

Chapter 2

Question Bank

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| Q1. | <p>An organization that has a low relative market share position and competes in a slow-growth industry is referred to as a _____.</p> <p>(a) Dog (b) Question Mark (c) Star (d) Cash Cows</p> <p>(Sample MCQs)</p> |
| | Correct answer: (a) Dog |
| Q2. | <p>Which section of the SWOT Matrix involves matching internal strengths with external opportunities?</p> <p>(a) The WT cell (b) The SW cell (c) The SO cell (d) The ST cell</p> <p>(Sample MCQs)</p> |
| | Correct answer: (c) The SO cell |
| Q3. | <p>Which of the following is not a limitation of SWOT (Strengths, Weaknesses, Opportunity, Threats) analysis?</p> <p>(a) Organizational strengths may not lead to competitive advantage (b) SWOT gives a one-shot view of a moving target (c) SWOT's focus on the external environment is too broad and integrative (d) SWOT overemphasizes a single dimension of strategy</p> <p>(Sample MCQs)</p> |
| | Correct answer: (c) SWOT's focus on the external environment is too broad and integrative |
| Q4. | <p>The emphasis on product design is very high, the intensity of competition is low, and the market growth rate is low in the _____ stage of the industry life cycle.</p> <p>(a) Maturity (b) Introduction (c) Growth (d) Decline</p> <p>(Sample MCQs)</p> |
| | Correct answer: (b) Introduction |
| Q5. | <p>The most probable time to pursue a harvest strategy is in a situation of</p> <p>(a) High growth (b) Decline in the market life cycle</p> |

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| | <p>(c) Strong competitive advantage (d) Mergers and acquisitions</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (b) Decline in the market life cycle</p> |
| Q6. | <p>Competitive landscape requires the application of-</p> <p>a) Competitive advantage b) Competitive strategy c) Competitive acumen d) Competitive intelligence</p> <p>(Sample MCQs) (MTP1, Nov 2019, 1 Mark)</p> |
| | <p>Correct answer: (d) Competitive intelligence</p> |
| Q7. | <p>'Determinants Analysis' falls in the purview of? -</p> <p>a) External competitive strategy analysis b) Internal competitive strategy analysis c) Strategic risk d) Competitive landscape</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (a) External competitive strategy analysis</p> |
| Q8. | <p>The concept of 'core competence' has been advocated by-</p> <p>a) Gary Hamel and Peter Drucker b) C.K. Prahalad and Gary Hamel c) C.K. Prahalad and Michael Porter d) C.K. Prahalad and Peter Drucker</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (b) C.K. Prahalad and Gary Hamel</p> |
| Q9. | <p>"'Customer Analysis' and 'Market Analysis' are the part of-</p> <p>a) Internal analysis b) Strategy identification and selection c) External Analysis d) None of the above"</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (c) External Analysis</p> |
| Q10. | <p>"'Strategic group mapping' involves-</p> <p>a) Identifying the strongest rival companies b) Identifying weakest rival companies c) Identifying weakest and strongest rival companies</p> |

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| | <p>d) None of the above"</p> <p>(Sample MCQs) (RTP, May 2020, NA) (MTP1, Nov 2020, 1 Mark)</p> |
| | <p>Correct answer: (c) Identifying weakest and strongest rival companies</p> |
| Q11. | <p>"Attractiveness of firms' while conducting industry analysis should be seen in-</p> <p>a) Relative terms b) Absolute terms c) Comparative terms d) All of the above"</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (a) Relative terms</p> |
| Q12. | <p>"Which of the following is true of a transnational Corporation:</p> <p>a) They have subsidiaries but do not have centralized management system b) They have no subsidiaries but have centralized management system c) They do not have subsidiaries and do not have centralized management system d) They have subsidiaries and have a centralized management system"</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (c) They do not have subsidiaries and do not have centralized management system</p> |
| Q13. | <p>"A tool by which management identifies and evaluates the various businesses that make up a company is termed as:</p> <p>a) Value Chain Analysis b) Portfolio Analysis c) Competition Analysis d) Strategic Analysis"</p> <p>(Sample MCQs) (RTP, May 2020, NA)</p> |
| | <p>Correct answer: (b) Portfolio Analysis</p> |
| Q14. | <p>'Build,' 'Hold,' 'Harvest,' and 'Divest' are the strategies pursued in</p> <p>a) Boston Consulting Group Growth-Share Matrix b) Value chain Analysis c) Managerial Grid Matrix d) Ansoff's Product Matrix Growth Matrix</p> <p>(Sample MCQs)</p> |
| | <p>Correct answer: (a) Boston Consulting Group Growth Share Matrix</p> |
| Q15. | <p>"The low growth, low share businesses in BCG matrix are:</p> <p>a) Cows b) Dogs</p> |

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| | <p>c) Cats d) Question Marks" (Sample MCQs)</p> |
| | <p>Correct answer: (b) Dogs</p> |
| Q16. | <p>"An advertisement says, 'Have Roohafza with milk and lassi too'. Which strategy is the company trying to use: a) Market Development b) Product Development c) Market Penetration d) All of the above" (Sample MCQs)</p> |
| | <p>Correct answer: (c) Market Penetration</p> |
| Q17. | <p>"ADL matrix has been propounded by: a) Arthur D. Lowey b) Arthur D. Little c) Arthur D. Levin d) Arthur D. Louise" (Sample MCQs)</p> |
| | <p>Correct answer: (b) Arthur D. Little</p> |
| Q18. | <p>"Which of the following bases of competitive advantage is/are more sustainable: a) Benefit-based competitive advantage b) Price-based competitive advantage c) Cost-based competitive advantage d) All of the above" (Sample MCQs)</p> |
| | <p>Correct answer: (a) Benefit-based competitive advantage</p> |
| Q19. | <p>What is an opportunity? (RTP, May 2018, NA)</p> |
| | <p>An opportunity is a favourable condition in the organization's environment which enables it to consolidate and strengthen its position. An example of opportunity is growing demand for the products or services that are offered by the company.</p> |
| Q20. | <p>Correct/Incorrect Key success factors determine competitive success. (RTP, May 2018, NA)</p> |
| | <p>The statement is correct.</p> |

