JAIPURIA INSTITUTE OF MANAGEMENT
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JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM/ PGDM (M)/ PGDM (SM)
TRIMESTER-IV; Batch 2021-23
END TERM EXAMINATIONS, NOVEMBER 2022

Course Name	STRATEGIC MANAGEMENT	Course Code	20704
Max. Time	2 Hours	Max. Marks	40

Instruction: *In Section A, attempt Any 2 Questions while Section B (Case Study) is mandatory.*

SECTION A:

Q1. Value chains can be mapped and analyzed using Value Chain Analysis (VCA) as a diagnostic tool. Recently Dabur India announced its entry into the growing protein segment and also its first e-commerce launch with the addition of a peanut butter range to its Réal portfolio. The launch adds to a series of products that FMCG companies have been coming out within the protein food segment to cater to the growing demand for health foods. Dabur's peanut butter joins a wide range of options already available in the market. Hindustan Unilever (HUL) under Kissan, Marico under Saffola, Dr Oetker under Funfoods, and several international food and beverage companies already offer their own peanut butter range. You are appointed as Executive Consultant to the Head- Real portfolio. Chalk out 'elements' of value chain analysis framework for the firm in FMCG industry (in your answer sheet) and offer assessment on linkages amongst the value chain activities. (5+5 Marks)

Value Chain Activity	How does the firm create Value for the Customer	Linkages
Inbound Logistics		
Operations		
Outbound Logistics		
Marketing and Sales		
Service		
Procurement		
Technology Development		
HRM		
General Management		

Q2: Maruti Suzuki India Ltd. (MSIL), subsidiary of Suzuki Motor Corporation of Japan, is India's largest car maker for a market that is the sixth largest in the world. It has a wide range of products catering to the mobility need of the passenger cars and utility vehicles customers ranging from the no-frills, entry-level competitively-priced cars to premium ones under 14 brands with 150 variants. Despite maintaining its market leader status, MSIL faces tough competition from local as well as foreign carmakers and its market share has seen a decline in a market that has not been very promising in recent years. Customer groups in the Indian automobile industry are segmented on the basis of price. Technology for car manufacturing is fairly standardised and MSIL sources it from Suzuki, its Japanese parent company. In recent years, Indian car manufacturers have had to undertake major technological upgradation to conform to the international emission norms codified as the Euro I and Euro II norms and the absorption of multipoint fuel injection(MPFI) technology. India is harmonising its emission norms for four wheelers with the European regulation and has adopted Euro III. Technical segmentation of car market is done on the basis of length of the vehicle and body shape. The value chain in car manufacturing start with the inbound logistics of steel coils as input moving through the processes of blanking, pressing, welding, assembly, and vehicle inspection. Material costs make up the bulk of production costs. The value system of MSIL includes the ancillary units, vendors, and suppliers—mostly based in proximity to its manufacturing facilities at Gurgaon and Manesar, Haryana—from whom its sources the components and parts. It also includes the after-sale service providers who are dealers having service stations. Maruti Suzuki India Ltd. has an extensive distribution channel consisting of channel partners who own and manage their sales outlets across a large number of Indian cities. The service network coverage is quite extensive and supported by authorised service outlets. Maruti Suzuki India Ltd. has positioned itself as a provider of security, confidence, reassurance, value-for money, and good resale value. Analysts see MSIL as a carmaker that understands the Indian customer better than its rivals. The customer benefits expected are of fuel efficiency, low maintenance costs, and easy availability of genuine parts. The business strategies of MSIL are a combination of lower cost and differentiation for different types of products. The lower-cost strategy is followed by the usage of a reliable network of suppliers, efficient manufacturing, just-in-time inventory systems, extensive after-sale service support, realisation of economies of scale, and stringent waste management and control. The competitive advantages for cost leadership flow from factors such as economic size of operations, low initial investment, high level of indigenisation, fully depreciated manufacturing plants, and high labour productivity. The differentiation strategy is put into action by providing options to a customer of offering a car at a nominal price point difference. This means that a car with a marginal price difference would be available to a customer looking for upgrading. (5+5 Marks)

A. Examine and discuss the strategic position and competitive advantage of MSIL?
B. Opine upon the conditions under which competitive advantage can be sustained?

