



Online PGDM

Second Year, Trimester IV, Sept 2024

Course Name : Business Strategy

Max Marks : 70

Course Code : 4102

Instructions for Students: Attempt all questions.

Final Project

Section A

1.(a) While Vision and Mission Statements spell out the long-term aspirations of the organisation and the route, they should take to reach these objectives, its intentions need to be verified by External and Internal Audits. (5 Marks)

What are the tools used to undertake these internal & external audits? (5 Marks)

1(b) What purpose does the 'Balanced Scorecard' serve in strategy formulation? What are its components? (5 Marks)

Section B

2. McKinsey's 7S Matrix provides guidelines for strategy implementation. Pick an organisation of your choice and briefly outline the 7S elements. (10 Marks)

Are these 7S elements aligned judging by their performance? (5 Marks)

If not, what are your recommendations for attaining the appropriate alliance to ensure smooth implementation of their strategies? (5 Marks)

Section C

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 (Cash on Delivery) 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 competitors. 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 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 Scapic 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. Briefly summarise the case listing out its critical success factors within 100 words. (4 Marks)
 2. How effective has the firm been in gaining competitive advantage in the industry? (8 Marks)
 3. Identify the Strategic Business Units (SBUs) of Flipkart. (4 Marks)
 5. Create a TOWS matrix for Flipkart. (16 Marks)
 6. Do all the acquisitions of Flipkart make sense? Evaluate all acquisitions especially the recent Cleartrip. (8 Marks)
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