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| | <p>The purpose of identifying Key Success Factors is to make judgments about things that are more important to competitive success and the things that are less important. To compile a list of every factor that matters even a little bit defeats the purpose of concentrating management attention on the factors truly critical to long- term competitive success.</p> |
| Q21. | <p>"Suresh Singhania is the owner of an agri-based private company in Sangrur, Punjab. His unit is producing puree, ketchups and sauces. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape.</p> <p>Explain the steps to be followed by Suresh Singhania to understand competitive landscape." (RTP, May 2018, NA)</p> <p>Steps to understand the competitive landscape</p> <p>(i) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.</p> <p>(ii) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.</p> <p>(iii) Determine the strengths of the competitors: What are the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?</p> <p>(iv) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.</p> <p>(v) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.</p> |
| Q22. | <p>Explain the concept of the experience curve and highlight its relevance in strategic management. (RTP, May 2018, NA) (MTP2, Nov 2018, 5 Marks)</p> <p>Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.</p> <p>The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.</p> |
| Q23. | <p>Explain competitive advantage. (MTP1, May 2018, 2 Marks) (SA, May 2018, 2 Marks) (MTP2, Nov 2018, 3 Marks) (MTP1, May 2020, 5</p> |

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| | <p>Marks)</p> <p>Competitive advantage is the position of a firm to maintain and sustain a favorable market position when compared to the competitors. Competitive advantage is ability to offer buyers something different and thereby providing more value for the money. It is the result of a successful strategy. This position gets translated into higher market share, higher profits when compared to those that are obtained by competitors operating in the same industry. Competitive advantage may also be in the form of low cost relationship in the industry or being unique in the industry along dimensions that are widely valued by the customers in particular and the society at large.</p> |
| Q24. | <p>"Mr. Banerjee is head of marketing department of a manufacturing company. His company is in direct competition with thirteen companies at national level. He wishes to study the market positions of rival companies by grouping them into like positions.</p> <p>Name the tool that may be used by Mr. Banerjee? Explain the procedure that may be used to implement the technique."</p> <p>(MTP1, May 2018, 5 Marks)</p> <p>A tool to study the market positions of rival companies by grouping them into like positions is strategic group mapping. Grouping competitors is useful when there are many competitors such that it is not practical to examine each one in-depth. In the given scenario there are thirteen competitors. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.</p> <p>The procedure for constructing a strategic group map and deciding which firms belong in which strategic group is as follows:</p> <ul style="list-style-type: none"> • Identify the competitive characteristics that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full). • Plot the firms on a two-variable map using pairs of these differentiating characteristics. • Assign firms that fall in about the same strategy space to the same strategic group. • Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues. |
| Q25. | <p>Explain the steps to understand the competitive landscape?</p> <p>(MTP2, May 2018, 5 Marks)</p> <p>Steps to understand the competitive landscape</p> <p>(i) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share. This answers the question: Who are the competitors?</p> <p>(ii) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets. This answers the question: What are their product and services?</p> <p>(iii) Determine the strengths of the competitors: What are the strength of the competitors? What</p> |

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| | <p>do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business? This answers the questions: What are their financial positions? What gives them cost and price advantage? What are they likely to do next? How strong is their distribution network? What are their human resource strengths?</p> <p>(iv) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor. This answers the question Where are they lacking?</p> <p>(v) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm. This answers the questions: What will the business do with this information? What improvements does the firm need to make? How can the firm exploit the weakness of competitors?</p> |
| Q26. | <p>Relevance of experience curve.</p> <p>(MTP2, May 2018, 4 Marks)</p> <p>Experience curve is similar to learning curve which explains the efficiency gained by workers through repetitive productive work. Experience curve is based on the commonly observed phenomenon that unit costs decline as a firm accumulates experience in terms of a cumulative volume of production. The implication is that larger firms in an industry would tend to have lower unit costs as compared to those of smaller organizations, thereby gaining a competitive cost advantage. Experience curve results from a variety of factors such as learning effects, economies of scale, product redesign and technological improvements in production.</p> <p>The concept of experience curve is relevant for a number of areas in strategic management. For instance, experience curve is considered a barrier for new firms contemplating entry in an industry. It is also used to build market share and discourage competition.</p> |
| Q27. | <p>Explain the meaning of core competencies.</p> <p>(SA, May 2018, 2 Marks)</p> <p>A core competence is a unique strength of an organization which may not be shared by others. It is defined as a combination of skills and techniques rather than individual skill or separate technique. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses.</p> |
| Q28. | <p>Write a short note on SWOT analysis.</p> <p>(SA, May 2018, 3 Marks) (RTP, Nov 2018, NA) (RTP, May 2021, NA)</p> <p>SWOT analysis is a tool used by organizations for evolving strategic options for the future. The term SWOT refers to the analysis of strengths, weaknesses, opportunities and threats facing a company. Strengths and weaknesses are identified in the internal environment, whereas opportunities and threats are located in the external environment.</p> <p>(a) Strength: Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitor.</p> |

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| | <p>(b) Weakness: A weakness is an inherent limitation or constraint of the organisation which creates strategic disadvantage to it.</p> <p>(c) Opportunity: An opportunity is a favourable condition in the external environment which enables it to strengthen its position.</p> <p>(d) Threat: An unfavourable condition in the external environment which causes a risk for, or damage to the organisation's position.</p> <p>The major purpose of SWOT analysis is to enable the management to create a firm-specific business model that will best align, fit or match an organisational resources and capabilities to the demands for environment in which it operates.</p> |
| <p>Q29.</p> | <p>Define key success factors (KSFs). (RTP, Nov 2018, NA)</p> <hr/> <p>An industry's key success factors (KSFs) are those things or strategic elements that affect industry members' ability to prosper in a market place. For a business organization within an industry, it may include, cost structure, technology, distribution system and so on. It is correct to state that the KSFs help to shape whether a company will be financially and competitively successful.</p> |
| <p>Q30.</p> | <p>Competitive strategy is designed to help firms achieve competitive advantage. (RTP, Nov 2018, NA)</p> <hr/> <p>The statement is correct.</p> <p>Competitive strategy is designed to help firms achieve competitive advantage. Having a competitive advantage is necessary for a firm to compete in the market. Competitive advantage comes from a firm's ability to perform activities more effectively than its rivals.</p> |
| <p>Q31.</p> | <p>'Value for Money' is a leading retail chain, on account of its ability to operate its business at low costs. The retail chain aims to further strengthen its top position in the retail industry. Marshal, the CEO of the retail chain is of the view that to achieve the goals they should focus on lowering the costs of procurement of products.</p> <p>Highlight and explain the core competence of the 'Value for Money' retail chain. (RTP, Nov 2018, NA)</p> <hr/> <p>A core competence is a unique strength of an organization which may not be shared by others. It is defined as a combination of skills and techniques rather than individual skill or separate technique. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. A core competency for a firm is whatever it does is highly beneficial to the organisation.</p> <p>'Value for Money' is the leader on account of its ability to keep costs low. The cost advantage that 'Value for Money' has created for itself has allowed the retailer to price goods lower than competitors. The core competency in this case is derived from the company's ability to generate large sales volume, allowing the company to remain profitable with low profit margin.</p> |