Q3. Edtech major BYJU'S on October 12th this year announced several measures to bolster its India business, saying that its K-10 business, which includes Toppr, Meritnation, TutorVista, Scholar, and HashLearn platforms, will now be consolidated as one business unit. To avoid redundancies and duplication of roles, the move will result in five per cent of its 50,000-strong workforce being "rationalised across product, content, media, and technology teams in a phased manner", the company said in a statement. Aakash Educational Services and Great Learning will continue to function as separate organisations, the company said in a statement. "As a mature organisation that takes its responsibility towards investors and stakeholders seriously, we aim to ensure sustainable growth alongside strong revenue growth. These measures will help us achieve profitability in the defined time frame of March 2023," said Mrinal Mohit, CEO, BYJU'S India business. At a group level, BYJU'S said its top priority is to achieve "overall profitability by March 2023". Over the last three years, BYJU'S acquired multiple companies whose integration with its core business is now complete. BYJU'S said at the group level, it will continue to hire across all levels and will end this financial year as a net hirer. (6+ 4 Marks)

(https://www.businessinsider.in/business/news/byjus-consolidates-india-business-5-workforce-to-be-rationalised-across-teams/articleshow/94814069.cms)

A. Analyze this opportunity and pen down the various corporate level strategy options available to the firm in light of recent developments with justification.
B. Propose a business level strategy which Byju's should it pursue in its newly aspired markets. Defend the same with suitable reason.

Q4. HDFC Life Insurance Company Limited today announced the completion of the acquisition of Exide Life Insurance Company Limited after receiving all the necessary regulatory approvals. Effective Jan. 2022, Exide Life operates as a wholly owned subsidiary of HDFC Life. With this, Exide Industries now holds 4.1 per cent stake in HDFC Life. "The process for merger of Exide Life into HDFC Life will be initiated shortly," the statement added. The Competition Commission of India (CCI) in November had approved the acquisition by HDFC Life Insurance Company of 100% shareholding in Exide Life Insurance. The deal was inked for ₹6,687 crore, allowing the country's most valuable private insurer to bolster its presence in south India. As per HDFC Life, Exide Life's agency-based distribution model, strong presence in South India and experience across tier 2 and tier 3 locations complements HDFC Life and will help expand its market and bolster its proprietary distribution. Life insurance market in India is multi-faceted, where one solution might not fit all. Different distribution channels and a varied product mix help cater to different customer cohorts across the diverse Indian geography, and this acquisition is an important milestone towards our strategic objective of bringing more people into the fold of financial protection. As on September 30, 2021, HDFC Life had 38 individual and 13 group products in its portfolio, along with 7 optional rider benefits. Exide LIC Limited is 100% owned by Exide Industries Limited, and manages assets worth ₹18,381 crore (as on 31 March, 2021) and has a customer base of around 1.19 million and assets of over ₹18,781 crore as of 30 June. It distributes its products through multiple channels viz. agency, bancassurance, corporate agency and broking, direct channel and online.

(https://www.livemint.com/companies/news/hdfc-life-completes-exide-life-acquisition-merger-soon-11641049767100.html)

HDFC Life's vision statement is to be, "One of the most successful and admired life insurance company, which means that we are the one of the most trusted company, the easiest to deal with, offer the best value for money and set the standards in the industry. 'The most obvious choice for all'. (4 +6 Marks)

A. Analyze the vision statement of 'HDFC Life' given above with respect to the desired components and comment.
B. Should HDFC Life go in for designing a new organizational structure? Justify. Appraise the relationship of leadership style with the implementation of strategy and which type of leadership style would you recommend for the company?

