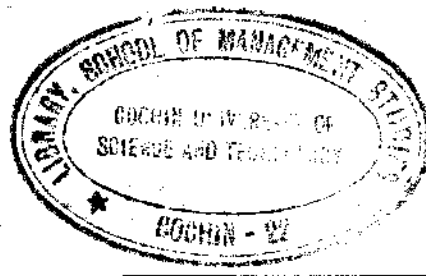


FT-IV



MBA.IV/05.16.0360

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B

MBA (FT)/MBA (TT) DEGREE IV SEMESTER EXAMINATION MAY 2016

SMS 2401/SMT 2401 BUSINESS POLICY AND STRATEGIC MANAGEMENT
(Regular and Supplementary)

Time: 3 Hours

Maximum Marks: 50

PART A
(Answer *ALL* questions)

(5 × 2 = 10)

1. Differentiate mission from vision.
2. What is social audit? How is it carried out?
3. What is strategic group? What is its significance?
4. How is SWOT useful for strategy making?
5. What is turnaround strategy? Give a recent example from Indian context.

PART B
(Answer *ANY FIVE* questions)

(5 × 4 = 20)

6. Explain the terms 'strategy', 'tactic' and 'operation' with example for each.
7. Explain how GE matrix is useful for strategy formulation.
8. Describe the process of competitor analysis.
9. Describe any two popular M and A cases in the past five years and the effect of such M and A on the acquirer company.
10. Distinguish between growth and retrenchment strategies.
11. How is structure related to strategy? Can the structure be independent of strategy?
12. What is industrial restructuring? How does a company carry out the restructuring?

PART C
(Answer *ANY TWO* questions)

(2 × 10 = 20)

13. Describe the portfolio analysis models and how they are useful in strategic management of firms with examples.

(P.T.O.)

14. Compare and contrast Michael E.Porter and C.K.Prahlad as strategy gurus and critically evaluate their contributions to strategic management.
15. Analyse the case below and answer the questions given at the end.

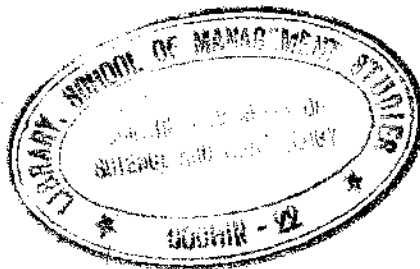
E-retailing in India

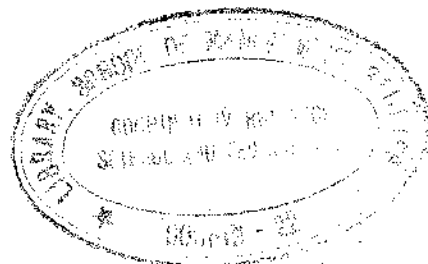
Online retailing has grown significantly in recent times in India. Both the e-retailing segments, such as online buying and online auctioning, have registered impressive growth. The online buying happens in most product categories, from low value items like books and CDs to high value items like laptops, and low involvement items like flowers, toothpaste etc. to high involvement items like jewellery and diamonds. Big business deals are being done in this space. War chests are being drawn up for long fight in the online retailing industry. E-tailers like Jobong, Myntra and Firstcry, and e-market places like Flipkart, eBay and Amazon.in etc have been competing for market share like never before in any other industry. Snapdeal is another major player in this domain. They vie with each other to give customers a great experience in terms of search, comparison and low prices. Infibeam, Yebhi, Rediff shopping, Home Shop 18, Zovi, Naptol and Trydus are also around.

Customers use multiple channels for contacting etailers to place orders such as e-mail, telephone, chat and online. The e-retailers have to engage staff to handle orders coming in through each channel. Social media staff, like for Twitter and Facebook, must be able to respond to the queries of such social media users with certainty. Operating a global twitter feed during working hours is not adequate. The first experience of the customer with the site is important. The searches should lead them to products easily. The use of multiple channels of communication for the customers is desirable. E-retailers network with a host of suppliers or distributors to ensure that they get enough supplies to deliver products across the country. Yet, merchandising is a big issue for e-retailers.