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| <p>Q32.</p> | <p>How Ansoff's Product-Market Growth Matrix is a useful tool for business organizations? (RTP, Nov 2018, NA) (MTP2, May 2019, 5 Marks) (MTP1, Nov 2021, 5 Marks)</p> <p>The Ansoff's product market growth matrix (proposed by Igor Ansoff) is a useful tool that helps businesses decide their product and market growth strategy. With the use of this matrix a business can get a fair idea about how its growth depends in new or existing products in both new and existing markets.</p> <p>Companies should always be looking to the future. Businesses that use the Ansoff matrix can determine the best strategy. The matrix can help them to decide how to do this by demonstrating their options clearly, breaking them down into four strategies, viz., Market Penetration, Market Development, Product Development, Diversification. Determining which of these is best for their business will depend on a number of variables including available resources, infrastructure, market position, location and budget.</p> |
| <p>Q33.</p> | <p>Correct/Incorrect "B" in BCG Matrix stands for balance. (MTP1, Nov 2018, 2 Marks)</p> <p>The statement is incorrect.</p> <p>The acronym BCG stands for Boston Consulting Group, an organization that developed a matrix to portray an organizational corporate portfolio of investment. This matrix depicts growth of business and the business share enjoyed by an organization. The matrix is also known for its cow and dog metaphors and is popularly used for resource allocation in a diversified company.</p> |
| <p>Q34.</p> | <p>Correct/Incorrect A core competence is a unique strength of an organization which may not be shared by others. (MTP1, Nov 2018, 2 Marks)</p> <p>The statement is correct.</p> <p>A core competence is a unique strength of an organization which may not be shared by others. If business is organized on the basis of core competence, it is likely to generate competitive advantage. A core competence provides potential access to a wide variety of markets. Core competencies should be such that it is difficult for competitors to imitate them.</p> |
| <p>Q35.</p> | <p>Why is it necessary to do a SWOT analysis before selecting a particular strategy for a business organization? (MTP1, Nov 2018, 5 Marks)</p> <p>An important component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as SWOT analysis.</p> <p>(a) Strength: Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitor.</p> <p>(b) Weakness: A weakness is an inherent limitation or constraint of the organisation which creates strategic disadvantage to it.</p> <p>(c) Opportunity: An opportunity is a favourable condition in the external environment which enables</p> |

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| | <p>it to strengthen its position.</p> <p>(d) Threat: An unfavourable condition in the external environment which causes a risk for, or damage to the organisation's position.</p> <p>SWOT analysis helps managers to craft a business model (or models) that will allow a company to gain a competitive advantage in its industry (or industries). Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment. Key reasons for SWOT analyses are:</p> <ul style="list-style-type: none"> • It provides a logical framework. • It presents a comparative account. • It guides the strategist in strategy identification. |
| Q36. | <p>Examine the significance of KSFs (Key Success Factors) for competitive success.</p> <p>(SA, Nov 2018, 3 Marks) (MTP1, May 2021, 5 Marks)</p> <p>An industry's Key Success Factors (KSFs) are those things that most affect industry members' ability to prosper in the market place – the particular strategy elements, product attributes, resources, competencies, competitive capabilities and business outcomes that spell the difference between profit & loss and ultimately, between competitive success or failure. KSFs by their very nature are so important that all firms in the industry must pay close attention to them. They are the prerequisites for industry success, or, to put it in another way, KSFs are the rules that shape whether a company will be financially and competitively successful.</p> |
| Q37. | <p>A _____ consists of those rival firms which have similar competitive approaches and positions in the market.</p> <p>(a) BCG Matrix. (b) Strategic group. (c) Strategy Map. (d) Industry.</p> <p>(RTP, May 2019, NA)</p> <p>Correct answer: (b) Strategic group</p> |
| Q38. | <p>According to C.K. Prahalad and Gary Hamel, major core competencies are identified in three areas - _____, _____, and application to other markets.</p> <p>(a) Competitor differentiation, customer value. (b) Competitor differentiation, focus. (c) Cost leadership, differentiation. (d) Profits, growth.</p> <p>(RTP, May 2019, NA)</p> <p>Correct answer: (a) Competitor differentiation, customer value</p> |
| Q39. | <p>A thing that a firm does especially well in comparison to the rival firms is:</p> <p>(a) Opportunity availed. (b) Successful leadership. (c) Competitive advantage.</p> |

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| | <p>(d) Comparative advantage. (RTP, May 2019, NA)</p> |
| | <p>Correct answer: (c) Competitive advantage</p> |
| Q40. | <p>Under BCG an SBU with products having little market share but in an attractive industry is referred to as:</p> <p>(a) Cash cow. (b) Star. (c) Dog. (d) Question mark. (RTP, May 2019, NA)</p> |
| | <p>Correct answer: (d) Question Mark</p> |
| Q41. | <p>Rohit Patel is having a small chemist shop in the central part of Ahmedabad. What kind of competencies Rohit can build to gain competitive advantage over online medicine sellers? (RTP, May 2019, NA)</p> |
| | <p>Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies. A small chemist shop has a local presence and functions within a limited geographical area. Still it can build its own competencies to gain competitive advantage.</p> <p>Rohit Patel can build competencies in the areas of:</p> <p>(i) Developing personal and cordial relations with the customers. (ii) Providing home delivery with no additional cost. (iii) Developing a system of speedy delivery that can be difficult to match by online sellers. Being in central part of city, he can create a network to supply at wider locations in the city. (iv) Having extended working hours for convenience of buyers. (v) Providing easy credit or a system of monthly payments to the patients consuming regular medicines.</p> |
| Q42. | <p>What is a Strategic Group? Discuss the procedure for constructing a strategic group map. (RTP, May 2019, NA) (MTP2, May 2021, 5 Marks)</p> |
| | <p>A strategic group consists of those rival firms which have similar competitive approaches and positions in the market. Companies in the same strategic group can resemble one another in any of the several ways – have comparable product-line breadth, same price/quality range, same distribution channels, same product attributes, identical technological approaches, offer similar services and technical assistance and so on.</p> <p>The procedure for constructing a strategic group map and deciding which firms belong in which strategic group is as follows:</p> <ul style="list-style-type: none"> Identify the competitive characteristics that differentiate firms in the industry typical variables are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product- line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full). Plot the firms on a two-variable map using pairs of these differentiating characteristics. |

