Asahi predicted that happoshu growth would be less than 7 percent per year.[6] Asahi president Yuzo Seto maintained, "We believe that expansion of the happoshu market will be limited to a marginal scale." Asahi's executives also expressed concern about product cannibalization. In 1998 Seto stated, "Happoshu cannot play a major part in the beer market. The whole point of launching it will be undermined if its popularity depresses beer consumption."[7] And in March 1999, Seto's successor, Shigeo Fukuchi, said, "Those companies that have launched happoshu have seen their beer sales deteriorate as a result. We think it is better to focus our energy on Super Dry while it is still growing."[8]

[5] While Asahi surpassed Kirin in sales of conventional beer, if happoshu sales are included in the total, Kirin remained the market leader with a 39.8 percent share in 1999 and a 38.4 percent share in 2000. Asahi's share was 35.2 percent in 1999 and 35.5 percent in 2000.

[6] "Major Brewers Project Sales Rises of up to 16 Percent," *Japan Economic Newswire*, January 8, 1999.

[7] "Flat Beer Market Confounds Brewers," *Yomiuri Shimbun*, August 5, 1998.

[8] "Japan's Favorite Beer Could Face Losing Its Sparkle," *Financial Times*, March 24, 1999.

Despite Asahi's forecasts and its arguments against the wisdom of launching a happoshu brand, some observers felt that Asahi was making a major strategic mistake with its single-brand strategy. With the tremendous power of the Asahi brand name, many believed that Asahi was in a better position than any other brewery to challenge Kirin's emerging dominance in the happoshu segment. While happoshu might cannibalize beer category sales, some observers doubted that such cannibalization would significantly reduce Super Dry's sales because of the power of that brand. However, unless Asahi moved soon to launch its own happoshu product, some felt that participating in the category as a major player would be much more difficult. The window of opportunity for Asahi, many felt, was about to close.

Exhibit 1: Kirin and Asahi Market Shares in the Conventional Beer Market

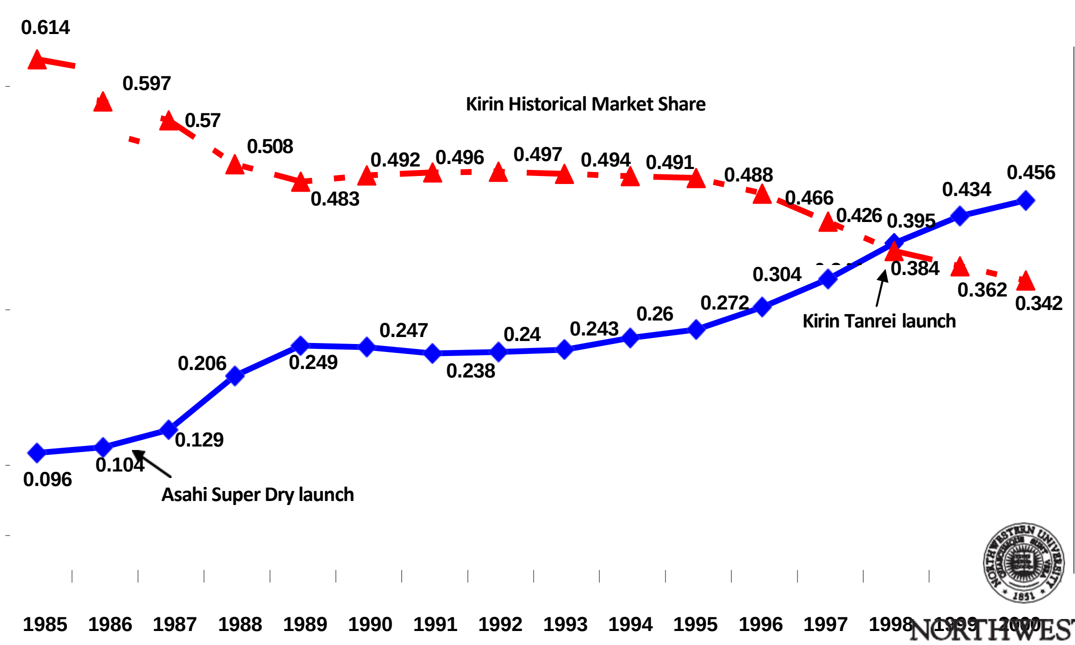

Exhibit 2: Japanese Beer Tax Structure

Malt % to Total Raw Material [a]	Rice, Corn, and Other Grains	Materials Other Than These	Category	Tax Charged / 12-Ounce Can
66.7% +	△	⊗	Beer	Y77.70
	△	○	Happoshu 1	Y77.70
50% ~ 66.7%	○	△	Happoshu 1	Y77.70
25% ~ 50%	○	△	Happoshu 2	Y53.45
Less than 25%	○	△	Happoshu 3	Y36.75

[a] Total material excluding water and hops

Note: Kirin Tanrei and all of other happoshus contain less that 25 percent malt to benefit from the significantly lower tax.

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