

**JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
POST GRADUATE DIPLOMA IN MANAGEMENT
THIRD TRIMESTER (Batch 2020-22)
END-TERM EXAMINATIONS, MAY 2021**

Set-2

Course Name	Strategic Management GM301 Set 2	Course Code	GM 301
Max. Time	2 Hours	Max. Marks	40

INSTRUCTIONS:

- A. Answer any 2 Questions from Section – A (20 Marks)**
- B. Case study is Compulsory in Section – B (20 Marks)**
- C. The institute expects the students to adhere to the utmost academic integrity. Plagiarism clause will apply beyond 15% as under:**

>15% - 20%	minus 2
>20% - 25%	minus 4
>25% - 30%	minus 6
>30% - 40%	minus 8
>40%	'F' grade

Section A. Answer ANY 2 Questions

1. **Analyze the 'Indian Smart Phone Industry'** using Porter's Five Forces Model clearly indicating the level of impact of each force in terms of low, medium or high, and your recommendations regarding entering the Smart Phone Industry or otherwise with full justification. (10 Marks)
2. **McKinsey's 7S Matrix has stood the test of time in guiding the alignment of internal forces that aids in implementation of strategy.**
Apply McKinsey's 7S Matrix to your institute to improve quality of job placement. (10 Marks)
3. **Following are the details of an SBU of XYZ Corporation:**
 - Total weighted score on the Internal Factor Analysis (IFE) = 3.5
 - Total weighted score on the External Factor Analysis (EFE) = 2.5
 - a) Draw the IE (a.k.a. GE/McKinsey) matrix plotting the coordinates, and indicate the strategic choices available in the quadrant. (5 Marks)
 - b) Among the strategic options available, which are the options feasible for the SBU. Justify. (5 Marks)

Section B. Case- Flipkart. Answer all the questions given at the end of the case.

Background

Experience at Amazon gave **Flipkart's** founders, Sachin & Binny Bansal, a better understanding about this industry. A company started in 2007, by 2013-14 became US \$1billion Company. Counted among the top 20 Indian websites by 2012 and was the largest online book seller in India

with over 11 million titles. Flipkart was dominating Amazon in the exponentially growing e-commerce market of India.

Flipkart popularised online buying in India. Subsequently this led to an enormous growth of ecommerce in India. Along with such growth competition also increased proportionately, thanks to rapid development of technology. To cash in on this growth opportunity, Flipkart went whole hog with its marketing thrust, acquisitions, innovation, and moving forward with technology.

Established a very successful business through an innovative strategy of introducing COD in a country where touch and feel were the key criteria for purchase. Thereafter, took all the right steps to move ahead, facing the key challenges it faced within the industry as well as from the global competitor.

To get a competitive advantage from local competition, and attain parity with global competition, Flipkart was registered in Singapore to avail of tax benefits for itself as well as investors. Flipkart acquired Myntra.com dominating entertainment, and fashion & lifestyle segments

It took the acquisition route for rapid growth, including:

- WeRead, a social book discovery tool, in 2010
- Mime360 used to host music streaming for labels like Saregama, Universal Music, Inreco
- Chapak.com for Bollywood news, videos, etc.
- Letsbuy.com second largest electronics retailer in India
- Myntra in 2014 with 650 brands and well established supply chain process

Acquisitions made were to increase market share & gain competitive advantage:

- Gave it varied product differentiation
- Product variety had gone up to books, electronics

UPDATE ON THE FLIPKART'S M&A STRATEGY

Flipkart has been busy stitching up deals in recent times and the Cleartrip buyout would be the fourth transaction sealed by the e-commerce major in the last year.

In October 2020, it picked up a 7.8 percent stake in Aditya Birla Fashion & Retail for Rs 1,500 crore. Three months earlier, it had pumped in Rs 260 crore in Arvind Youth Brands, an arm of Arvind Fashions. It has also struck niche buyouts by acquiring augmented reality firm Scaptic and social media gaming start-up Mech Mocha.

Most of the large ecommerce players like Flipkart, Amazon and Paytm want to embrace the super-app strategy and have a presence in every business segment, be it retail, food delivery, payment services and travel. Amazon and Ant Financial-backed Paytm are also present in the online travel segment. In May 2019, Amazon India tied up with Cleartrip to add a flight booking option to its payment service, Amazon Pay.

In October 2016, MakeMyTrip acquired rival Ibibio Group, backed by Naspers and Tencent, for around \$1.8 billion in a sign of consolidation in the fast-growing Indian online travel industry. Tencent is also an investor in Flipkart.

The Moneycontrol report published on March 1, 2021 had also mentioned that if deal talks fructify, Flipkart would absorb a firm with strong recall value along with its members and customer base and that the buyout would ensure the presence of an in-house brand with direct supply of business from airlines and hotels.

To be sure, Flipkart ventured into the online travel space in April 2018 when it struck a partnership with MakeMyTrip to offer the latter's travel services on its platform.

With this acquisition, Flipkart will be better positioned to take on rivals MakeMyTrip, Yatra, Booking.com, EaseMyTrip and IPO-bound ixigo.

On April 5, Moneycontrol was the first to report that ixigo was planning to go public in 2021 and was looking to raise Rs 1,500 crore to Rs 1,800 crore via the IPO.

Cleartrip's financial performance had been hit seriously due to travel and border restrictions imposed post the outbreak of COVID-19. Besides India, it operates in the UAE, Saudi Arabia and Egypt. Its key investors include Concur Technologies, DAG Ventures & Gund Investment Corporation. The firm was established in 2006 by Founder & CEO Stuart Crighton. Prior to founding Cleartrip, Stuart worked with Abacus Distribution Systems, Asia's leading GDS (global distribution system) as Head, South and West Asia.

Walmart acquired about 77 percent of Flipkart for around \$16 billion in 2018, ratcheting up competition with Amazon Inc. in the booming Indian ecommerce market. At the company's 2021 investment community meeting, president and CEO Doug McMillon said, "This (India) is a market where we will step on the gas to ensure we have the appropriate level of investments in areas like the supply chain."

"We are well positioned to grow as an emerging middle class spends more money through mobile phones. In India, our momentum and potential for growth make this a unique opportunity," McMillon added.

Questions:

1. How effective has the firm been in gaining competitive advantage in the industry? (4 marks)
2. Identify the Strategic Business Units (SBUs) of Flipkart. (4 marks)
3. Create a BCG matrix for Flipkart (You may use suitable estimates). (8 marks)
4. Do all the acquisitions of Flipkart make sense? Evaluate all acquisitions especially the recent Cleartrip. (4 marks)