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| | <ul style="list-style-type: none"> • Assign firms that fall in about the same strategy space to the same strategic group. • Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues. |
| Q43. | <p>What does Dogs symbolize in BCG matrix?</p> <p>a. Invest b. Harvest c. Build d. Divest</p> <p>(MTP1, May 2019, 1 Mark)</p> |
| | Correct answer: (d) Divest |
| Q44. | <p>Internal _____ are activities in an organization that are performed especially well.</p> <p>a. Opportunities b. Competencies c. Strengths d. Management</p> <p>(MTP1, May 2019, 1 Mark)</p> |
| | Correct answer: (c) Strengths |
| Q45. | <p>Anything that a firm does especially well compared to rival firms is referred to as ____.</p> <p>a. Competitive advantage b. Comparative advantage c. Opportunity cost d. Sustainable advantage</p> <p>(MTP1, May 2019, 1 Mark) (MTP1, Nov 2019, 1 Mark)</p> |
| | Correct answer: (a) Competitive advantage |
| Q46. | <p>Dinesh Yadav is the owner of a beverage-based private company in Sonipat, Haryana. His unit is producing fruit juices, cold drinks, soda and lime. While its products have significant market share in the northern part of country, the sales are on decline in last couple of years. He seeks help of a management expert who advises him to first understand the competitive landscape. Explain the steps to be followed by Dinesh Yadav to understand competitive landscape.</p> <p>(MTP1, May 2019, 5 Marks)</p> |
| | <p>Steps to understand the competitive landscape</p> <p>(i) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.</p> <p>(ii) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.</p> <p>(iii) Determine the strengths of the competitors: What are the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?</p> |

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| | <p>(iv) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.</p> <p>(v) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.</p> |
| Q47. | <p>Which of the following is not part of external analysis:</p> <p>a. Customer segments. b. Organizational constraints. c. Entry barriers. d. Competitors.</p> <p>(MTP2, May 2019, 1 Mark)</p> |
| | Correct answer: (b) Organizational constraints |
| Q48. | <p>A core competence is all except?</p> <p>a. Valuable b. Rare c. Impossible to imitate d. Non-substitutable</p> <p>(MTP2, May 2019, 1 Mark)</p> |
| | Correct answer: (c) Impossible to imitate |
| Q49. | <p>'Speed' is a leading retail chain, on account of its ability to operate its business at low costs. The retail chain aims to further strengthen its top position in the retail industry. The Chief executive of the retail chain is of the view that to achieve the goals they should focus on lowering the costs of procurement of products. Highlight and explain the core competence of the retail chain.</p> <p>(MTP2, May 2019, 5 Marks) (RTP, Nov 2020, NA)</p> |
| | <p>A core competence is a unique strength of an organization which may not be shared by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. A core competency for a firm is whatever it does is highly beneficial to the organisation. 'Speed' is the leader on account of its ability to keep costs low.</p> <p>The cost advantage that 'Value for Money' has created for itself has allowed the retailer to price goods lower than competitors. The core competency in this case is derived from the company's ability to generate large sales volume, allowing the company to remain profitable with low profit margin.</p> |
| Q50. | <p>What do you understand by 'Competitive Landscape'? What are the steps to understand the competitive landscape?</p> <p>(SA, May 2019, 5 Marks)</p> |
| | Competitive landscape is a business analysis which identifies competitors, either direct or indirect. |

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| | <p>Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.</p> <p>Steps to understand the competitive landscape</p> <p>(i) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm's industry and have actual data about their respective market share.</p> <p>(ii) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.</p> <p>(iii) Determine the strengths of the competitors: What are the strength of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers. Why do customers give them their business?</p> <p>(iv) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.</p> <p>(v) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.</p> |
| <p>Q51.</p> | <p>Which of the following is not true for core competency:</p> <p>A. It distinguishes a company competitively.</p> <p>B. It is a source of competitive advantage.</p> <p>C. It is an individual skill and separate technique.</p> <p>D. It is often visible in the form of organizational functions.</p> <p>(RTP, Nov 2019, NA)</p> |
| | <p>Correct answer: (c) It is an individual skill and separate technique</p> |
| <p>Q52.</p> | <p>Shridhar who is running a medium size cloth manufacturing business in Panipat wishes to understand the driving forces that trigger change. He has sought advice from you and wishes to know common driving forces.</p> <p>(RTP, Nov 2019, NA)</p> <p>Industry and competitive conditions of organisation change as environmental forces are in motion. The most dominant forces are called driving forces because they have the biggest influence on what kinds of changes will take place in the industry's structure and competitive environment. Analyzing driving forces has two steps: identifying what the driving forces are and assessing the impact they will have on the industry.</p> <p>Many events can affect an industry powerfully enough to qualify as driving forces. Some are unique and specific to a particular industry situation, but many drivers of change fall into general category affecting different industries simultaneously. Some of the categories/examples of drivers are:</p> <ul style="list-style-type: none"> ● The internet and the new e-commerce opportunities and threats it breeds in the industry. ● Increasing globalization. ● Changes in the long-term industry growth rate. |