SECTION B: CASE

Q5. Read the following Case and answer the questions given at the end: (7+6+7 Marks)

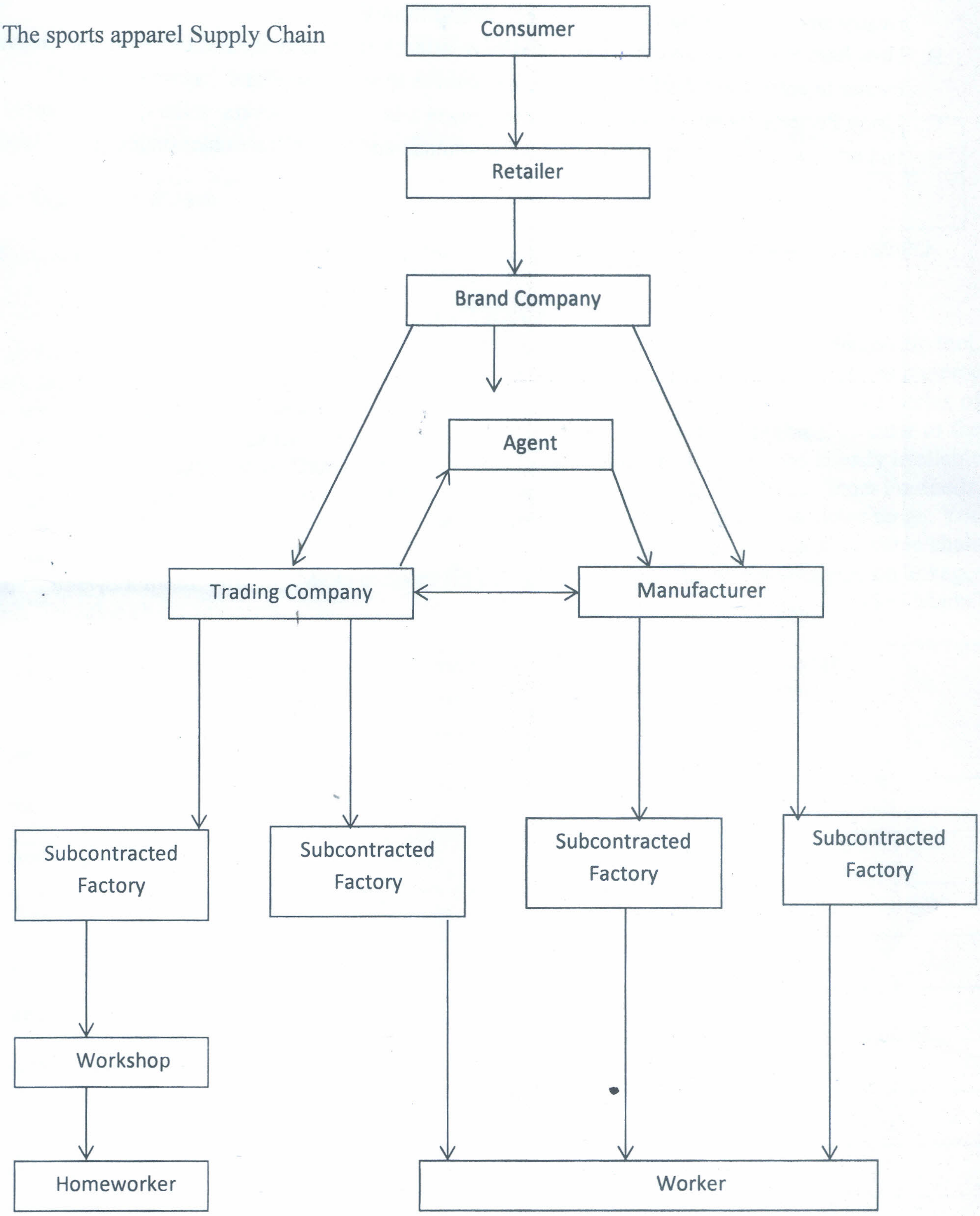
In the 1960s, a change took place in the sporting apparel and footwear markets. Until then, by far the most important consumer had been the amateur and professional athlete who wore the shorts, tops, tracksuits, special shoes, and other paraphernalia necessary for his/her particular sport. Of this group, the largest segment comprised the millions of amateur sports enthusiasts throughout the world. Direct promotions to these consumers as well as promotion via endorsement by top athletes made a performance enhancing proposition (i.e. "wear our kit and be a winner"). Then, in the "swinging sixties", pop groups like The Rolling Stones began to wear "trainers" (i.e. running shoes) as a counter-cultural symbol of youthful rebellion. And so sports apparel by firms such as Reebok, Nike, and Adidas became fashion as well as sports brands. The wholesale global sportswear industry is worth more than US$ 60bn per year and nearly US$ 150bn at retail. The top three brand companies, Nike, Adidas and Reebok, share 40% of the branded market (29% of the total). While these firms retain the core competitive functions of marketing and design, manufacturing is outsourced to the lowest cost sources in a long global supply chain (Fig. 1). For instance, Nike (market leader, with 20% of the branded market) has over 700 suppliers worldwide.