E-retailing is a great bargain for online customers. To attract customers, etailers offer deep discounts and price their products very low. The e-retailers bargain hard with the distributors and sell the products at market operating price, which is the least price set by e-retailers to deliver more value to customers that leaves very little for the e-retailers to survive. Consumers can compare products, check availability and prices of various e-retailers. The key challenge to e-retailers is to be profitable when the firm promotes itself aggressively to push sales. Manufacturers of appliances like Samsung Corp, LG Corp and Panasonic Corp have opened e-stores in India recently. However, internet retailing of appliances in India faces some challenges like inefficient infrastructure and cannibalizing sales between physical stores and e-stores. Despite these issues, some firms like Flipkart, Snapdeal and Paytm have reached online sales of \$one billion annually.

(Contd..3.)





A recent study by McKinsey and Company concluded that India is on the verge of an Internet boom and is projected to have between 330 million to 370 million internet users by 2015. If it is right, India has the second largest internet user base in the world which is larger than the US population. The exponential growth in the number of internet and smart phone users has led to a corresponding growth in e-retailing in India. Other drivers of e-retailing in India include rising living standards, burgeoning middle class population, larger product range in e-stores, deep discount prices, traffic congestions in cities etc.

Online mobile recharge and travel booking are the most popular e-commerce activities in India. Media products, apparel, shoes, consumer electronics and video games, beauty and personal care products are the top categories of products sold over the internet in India. A large percentage of COD payments are rejected at the point of delivery.

E-commerce firms like Flipkart (USD 2.3 Billion), Snapdeal (USD 50 million), and Myntra (USD 50 million) have received substantial funding from outside in the past few years. Flipkart, which started in 2007 as an online retailer of books has diversified into many product categories. It is planning to be the largest e-retailer in the country, with Amazon like capability, has already hired a few engineers and strategists offering more than a million dollar salary besides stock options and bonuses to each one of them. There is huge potential for e-retailing but e-retailers have to take on big challenges like timely delivery across the nation, winning trust of buyers and ensuring a hassle free payment mechanism. Alibaba.com alone accounted for 80% of e-retailing in China in 2013. According to a study by CRISIL done in 2014, the online retailing in India is expected to grow at a CAGR of 50-55% in the next three years. The aggregate retail market in India was ₹25,286/- billion in 2012-13, of which only ₹1729/- billion was the share of organized retail market. E-retailing was only ₹139 billion, just 7.9% organized retail and 0.5% of the entire retail market of the country.

Too many firms have, of late, taken to e-retailing in India and they are spending huge amount of money in creating the required infrastructure and promotion. Out of the nearly ₹49,000 crore of annual ad spend, a little over 7% is the share of e-retailing firms in India, which by all means is staggering for such a nascent industry. Most of the ad budget is spent on television and print media. Logistics is always an area of concern for most e-tailers in India. Similarly, payment gateway errors are quite high in India. The commission charged by payment gateway firms is also high which eats into the margins of e-retailers. The COD transactions have to be backed up with a cash collection system which is daunting in terms of the risk and task involved. Despite the favourable factors, a lot of e-ventures have run into difficulties and closed down operations which include ventures like Dhingana, Seventy MM and Rock.in. There are also legal and regulatory issues. Illegal sales of pharma

(Contd..4.)

products, violation of tax laws etc are under the scanner of enforcement agencies. Allegations of predatory pricing, tax avoidance, anti-competitive practices etc have been leveled against big e-retailers in India.

Questions:

- (i) Carry out a SWOT analysis for e-retailing industry in India.
- (ii) Carry out a competitor analysis for Flipkart.
- (iii) How do the e-retailers change advertising campaigns to make them for effective?
- (iv) What are the key challenges to the e-retailers and what solutions are available to them?