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| | <ul style="list-style-type: none"> ● Product innovation. ● Marketing innovation. ● Entry or exit of major forms. ● Diffusion of technical know-how across more companies and more countries. ● Changes in cost and efficiency. |
| <p>Q53.</p> | <p>Major core competencies are identified in three areas - competitor differentiation, customer value and application to other markets. Discuss. (RTP, Nov 2019, NA)</p> <hr/> <p>According to C.K. Prahalad and Gary Hamel, major core competencies are identified in three areas - competitor differentiation, customer value, and application to other markets.</p> <ul style="list-style-type: none"> ● Competitor differentiation: The company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products or services to market with no fear that competitors can copy it. ● Customer value: When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to provide fundamental benefits. The service or the product has to have real impact on the customer as the reason to choose to purchase them. If customer has chosen the company without this impact, then competence is not a core competence. ● Application of competencies to other markets: Core competence must be applicable to the whole organization; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence, if it is not fundamental from the whole organization's point of view. Thus, a core competence is a unique set of skills and expertise, which will be used through out the organisation to open up potential markets to be exploited. |
| <p>Q54.</p> | <p>Telecom industry is growing at a rapid speed in India. There is a cut throat competition among the service providers in the industry. Identify the capabilities that will best serve as a source of competitive advantage for a firm over its rivals? (MTP1, Nov 2019, 5 Marks)</p> <hr/> <p>Core competencies are capabilities that serve as a source of competitive advantage for a firm over its rivals. Core competency as the collective learning in the organization, especially coordinating diverse production skills and integrating multiple streams of technologies. An organization's combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.</p> |
| <p>Q55.</p> | <p>"Industry and competitive analysis begins with an overview of the industry's dominant economic features." Explain and also narrate the factors to be considered in profiling in industry's economic features. (SA, Nov 2019, 5 Marks)</p> <hr/> <p>Industry is "a group of firms whose products have same and similar attributes such that they compete for the same buyers." Industries differ significantly in their basic character and structure. Industry and competitive analysis begins with an overview of the industry's dominant economic features. The factors to be considered while profiling an industry's economic features are fairly standard and are given as under:</p> <ul style="list-style-type: none"> ● Size and nature of market. |

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| | <ul style="list-style-type: none"> ● Scope of competitive rivalry. ● Market growth rate and position in the business life. ● Number of rivals and their relative market share. ● The number of buyers and their relative sizes. ● The types of distribution channels used to access consumers. ● The pace of technological change in both production process innovation and new product introductions. ● Whether the products and services of rival firms are highly differentiated, weakly differentiated, or essentially identical? |
| <p>Q56.</p> | <p>Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies. Explain these four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies.</p> <p>(RTP, May 2020, NA)</p> <hr/> <p>Four specific criteria of sustainable competitive advantage that firms can use to determine those capabilities that are core competencies. Capabilities that are valuable, rare, costly to imitate, and non-substitutable are core competencies.</p> <p>(i) Valuable: Valuable capabilities are the ones that allow the firm to exploit opportunities or avert the threats in its external environment. A firm created value for customers by effectively using capabilities to exploit opportunities. Finance companies build a valuable competence in financial services. In addition, to make such competencies as financial services highly successful require placing the right people in the right jobs. Human capital is important in creating value for customers.</p> <p>(ii) Rare: Core competencies are very rare capabilities and very few of the competitors possess this. Capabilities possessed by many rivals are unlikely to be sources of competitive advantage for any one of them. Competitive advantage results only when firms develop and exploit valuable capabilities that differ from those shared with competitors.</p> <p>(iii) Costly to imitate: Costly to imitate means such capabilities that competing firms are unable to develop easily. For example: Intel has enjoyed a first-mover advantage more than once because of its rare fast R&D cycle time capability that brought SRAM and DRAM integrated circuit technology, and brought microprocessors to market well ahead of the competitor. The product could be imitated in due course of time, but it was much more difficult to imitate the R&D cycle time capability.</p> <p>(iv) Non-substitutable: Capabilities that do not have strategic equivalents are called non-substitutable capabilities. This final criterion for a capability to be a source of competitive advantage is that there must be no strategically equivalent valuable resources that are themselves either not rare or imitable.</p> |
| <p>Q57.</p> | <p>What is the purpose of SWOT analysis? Why is it necessary to do a SWOT analysis before selecting a particular strategy for a business organisation?</p> <p>(RTP, May 2020, NA)</p> <hr/> <p>An important component of strategic thinking requires the generation of a series of strategic alternatives, or choices of future strategies to pursue, given the company's internal strengths and weaknesses and its external opportunities and threats. The comparison of strengths, weaknesses, opportunities, and threats is normally referred to as SWOT analysis.</p> <p>(a) Strength: Strength is an inherent capability of the organization which it can use to gain strategic advantage over its competitor.</p> <p>(b) Weakness: A weakness is an inherent limitation or constraint of the organisation which creates</p> |

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| | <p>strategic disadvantage to it.</p> <p>(c) Opportunity: An opportunity is a favourable condition in the external environment which enables it to strengthen its position.</p> <p>(d) Threat: An unfavourable condition in the external environment which causes a risk for, or damage to the organisation's position.</p> <p>SWOT analysis helps managers to craft a business model (or models) that will allow a company to gain a competitive advantage in its industry (or industries). Competitive advantage leads to increased profitability, and this maximizes a company's chances of surviving in the fast-changing, competitive environment. Key reasons for SWOT analyses are:</p> <ul style="list-style-type: none"> • It provides a logical framework. • It presents a comparative account. • It guides the strategist in strategy identification. |
| Q58. | <p>Write a short note on the role of ADL Matrix in assessing competitive position of a firm. (RTP, Nov 2020, NA) (RTP, May 2022, NA)</p> <hr/> <p>The ADL matrix has derived its name from Arthur D. Little which is a portfolio analysis method based on product life cycle. The approach forms a two dimensional matrix based on stage of industry maturity and the firm's competitive position, environmental assessment and business strength assessment. The role of ADL matrix is to assess the competitive position of a firm based on an assessment of the following criteria:</p> <ul style="list-style-type: none"> • Dominant: This is a comparatively rare position and in many cases is attributable either to a monopoly or a strong and protected technological leadership. • Strong: By virtue of this position, the firm has a considerable degree of freedom over its choice of strategies and is often able to act without its market position being unduly threatened by its competitors. • Favourable: This position, which generally comes about when the industry is fragmented and no one competitor stand out clearly, results in the market leaders a reasonable degree of freedom. • Tenable: Although the firms within this category are able to perform satisfactorily and can justify staying in the industry, they are generally vulnerable in the face of increased competition from stronger and more proactive companies in the market. • Weak: The performance of firms in this category is generally unsatisfactory although the opportunities for improvement do exist. |
| Q59. | <p>Why companies should go global? Mention any five reasons. (SA, Nov 2020, 5 Marks)</p> <hr/> <p>There are several reasons why companies go global. These are discussed as follows:</p> <ul style="list-style-type: none"> • One reason could be the rapid shrinking of time and distance across the globe - thanks to faster communication, speedier transportation, growing financial flows and rapid technological changes. • It is being realized that the domestic markets are no longer adequate and rich. Companies globalize to take advantage of opportunities available elsewhere. • A new product may gradually get acceptance and grow locally and then globally. This may initially be in form of exports and then later production facilities may begin in other countries. • Organizations may go global to take advantage of cheaper raw material and labour costs. • Companies often set up overseas plants to reduce high transportation costs. • The motivation to go global in high-tech industries is slightly different. Companies in |