The targeted sportswear consumer, particularly the teenage and young adult segment, is fashion sensitive and relatively price insensitive. Wearing what is "in" is more important than wearing what you have until it is worn out. High profile sports teams are aware of this dynamic and regularly change the design of their (branded) playing shirts (their "strips") to profit from loyal fans who "must have" the latest shirt with the name and number of their favorite player added at extra cost. Sporting teams, however pale into retailing insignificance compared with giant consumer distributors like US-based Wal-Mart or France's Carrefour. While 80% of the athletic footwear sales and 75% of sportswear are sold under brands, retailers understand that even fashion-conscious, price insensitive customer will, if given the choice, pay the lower of two prices for their chosen brand items. So being able to offer that lower price is a key competitive weapon. As they thrust and parry with price reductions, the retailers constantly put pressure on their suppliers for compensating cost reduction so that retail margins are maintained.

While retailers set the customer price, the brand company infuses the product with its value. Creating image-based value means that marketing is the major cost as both saturation media coverage and celebrity endorsements are expensive. In making over US$1bn profit in 2004, Nike expensed nearly as much on marketing. Yet, while nothing is spared on value-creation in design and marketing, things are entirely different at the production end. Here the watchwords are "efficiency" and "cost reduction". These watchwords are passwords for the agents, trading companies, and manufacturers seeking access to "manufacture and supply" orders. Some of these intermediaries themselves are large multinationals but, like the myriad smaller companies and the even smaller subcontractors that supply them, are dependents for their corporate lives on winning the orders of Reebok, Adidas, etc. As well as pressure on product cost, this level of the supply chain must manage complex forecasting, inventory, and logistics algorithms as retailers respond to variable consumer demand by giving shorter lead times for more frequent but smaller orders. Hence, these suppliers bear most of the risk and costs of inventory management as well as the challenges of continuous cost reduction. Flexible low-cost manufacturing in a labor-intensive product demands flexible, low-cost workers. Hence, the supply chain ends in countries like China, Cambodia, or

Indonesia, the comparative advantage of which lies in an abundant supply of low-cost (I.e. poor) workers. On July 1, 2005 the official minimum wages for full-time worker in Shanghai, one of China's most dynamic and modern cities, rose for the thirteen time since 1993 to 690yuan (US$83) per month (*Shanghai Daily, June 4, 2005*)

Fig. 1: The sports apparel Supply Chain



A. How do firms determine the status of competition in the identified market? Analyze the status of rivalry among competitors in sports apparel and footwear market?
B. How barrier to entry and threat of substitutes affect competitive dynamics? Examine the changes barrier to entry and threat of substitute has seen in sports apparel and footwear market?
C. Using Porter's 5-Force model, analyze the power relationship (buyers/ sellers) in this supply chain and critique on how they might predict the winners and losers in terms of ongoing profitability.