**ESCUELA SUPERIOR POLITÉCNICA DEL LITORAL**



##### “Ciencia, Tecnología y Educación al servicio del País”

**Facultad de Economía y Negocios**

## MID TERM EXAM - 2010

##  BUSINESS STRATEGIES

**NAME:**

**SECTION A – Attempt all questions (1 mark each) Time allowed – 2 hrs.**

**1. A mission statement describe the:**

1. Political risk
2. Basic operational intent of an organization
3. Sources of funding
4. Quality standards

**2. Why is important for a company SLEPT analysis?**

**3. Which of the following is generally not considered as a barrier to entry?**

1. Economies of scale and strong experience curve effects
2. Capital requirements, regulatory policies, and tariffs
3. Strong buyer preferences for and loyalty to existing brands
4. Rapid market growth

**4. Which segmentation variable is NOT for consumer markets?**

1. Geographic variables
2. Psychographic variables
3. Demographic variables
4. Operating variables

**5. The activities in the strategic management process are**

 \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**6. Decisions regarding which industries to compete in are the concern of:**

1. Business level strategy
2. Corporate level strategy
3. Mergers and acquisition
4. Functional level strategy

**7. A strategic group can be defined as:**

1. A group of key resources and competences that are necessary to achieve competitive advantage
2. A group of customers that have similar characteristics
3. An industry recipe
4. A group of firms in an industry following the same or similar strategy

**8. Strategic group analysis involves mapping organization using:**

1. Two variables appropriate to the industry
2. Three variables appropriate to the industry
3. Two variables which stay the same regardless of the industry
4. Three variables which stay the same regardless of the industry

**9. In the strategic group analysis, mapping change according to the variables chosen?**

1. True
2. False

**10. What are the two main activities in the value chain?**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**11. The “operation” in Aerogal would be:**

1. The manufacture of the aircraft
2. Getting passengers and baggage from A to B by means of flying in an aircraft
3. The design of the price structure and yield plan
4. Selling tickets to passengers.

**12. The inbound logistic activity is concerned with receiving and storing the raw materials.**

1. True
2. False

**13. The resource-based view of strategy emphasizes the:**

1. External capabilities
2. Internal capabilities
3. All of them
4. None of them

**14. How could ESPOL gain competitive advantage?**

**15. To have the potential to become sources of competitive advantage, resources and capabilities must be non-
substitutable, valuable, , and .**

1. Unique, easy to imitate.
2. Easy to imitate, difficult to implement
3. Rare, costly to imitate.
4. Easy to implement, unique.

**16. The focused differentiation strategy differs from the differentiation strategy in that**

1. The focused differentiators have a broader competitive scope,
2. The value-creating activities of focused differentiators are more constrained.
3. Focused differentiators target a narrower customer market.
4. There are fewer risks with the focused differentiation strategy.

**17. A cost leadership strategy provides goods or services with features that are**

1. Acceptable.
2. Unique.
3. Substandard.
4. Mediocre.

**18. Primary activities of the value chain include all of the following EXCEPT**

1. Marketing & sales
2. Operations
3. Human resource management
4. After sales service

**19. Primary activities are**

1. The activities most likely to be imitated by competitors.
2. Involved in a product's physical creation, its distribution, and its service after the sale.
3. The core competencies of the organization.
4. The activities most crucial to implementing the firm's business strategy.

**20. Could you mention two examples of very high levels of diversification (Unrelated-Diversified)?**

**21. Supplier power will be high if:**

1. The supplier's product is undifferentiated
2. The supplier's product is easy to understand
3. There are many suppliers to chose from
4. There is a threat of forward integration

**22. The competitive threat of entry of new firms is weaker when**

1. Buyers of the industry's products like to experiment with buying different brands of the industry's product.
2. The products of rival firms are weakly differentiated, buyers have no strong preferences for the brands of existing producers, and buyers exhibit low brand loyalties.
3. Incumbent firms have little ability to leverage distributors, dealers, and/or retailers to retain their business.
4. Incumbent firms are likely to be very aggressive in defending their market positions. The act of establishing objectives

**23. Competitive rivalry will be high if:**

1. The industry is in its infancy
2. The industry is fragmented
3. There is a high degree of differentiation
4. There are a few strong players in the industry

**24. Buyer power is high if:**

1. The buyer requires a high quality product for their own production
2. Switching costs are low
3. They have little information
4. Differentiation is low

**25. In Porter's Five Forces, the 'threat of new entrants' relates to:**

1. Switching costs
2. Substitutes
3. Buyer power
4. Barriers to entry

**26. Strategy is**

1. Resource and capability of a firm
2. Set of actions taken to exploit core competencies and achieve competitive advantage
3. Making the best products and services
4. Actions taken to provide value to customers and achieve competitive advantage

**27. Competitive Dynamics is:**

1. The set of competitive actions and responses occurring between competitors
2. The set of competitive actions and competitive responses the firm takes to build its competitive advantages
3. The total set of actions and responses taken by all firms competing within a market.
4. The total set of competitive actions and responds in a narrow and specific market

**28. The firm’s competitive advantages aren’t protected from imitation.**

1. Slow-cycle
2. Fast-cycle
3. Standard-cycle
4. Awareness

**29. The number of markets with which a firm and a competitor are jointly involved is the**

1. Resource similarity
2. Strategic competition
3. Market commonality
4. Intensity of rivalry

**30. All of the following are internal firm incentives to diversify EXCEPT**

1. Overall firm risk reduction.
2. Uncertain future cash flows.
3. Reinterpretation of antitrust laws.
4. Low performance

**SECTION B – Attempt TWO questions only (5 marks each question)**

1. Why is the speed of growth (social dynamics) important to Facebook’s success?
2. Could you mention at least 6 Facebook’s competitive advantage?
3. How can Facebook penetrate new markets?
4. Could you analyze Facebook’s utility versus its competitors?
5. What are the risks of doing business on Facebook?