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| | <p>electronics and telecommunications must spend large sums on research and development for new products and thus may be compelled to seek ways to improve sales volume to support high overhead expenses.</p> <ul style="list-style-type: none"> • The companies may also go global to take advantage of local taxation laws. • To form strategic alliances to ward off economic and technological threats and leverage their respective comparative and competitive advantages. |
| <p>Q60.</p> | <p>Mohan has joined as the new CEO of XYZ Corporation and aims to make it a dominant technology company in the next five years. He aims to develop competencies for managers for achieving better performance and a competitive advantage for XYZ Corporation. Mohan is well aware of the importance of resources and capabilities in generating competitive advantage.</p> <p>Discuss the four major characteristics of resources and capabilities required by XYZ Corporation to sustain the competitive advantage and its ability to earn profits from it.</p> <p>(SA, Jan 2021, 5 Marks)</p> <hr/> <p>XYZ Corporation is aiming to transform into a dominant technology company under the leadership of Mohan, the new CEO. He aims to develop competencies for managers for achieving better performance and a competitive advantage for the corporation. Mohan is also well aware of the importance of resources and capabilities in generating and sustaining the competitive advantage. Therefore he must focus on characteristics of resources and capabilities of the corporation.</p> <p>The sustainability of competitive advantage and a firm's ability to earn profits from it depends, to a great extent, upon four major characteristics of resources and capabilities which are as follows:</p> <p>1. Durability: The period over which a competitive advantage is sustained depends in part on the rate at which a firm's resources and capabilities deteriorate. In industries where the rate of product innovation is fast, product patents are quite likely to become obsolete. Similarly, capabilities which are the result of the management expertise of the CEO are also vulnerable to his or her retirement or departure. On the other hand, many consumer brand names have a highly durable appeal.</p> <p>2. Transferability: Even if the resources and capabilities on which a competitive advantage is based are durable, it is likely to be eroded by competition from rivals. The ability of rivals to attack position of competitive advantage relies on their gaining access to the necessary resources and capabilities. The easier it is to transfer resources and capabilities between companies, the less sustainable will be the competitive advantage which is based on them.</p> <p>3. Imitability: If resources and capabilities cannot be purchased by a would-be imitator, then they must be built from scratch. How easily and quickly can the competitors build the resources and capabilities on which a firm's competitive advantage is based? This is the true test of imitability. Where capabilities require networks of organizational routines, whose effectiveness depends on the corporate culture, imitation is difficult.</p> <p>4. Appropriability: Appropriability refers to the ability of the firm's owners to appropriate the returns on its resource base. Even where resources and capabilities are capable of offering sustainable advantage, there is an issue as to who receives the returns on these resources.</p> |
| <p>Q61.</p> | <p>Core competencies provide an edge to a business over its competitors. Discuss. Also, briefly state the three areas in which major core competencies are identified.</p> <p>(SA, Jan 2021, 5 Marks)</p> <hr/> <p>A core competence is a unique strength of an organization which may not be shared by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage.</p> |

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| | <p>In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. An organization’s combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.</p> <p>According to C.K. Prahalad and Gary Hamel, major core competencies are identified in following three areas:</p> <p>1. Competitor differentiation: The Company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products and services to market with no fear that competitors can copy it.</p> <p>2. Customer value: When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to provide fundamental benefits. The service or the product has to have a real impact on the customer as the reason to choose to purchase them. If a customer has chosen the company without this impact, then competence is not a core competence and it will not affect the company’s market position.</p> <p>3. Application of competencies to other markets: Core competence must be applicable to the whole organisation; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as core competence if it is not fundamental from the whole organisation’s point of view. Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organisation to open up potential markets to be exploited.</p> |
| <p>Q62.</p> | <p>ABC Ltd. manufactures and sells air purifier ‘Fresh Breath’. The ‘Fresh Breath’ has seen sales growth of around 1% for the last two years, after strong growth in the previous five years. This is due to new products entering the market in competition with the ‘Fresh Breath’. ABC Ltd. is therefore considering cutting its prices to be in line with its major rivals with a hope to maintain the market share. Market research indicates that this will now cause a significant increase in the level of sales, even though in previous years price cuts have had little effect on demand. ABC Ltd. is also planning to launch a promotional campaign to highlight the benefits of the ‘Fresh Breath’ against its rival products.</p> <p>Identify and explain the stage of the product life cycle in which ‘Fresh Breath’ falls.</p> <p>(RTP, May 2021, NA)</p> <p>Product Life Cycle is a useful concept for guiding strategic choice. PLC is an S-shaped curve which exhibits the relationship of sales with respect of time for a product that passes through the four successive stages of introduction (slow sales growth), growth (rapid market acceptance) maturity (slowdown in growth rate) and decline (sharp downward drift).</p> <p>The product ‘Fresh Breath’ of ABC Ltd. falls under Maturity stage of product life cycle. In this stage, the competition gets tough and market gets stabilised. Profit comes down because of stiff competition. At this stage, ABC Ltd. have to work for maintaining stability by cutting the prices to be in line with its major rivals with a hope to maintain the market share and by launching a promotional campaign to highlight the benefits of the ‘Fresh Breath’ against its rival products.</p> |
| <p>Q63.</p> | <p>The Specialist Clothing Company (SCC) is a manufacturer of a wide range of clothing. Fashion is one of the five divisions of SCC. Fashion is operating in a market with high growth and is a market leader. By the next year, it is predicted to have 10% of the market share in a growing market. Fashion should be classified as which of the following according to the BCG matrix.</p> |

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| | <p>(a) Star (b) Dog (c) Cash cow (d) Question mark (MTP1, May 2021, 1 Mark)</p> |
| | <p>Correct answer: (a) Star</p> |
| Q64. | <p>A beverage company has more than 500 soft drink brands, but none of them is anywhere close to its premium brand One Sip in awareness, revenue and profits. As per BCG's Matrix, One Sip brand for the beverage company is?</p> <p>(a) Star (b) Dog (c) Cash cow (d) Question Mark (MTP2, May 2021, 1 Mark)</p> |
| | <p>Correct answer: (c) Cash cow</p> |
| Q65. | <p>A manufacturing company is in direct competition with fifteen companies at national level. Head of marketing department of this company wishes to study the market position of rival companies by grouping them into like positions. Name the tool that may be used by him/her. Explain the procedure that may be used to implement the techniques. (SA, May 2021, 5 Marks)</p> <p>A tool to identify the market positions of rival companies by grouping them into like positions is strategic group mapping. A strategic group consists of those rival firms which have similar competitive approaches and positions in the market.</p> <p>The procedure for constructing a strategic group map and deciding which firms belong in which strategic group are as follows:</p> <ol style="list-style-type: none"> 1. Identify the competitive characteristics that differentiate firms in the industry typical variables that are price/quality range (high, medium, low); geographic coverage (local, regional, national, global); degree of vertical integration (none, partial, full); product-line breadth (wide, narrow); use of distribution channels (one, some, all); and degree of service offered (no-frills, limited, full). 2. Plot the firms on a two-variable map using pairs of these differentiating characteristics. 3. Assign firms that fall in about the same strategy space to the same strategic group. 4. Draw circles around each strategic group making the circles proportional to the size of the group's respective share of total industry sales revenues. |
| Q66. | <p>"Understanding the competitive landscape is important to build upon a competitive advantage". Explain. (SA, May 2021, 5 Marks)</p> |
| | <p>Competitive landscape is a business analysis which identifies competitors, either direct or indirect. Competitive landscape is about identifying and understanding the competitors and at the same time, it permits the comprehension of their vision, mission, core values, niche market, strengths and weaknesses.</p> |

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| | <p>An in-depth investigation and analysis of a firm’s competition allows it to assess the Competitor’s strength and weaknesses in the marketplace and helps it to choose and implement effective strategies that will improve its competitive advantage.</p> <p>Steps to understand the competitive landscape for building competitive advantage are:</p> <p>(i) Identify the competitor: The first step to understand the competitive landscape is to identify the competitors in the firm’s industry and have actual idea about their respective market share.</p> <p>(ii) Understand the competitors: Once the competitors have been identified, the strategist can use market research report, internet, newspapers, social media, industry reports, and various other sources to understand the products and services offered by them in different markets.</p> <p>(iii) Determine the strengths of the competitors: What are the strengths of the competitors? What do they do well? Do they offer great products? Do they utilize marketing in a way that comparatively reaches out to more consumers? Why do customers give them their business?</p> <p>(iv) Determine the weaknesses of the competitors: Weaknesses (and strengths) can be identified by going through consumer reports and reviews appearing in various media. After all, consumers are often willing to give their opinions, especially when the products or services are either great or very poor.</p> <p>(v) Put all of the information together: At this stage, the strategist should put together all information about competitors and draw inference about what they are not offering and what the firm can do to fill in the gaps. The strategist can also know the areas which need to be strengthened by the firm.</p> |
| <p>Q67.</p> | <p>"ABC is a marketing consultancy business. ABC's most recent corporate analysis has identified that three new businesses have recently entered its market and started aggressively targeting ABC's key client. As part of ABC's corporate analysis, these three new businesses would be a</p> <p>(a) Strength (b) Opportunity (c) Weakness (d) Threat"</p> <p>(RTP, Nov 2021, NA)</p> |
| | <p>Correct answer: (b) Opportunity</p> |
| <p>Q68.</p> | <p>"Ajanta & Sons Limited are manufacturers of domestic household security alarms for high-income group homeowners in India. The company is currently reviewing two strategic options.</p> <p>Option 1: Selling the same alarms although with different coverings to smaller and low-income group households at a lower price.</p> <p>Option 2: Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices.</p> <p>The senior management team of Ajanta & Sons Limited are keen to analyse the two options using Ansoff's Matrix."</p> <p>(RTP, Nov 2021, NA)</p> |
| | <p>Selling the same alarms with different coverings to smaller and low income group households at a lower price represents Market Development as the same products are being sold into a new market.</p> |

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| | <p>Market development refers to a growth strategy where the business seeks to sell its existing products into new markets. It is a strategy for company growth by identifying and developing new markets for the existing products of the Company.</p> <p>While the development of new and more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices is classified as Diversification because it involves a new product, being sold in a new market. Diversification refers to a growth strategy where a business markets new products in new markets. It is a strategy by starting up or acquiring businesses outside the company's current products and markets.</p> |
| Q69. | <p>Core competencies provide an edge to a business over its competitors. (RTP, Nov 2021, NA)</p> <p>A core competence is a unique strength of an organization which may not be shared by others. Core competencies are those capabilities that are critical to a business achieving competitive advantage. In order to qualify as a core competence, the competency should differentiate the business from any other similar businesses. An organization's combination of technological and managerial know-how, wisdom and experience are a complex set of capabilities and resources that can lead to a competitive advantage compared to a competitor.</p> <p>According to C.K. Prahalad and Gary Hamel, major core competencies are identified in following three areas:</p> <ol style="list-style-type: none"> 1. Competitor differentiation: The Company can consider having a core competence if the competence is unique and it is difficult for competitors to imitate. This can provide a company an edge compared to competitors. It allows the company to provide better products and services to market with no fear that competitors can copy it. 2. Customer value: When purchasing a product or service it has to deliver a fundamental benefit for the end customer in order to be a core competence. It will include all the skills needed to provide fundamental benefits. The service or the product has to have real impact on the customer as the reason to choose to purchase them. If customer has chosen the company without this impact, then Competence is not a core competence and it will not affect the company's position. 3. Application of competencies to other markets: Core competence must be applicable to the whole organisation; it cannot be only one particular skill or specified area of expertise. Therefore, although some special capability would be essential or crucial for the success of business activity, it will not be considered as Core competence if it is not fundamental from the whole organization's point of view. <p>Thus, a core competence is a unique set of skills and expertise, which will be used throughout the organisation to open up potential markets to be exploited.</p> |
| Q70. | <p>Baba Pvt Ltd has seventeen factories, nine of which they recently gave to other producers on lease. This has increased their cash inflows to a great extent, and they are enjoying this surplus by investing the same in financial assets. Such a strategy can be termed as which of the following?</p> <p>(a) Divest (b) Harvest</p> |

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| | <p>(c) Hold (d) Build</p> <p>(MTP1, Nov 2021, 2 Marks)</p> |
| | <p>Correct answer: (b) Harvest</p> |
| Q71. | <p>Shreya, the owner of Kalakaari boutiques, wanted to reduce uncertainty of their business strategy for which she gathered a lot of information from peers, groups, industry reports and experts. But it did not give her comfort to take up new strategies. What tool can help her in this regard?</p> <p>(a) Risk Analysis (b) BCG Analysis (c) ADL Matrix (d) Scenario Analysis</p> <p>(MTP1, Nov 2021, 2 Marks)</p> |
| | <p>Correct answer: (d) Scenario Analysis</p> |
| Q72. | <p>DMart sells fast-moving consumer goods at wholesale prices to retail customers, is a strategy of?</p> <p>(a) Market Penetration (b) Cost Differentiation (c) Cost Leadership (d) Market Development</p> <p>(MTP1, Nov 2021, 1 Mark)</p> |
| | <p>Correct answer: (a) Market Penetration</p> |
| Q73. | <p>During which stage of the Product Life Cycle will marketing strategies need to concentrate on differentiating a product from competing products, building brand loyalty and offering incentives to attract competitor's customers to switch?</p> <p>(a) Decline (b) Growth (c) Maturity (d) Introduction</p> <p>(MTP2, Nov 2021, 2 Marks)</p> |
| | <p>Correct answer: (c) Maturity</p> |
| Q74. | <p>In context to BCG matrix, which of the following statements is not correct?</p> <p>(a) The BCG assumes that all products will grow and mature. (b) The BCG can be used to examine a company's current product portfolio. (c) A company with only cash cows and dogs has limited long-term prospects. (d) All of the above</p> <p>(MTP2, Nov 2021, 1 Mark)</p> |
| | <p>Correct answer: (a) The BCG assumes that all products will grow and mature</p> |
| Q75. | <p>Marketing and Sales of Hindustan Unilever Limited and lowering of operating cost by Walmart</p> |

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| | <p>are examples of what?</p> <p>(a) Competitive Advantage</p> <p>(b) Core Competency</p> <p>(c) Strategic Planning</p> <p>(d) Key Performance Indicators (KPIs)</p> <p>(MTP2, Nov 2021, 1 Mark)</p> |
| | <p>Correct answer: (b) Core competency</p> |
| Q76. | <p>The strategic landscape of healthcare sector around the world is changing rapidly because of-</p> <p>(a) Doctors Educational Interests</p> <p>(b) Indian Nurses going to abroad</p> <p>(c) Internet and Technological advancement</p> <p>(d) Patients being more aware</p> <p>(MTP2, Nov 2021, 1 Mark)</p> |
| | <p>Correct answer: (c) Internet and Technological advancement</p> |
| Q77. | <p>STU's Association with India goes back to 1967, when it played a key role in constructing a very long highway in India spreading over multiple states. Since then, it is contributing in many ways to the country's growth story. Now it is looking at playing an active role in the key projects taken up by the central government. Suggest a few opportunities and Threats that the company should consider.</p> <p>(SA, Nov 2021, 5 Marks)</p> |
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| Q78. | <p>Nom-Nom is a fast-food brand and has been facing a lot of competition from American brands and has decided to NOT go very aggressive but to just preserve market share?</p> <p>Which of the strategy Nom-Nom is following?</p> <p>(a) Build</p> <p>(b) Hold</p> <p>(c) Harvest</p> <p>(d) Divest</p> <p>(RTP, May 2022, NA)</p> |
| | <p>Correct answer: (a) Build</p> |
| Q79. | <p>Halder & Sons have invested in latest technology in terms of latest printing machines from Germany and Israel. But recent advent of internet has posed a big threat to their printing business as majority of their clients have now turned to more environment friendly options. They are not able to sell off their machines which are now redundant. What condition are they facing right now?</p> <p>(a) Improper market analysis</p> <p>(b) Exit Barriers</p> <p>(c) Paralysis of Strategic Vision</p> <p>(d) Weak SWOT Analysis</p> <p>(RTP, May 2022, NA)</p> |

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| | Correct answer: (b) Exit Barriers |
| Q80. | Explain the strategic implications of each of the following types of business in a corporate portfolio: (a) Stars (b) Question Marks (c) Cash Cows (d) Dogs (RTP, May 2022, NA) |
| | <p>In the BCG growth-share matrix portfolio of investments are represented in two dimensional space. The vertical axis represents market growth rate, and the horizontal axis represents relative market share. The strategic implications for various business types under BCG in the corporate portfolio are:</p> <p>Stars are products or businesses that are growing rapidly and are the best opportunity for expansion. Stars may follow a build strategy. They need heavy investments to maintain their position and finance their rapid growth potential.</p> <p>Cash Cows are low-growth, high market share businesses or products. They generate cash and have low costs. They are established, successful, and need less investment to maintain their market share. Strategic alternative advocated for cash cows is harvest.</p> <p>Question Marks are low market share business in high-growth markets. Strategic option for them is hold for which they need heavy investments. Question marks if left unattended are capable of becoming cash traps.</p> <p>Dogs are low-growth, low-share businesses and products. Relevant strategy is divest. Dogs may generate enough cash to maintain themselves, but do not have much future. Dogs should be minimized by means of divestment or liquidation.</p> |